

LABOR MARKET POLICY AMERICAN STYLE: STATE CAPACITY AND POLICY  
INNOVATION, 1959-1968

by

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## DISSERTATION ABSTRACT

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This dissertation delves into the American state's capabilities by examining its experiments with corporatism and labor training during the 1960s. The dissertation relies on the frameworks of layering, patchwork, intercurrency, and entrepreneurship from various disciplines including comparative historical analysis, historical institutionalism, American Political Development, and the school of political creativity.

The dissertation first challenges the mainstream view that regards as impossible any tripartite bargaining among U.S. labor, management, and the state. The United States experimented with the unique tripartite committee—the President's Committee on Labor-Management Policy—in the early 1960s to address emerging problems such as automation and intractable industrial conflicts. The tripartite committee, created by Labor Secretary Arthur Goldberg, was to provide a new deliberative platform to labor, management and the state. The experiment was short-lived due to reignited turf wars between labor and management. The failure paved the way toward further encroachment on collective labor rights and the uneven rise of individual employment rights. It also contributed to the Kennedy administration's transition in its policy orientation from conventional Keynesianism with public spending to the unconventional macroeconomic

measure of cutting taxes.

The dissertation also challenges previous literature that sees the American state's fundamental limitation in implementing interventionist social and welfare policy. By examining the origins and evolutions of the War on Poverty (WOP) training programs, I reveal that the legislative history of various manpower programs was a patchwork of improvisational responses to national and regional change. From the Johnson administration's attempts to update WOP programs to respond to the inflation of 1965, the issue of unemployed adults, and Martin Luther King Jr's request to "hire now, train later," I claim that the fragmented nature of the American state could promote new solutions to new problems.

This study contributes to American political development scholarship by providing a non-Weberian optimistic perspective in analyzing the American state. It shows how entrepreneurial politics can promote reform in the fragmented structures of the American state, shedding light on the ways of continuously recalibrating the American state's capacity.

This dissertation includes previously published material.

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# CHAPTER I

## INTRODUCTION

### *Questions*

In light of industrial and labor market policy, what could the American state do? What can it achieve now? This dissertation addresses these questions by examining the American state's experiments with corporatism and labor training during the 1960s, a key period in U.S. history. During that time the Federal government conducted many innovative and unprecedented policy experiments which aimed to redress the faltering New Deal industrial order, prepare the labor force for automation and other technological changes, and enlarge the political cause of the civil rights movement to include jobs and welfare under the slogan of War on Poverty. The American public as well as policymakers shared a great amount of optimism concerning the state's capabilities. Many believed that the Kennedy and Johnson administrations could accomplish a great deal of good. This was an exceptional moment in U.S. history, given the American state's tendency to "govern less."<sup>1</sup>

Only a few among many experiments succeeded in bringing expected policy outcomes and leaving meaningful institutional legacies in the 1960s. The public's optimistic attitude toward the federal government's ability to address poverty,

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<sup>1</sup> Brian Balogh, *A Government out of Sight: The Mystery of National Authority in Nineteenth-Century America* (New York: Cambridge University Press, 2009), 2.

unemployment, and urban uprisings turned to profound pessimism. People's frustration with the American state gave rise to a conservative coalition, initiated by the Silent Majority and mediated by Richard Nixon, and in the early 1980s fully articulated by Ronald Reagan, with renewed emotional grounds for antistatism.

The glaring gap between the lofty promises of the 1960s and their embarrassing failures intrigues many scholars. Why did these social experiments fail? To this, we already have answers. From a conservative perspective the American state's intervention is to blame because it made poor people more dependent on public aid.<sup>2</sup> The perspective of liberals on the issue is twofold. One perspective argues that the pace of desegregation was too fast for white majorities to accommodate.<sup>3</sup> This "backlash" perspective emphasizes the radicalization of the civil rights movement and white majorities' reaction to it as the main cause of the failures. The other liberal perspective argues that any social program for the poor ended up creating yet another tool for the state to control and discipline the poor. The declared goal of helping the poor was never to be realized.<sup>4</sup> However, the reasons presented above appear too superficial to explain each failure among the numerous policy experiments of the 1960s.

For a deeper look, we should ask first how these experiments were able to even begin. If the American state held no chance to accomplish anything, why did the savvy

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<sup>2</sup> George F. Gilder, *Wealth and Poverty* (New York: Basic Books, 1981); Charles A Murray, *Losing Ground: American Social Policy, 1950-1980* (New York: Basic Books, 1984).

<sup>3</sup> Joseph E. Lowndes, *From the New Deal to the New Right: Race and the Southern Origins of Modern Conservatism* (New Haven, Conn.: New Haven, C.T.: Yale University Press, 2008), 3-4.

<sup>4</sup> Frances Fox Piven and Richard A. Cloward, *Regulating the Poor*, [1st ed.]. (New York: Pantheon Books, 1971).

policymakers of the 1960s, including Presidents Kennedy and Johnson, prioritize such shaky enterprises? In addition, why did the American public become so optimistic about the American state in the 1960s, if they were familiar with the federal government's limited abilities which, they believed, had existed since its foundation?

By examining two exemplary experiments in the fields of industrial relationship and welfare policy, this dissertation answers the questions of how and why. The 1960s policymakers tried to recalibrate the American state's capacity through recomposing previous policies, institutions, and relationships among federal agencies in order to meet new political and economic challenges. A tripartite experiment in the early 1960s and evolving adult training programs during the War on Poverty (WOP) were the outcomes of agencies' entrepreneurship amid cultural and institutional constraints imposed on the American state as well as unusual political possibilities bestowed by the civil rights movement. Examining the experiments, though they failed to bring desired outcomes, reveals characteristics of the American state and its limits in a 1960s political and economic context.

The dissertation contributes to the rich scholarship of American state building. Beyond the barren dichotomy of weak and strong states, the dissertation contributes to general knowledge of when and how the American state can be active and effective in bringing meaningful change to society.

### *Scholarship on the American State*

Scholarship on the American state can be divided into four groups by two standards. The standards are 1) a normative perspective on the American state; 2) an



analytical perspective on ways in which the American state has functioned throughout history. Though each standard reflects a unique aspect of scholarship, they are closely related within individual scholars' work on the American state and its historical change.

The normative standard asks whether the perceived direction of change in the American state can enhance the country's democratic ideal or not. Some scholars perceive that the change will enhance individual citizens' rights and that the state's capacities will be further developed to do so. Others perceive that the American state is failing for such reasons as racism which excludes minorities from the mainstream, fragmented government structures that undermine governance, and federalism which promotes schisms. Those who are negative on the future of American democracy, however pessimistic their arguments may seem, sometimes argue for a fundamental overhaul of the American state to overcome perennial frustration in the history of American state building.

The analytical standard offers a scholarly judgement on the distinctive qualities of the American state compared to other advanced democracies. How different is the United States from Western European countries? Is the difference a matter of degree or a matter of quality? One group of scholars answers the questions in a Weberian perspective. The United States is defined by the absence of modern state qualities suggested by Max Weber. The group presumes a Weberian notion that a modern state is built with strong bureaucracy supported by hierarchical organizations and professional civil servants. Modernization of state bureaucracy will be spurred by the rise of civil society which requests more specialized public services. But factors like federalism and

the principle of checks and balances are believed to hinder emergence of the truly modern and effective state in the United States.

The other group of scholars rejects such a Weberian perspective. They instead believe that the lack of Weberian modern state elements in the American state building process have led to a different type of governing, which is not observed in other countries. The scholars with a non-Weberian perspective believe that the dichotomy of strong and weak states would be more misleading than revealing in studies of the American state.<sup>5</sup>

As such, four groups of scholarship emerge out of two standards. The first group of American state scholars—which I call Weberian pessimists—indicates the absence of the modern state’s traits like unification, centralization, and bureaucratization as the main source of state failure in the United States. The historical conditions that led European states to appear as modern states did not exist in the United States. Institutional configurations of the American state, once consolidated, made the development of modern state in the United States more difficult because the institutional configurations have their own effect of maintaining the status quo, also known as the phenomenon of

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<sup>5</sup> William Novak introduces how Max Weber’s concept of the ideal modern state influences scholars of American state, to which many scholars compare the United States. Novak summarizes “Weber’s chief characteristics of modern statecraft” as “(1) a rationalized and generalized legal and administrative order amenable to legislative change; (2) a bureaucratic apparatus of officers conducting official business with reference to an impersonal order of administrative regulations; (3) the power to bind—to rule and regulate—all persons (national citizens) and all actions within the state’s official jurisdiction via its laws; (4) the legitimate authority to use force, violence, and coercion within the prescribed territory as prescribed by the duly constituted government.” Out of these criteria, it is believed that “Unification, centralization, rationalization, organization, administration, and bureaucratization have become the theoretical hallmarks of fully developed, essentially modern states.” See William J. Novak, “The Myth of the ‘Weak’ American State,” *The American Historical Review* 113, no. 3 (2008): 752–72, at 761.

path dependency. The outlook of Weberian pessimists is not bright because the American state is stuck with its underdeveloped state structure that led to more fragmentations.

Lijphart's work on comparison of different types of democracy and Huntington's work on finding a "Tudor" order in the American state fall into this category.<sup>6</sup>

Furthermore, the works of historical institutionalists who study the American welfare state also fall into this group.<sup>7</sup>

The second group, which I call Weberian optimists, is those who are optimistic about the future of the American state and its development, despite their perceived fragmented structure of the government. Scholars of American exceptionalism like Alexis de Tocqueville, Louis Hartz, and Seymour Martin Lipset take this position.<sup>8</sup> From their perspective the American state is not only different from other consolidated democratic

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<sup>6</sup> Arend Lijphart, *Patterns of Democracy: Government Forms and Performance in Thirty-Six Countries* (New Haven, C.T.: Yale University Press, 1999); as for the "Tudor" state, see Samuel P. Huntington, *Political Order in Changing Societies* (New Haven, C.T.: Yale University Press, 2006), 96-7.

<sup>7</sup> Ann Shola Orloff and Theda Skocpol, "Why Not Equal Protection? Explaining the Politics of Public Social Spending in Britain, 1900-1911, and the United States, 1880s-1920," *American Sociological Review* 49, no. 6 (1984): 726-750; Theda Skocpol, Margaret Weir, and Ann Shola Orloff, eds., *The Politics of Social Policy in the United States* (Princeton, N.J.: Princeton University Press, 1988). Hacker and Pierson's works on the increasing economic gaps among the American public and the shrinking American welfare state also fall in this category. Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics: How Washington Made the Rich Richer—and Turned Its Back on the Middle Class*, First Simon & Schuster hardcover edition. (New York: Simon & Schuster, 2010); *American Amnesia: How the War on Government Led Us to Forget What Made America Prosper*, First Simon & Schuster hardcover edition. (New York: Simon & Schuster, 2016).

<sup>8</sup> I examine the perspective of American exceptionalism further in the second chapter of the dissertation which explores the War on Poverty training programs. See Alexis de Tocqueville, *Democracy in America*, 1st Perennial library ed. (New York, N.Y.: Harper & Row, 1988); Louis Hartz, *The Liberal Tradition in America: An Interpretation of American Political Thought since the Revolution*, First edition. (New York: Harcourt, Brace & Company, 1955); Seymour Martin Lipset, *American Exceptionalism: A Double-Edged Sword* (New York: W.W. Norton, 1996).

countries, mostly from Western and Northern Europe, but also better than them because of its institutional configurations and the American liberal creed.

Weberian optimists commonly believe that the American state will remain superior in realizing “Lockian” ideals of individualism which Hartz describes as a faith in property, a belief in class unity, a suspicion of too much state power, and a hostility to the utopian mood.<sup>9</sup> In their view, the absence of feudal practices in the United States enables the country to reach a new level of individual liberty and material affluence.

The third group is non-Weberian pessimists who find different logics of state building in the American state building process. Stephen Skowronek and Karen Orren, who founded the school of American Political Development, argue that the American state has governed differently. Skowronek’s groundbreaking work, *Building a New American State*, explains why “state building as patchworks” has led to intercurrency of multiple orders. As a result of coexisting multiple orders that sometimes conflict with each other, the project of American state building ends up in confusion, dysfunction, and frustration.<sup>10</sup>

Orren and Skowronek’s recent work on the rise of the “policy state” as a result of such intercurrency shows the crisis of the American state. The incongruent structure of the American state often leads to excessive reliance on policy in governing so that those seeking to break the policy status quo can make up for the American state’s inefficiency

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<sup>9</sup> Hartz, *The Liberal Tradition in America*, 270.

<sup>10</sup> Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (New York: Cambridge University Press, 1982).

and internal conflicts. But the reality is that “options abound in a policy state, and that makes achievements provisional, protection unreliable, and commitments dependent on who is next in charge.”<sup>11</sup>

From Orren and Skowronek’s perspective, innovative strategies, developed by policy entrepreneurs to overcome institutional and jurisdictional barriers, can blur the previous boundary between individual rights and state structure. The former is protected by the Constitution while the latter, or the administrative division of labor within the American state, is designed to execute what is defined by the Constitution as legitimate protection of individual rights. The state structure was also designed to bring stability to polity. As the protection of individual rights becomes mainly reliant on the elected representatives’ will and their policies, the contents of individual rights, which had played a role of checking the elected powers and expansion of the federal government, become an opportunity structure for policy entrepreneurs.<sup>12</sup>

Non-Weberian pessimists believe that the innate weakness of the American state takes a toll on contemporary U.S. politics. From Orren and Skowronek’s standpoint “the expansion of the policy space at the national space, encompassing potentially all issues of economy and society, is an important enabler of polarization today, and likely also one of its several causes.”<sup>13</sup> Non-Weberian pessimists reach a similar conclusion but in a

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<sup>11</sup> Karen Orren and Stephen Skowronek, *The Policy State: An American Predicament* (Cambridge, M.A.: Harvard University Press, 2017), 6, Kindle edition.

<sup>12</sup> *Ibid.*, 17.

<sup>13</sup> *Ibid.*, 173.

different way, as exemplified by Theodore J. Lowi who laments the breakdown of the jurisdictional boundary between the legislature and the executive branch through delegation and the rise of “liberal jurisprudence: policy without law.”<sup>14</sup>

Adam Sheingate joins this group of non-Weberian pessimists. In his article titled “Why Can’t Americans See the State?” Sheingate focuses on public employees hired by local and state governments, showing what American local and state governments have achieved.<sup>15</sup> Local and state governments have been powerful and interventionist in such areas as education and public safety, while the federal government has only a limited influence on health and social protection.<sup>16</sup> Because American citizens do not perceive teachers and police officers at the local level as obtrusive arms of the American state, they cannot see the most powerful and interventionist aspect of the state. The implication he draws from this distinctive feature of American state is negative. He concludes, “Although critical to the success of the democratic experiment, the veiled nature of public authority in the United States produces a complex set of institutions and a complex relationship between Americans and their state,” which presents obstacles to understanding and meeting contemporary challenges to the American state.<sup>17</sup>

The fourth group of scholarship, which I call non-Weberian optimists, does not believe such non-Weberian characteristics of the American state have necessarily caused

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<sup>14</sup> Theodore J. Lowi, *The End of Liberalism: Ideology, Policy, and the Crisis of Public Authority*, [1st ed.]. (New York: Norton, 1969), see especially chapter 5.

<sup>15</sup> Adam Sheingate, “Why Can’t Americans See the State?,” *The Forum* 7, no. 4 (January 25, 2010): 1–14.

<sup>16</sup> *Ibid.*, 10.

<sup>17</sup> *Ibid.*, 14.

the failure of the American state. While sharing criticism of the inapplicability of Weberian concepts of state to the American state with non-Weberian pessimists, they emphasize the creativity of agency in navigating fragmented structures of the American government to achieve certain political goals and fulfill democratic ideals. In addition, though not all of them are pragmatists, the non-Weberian optimists tend to follow the method of what Novak sees as a pragmatist approach to the state in that they “aimed at action-oriented “how” questions—how officials acted, how policy was made, how government functioned—as opposed to more essentialist questions about the nature or essence of law or the state.”<sup>18</sup> Simply put, the non-Weberian optimists tend to prioritize researching what types of actions were actually taken by the American state.

Robert C. Lieberman explains in “Weak State, Strong Policy: Paradoxes of Race Policy in the United States, Great Britain, and France” how the institutional fragmentation of American state nurtured policy entrepreneurship in transforming the “color-blind” approach of the 1960s to the race-conscious approach for African Americans.<sup>19</sup> The fragmented structure of American state, which is allegedly the source of state weakness, had promoted close cooperation among organizations like the National Association of Advancement of Colored People's Legal Defense, the federal courts, and Equal Economic Opportunity Commission. As a result, the American state could pursue a

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<sup>18</sup> Novak, “The Myth of the ‘Weak’ American State,” 765.

<sup>19</sup> Robert C. Lieberman, “Weak State, Strong Policy: Paradoxes of Race Policy in the United States, Great Britain, and France,” *Studies in American Political Development* 16, no. 2 (2002): 138–61.

more effective race-conscious approach in attacking racial discrimination than could the United Kingdom and France.

Lieberman can be optimistic about the American state's capacities to meet new social problems because "the fluidity of American political institutions give wide scope to social forces that would exploit that ambivalence, and those social actors have seized the strategic opportunities that American politics offers them."<sup>20</sup>

Non-Weberian optimists also pay attention to nonhierarchical forms of the American state. Fred Block in "Swimming against the Current: The Rise of a Hidden Developmental State in the United States," and Brian Balogh in *A Government Out of Sight: The Mystery of National Authority in Nineteenth-Century America*, argue that a hidden form of developmental network state (Block) or an associative form of governance (Balogh) in the American state have been effective in achieving various policy goals.<sup>21</sup>

For Block, the American Federal government has actively promoted new technologies by creating pioneering offices like the Advanced Research Projects Agency (ARPA) in the Pentagon, created in the late 1950s. Such organizations exist in a space between the private and public spheres, brokering expertise, political power, and proper organizational forms in order to transform new technologies into marketable

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<sup>20</sup> Ibid., 160.

<sup>21</sup> Fred Block, "Swimming Against the Current: The Rise of a Hidden Developmental State in the United States," *Politics & Society* 36, no. 2 (June 2008): 169–206; Brian Balogh, *A Government out of Sight: The Mystery of National Authority in Nineteenth-Century America* (New York: Cambridge University Press, 2009).



commodities. The American developmental state, which is composed of loosely connected networks of quasi-public organizations, also facilitates technological innovations by setting standards for new technologies to make it safe for private investors to fund the projects.<sup>22</sup> In the eyes of the general public, Block argues, the American developmental state has more leeway than believed in promoting certain technology policies.<sup>23</sup>

For Balogh, nineteenth century America was governed by a different logic from that of the Weberian state. Instead of exerting unilateral power, the American state of the period relied on “mobilizing compatible resources in the private and voluntary sectors” to “enable rather than command” the desired policy outcomes.<sup>24</sup> Even when progressives attempted to replace what they perceived as a laissez-fair regime in terms of the state-society relationship with a more regulatory one, Balogh argues, they did so by applying “a more enduring, and historically consistent, associative vision” that had previously served the country.<sup>25</sup> Governing through the partnership between public and private authority has remained a defining characteristic of the American state since then. Balogh believes this type of governing has created “impressive results” in the United States.<sup>26</sup>

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<sup>22</sup> Block, “Swimming Against the Current,” 174.

<sup>23</sup> Ibid., 199.

<sup>24</sup> Balogh, *A Government out of Sight*, 2-3.

<sup>25</sup> Ibid., 354.

<sup>26</sup> Ibid., 3.

Gerald Berk introduces the founding moment of the “problem-solving” state within the American state during World War II in his article “Building the Problem Solving State: Bridging Networks and Experiments in the US Advisory Specialist Group in World War II.”<sup>27</sup> Berk pays close attention to the historical process of creating an improvisational agency called the Advisory Specialist Group (ASG) which was layered over the insurmountable jurisdictional divides of the standing federal agencies in waging the Second World War.

Berk shows how a few entrepreneurial individuals through the ASG overcame jurisdictional conflicts and successfully addressed new tasks like applying new microwave radar technologies to antisubmarine warfare, blind bombing, and so on by transposing skills and practices from one domain to another, by promoting mutual learning among experts, and by creating improvisational organizations to quickly respond to emerging problems which occurred in wartime. The implication of the ASG episode is that ASG’s success has opened the door to a “problem-solving state” where strategic organizations like ASG continue to promote policy experiments, bridge the jurisdictional gap between federal bureaus, and recompose previous relationships in a new way.<sup>28</sup>

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<sup>27</sup> Gerald Berk, “Building the Problem-Solving State: Bridging Networks and Experiments in the US Advisory Specialist Group in World War II,” *Politics & Society* 46, no. 2 (June 2018): 265–94.

<sup>28</sup> *Ibid.*, 286-8.

### *A Non-Weberian Optimist Approach to the 1960s Policy Experiments*

A non-Weberian optimist standpoint is the best tool to explain the 1960s experiments in the field of industrial relationship and labor training. While the Weberian perspectives provide an insight into the fragmented structure of the American state's effect on limiting the range of policies that can be successful in the United States, these perspectives explain little about the political dynamics that the policy experiments created during the 1960s. External and emergent events such as industrial conflicts, lingering unemployment, the civil rights movement, a sudden threat of inflation, a series of urban uprisings, all of which were unpredicted by the 1960s policymakers, provided unusual political opportunities for policy entrepreneurs to challenge the policy status quo. They responded to the events by recombining previous governing practices, institutions, and norms in new ways. The capabilities of the American state were continuously recalibrated by policymakers' efforts to overcome the perceived limitations imposed on the American state. In this vein, examining failed 1960s experiments from a non-Weberian optimist point of view enables us to see how the American state was under the continuous process of adjusting itself to given situations, and exerted its power accordingly.

The dissertation does not follow the non-Weberian pessimistic view that sees further confusion and dysfunction in the American state as inevitable. The dissertation instead assumes that entrepreneurial efforts to navigate multiple orders can sometimes result in desirable political solutions to current problems. The shorted-lived and failed experiments of the 1960s do not necessarily confirm the non-Weberian pessimist conclusion that the phenomena of intercurrency and layering, which typically occurred in the American state, are destined to create further confusion in the American state. Though

failed, such experiments reveal new ways of reconfiguring the American state's capacities to meet new problems.

### *Framework*

In order to examine the 1960s policy experiments and the American state's actions behind them, the dissertation relies on the frameworks of layering, patchwork, intercurrency, and entrepreneurship. Application of the frameworks to empirical cases is further elaborated in chapters two and three where policy cases are analyzed. Here I will briefly explain the basics of the concepts and why they are proper tools in the dissertation.

### *Layering*

The framework of layering indicates a general pattern of policymaking in the American state. According to Eric Schickler, layering is a common strategy for lawmakers,<sup>29</sup> who prefer to add new elements, or layers, onto the previously enacted laws when they legislate. Replacing the old law with a new one is politically risky because the previous law was likely to produce those having an interest in keeping the old law in place. Their vested interest in the previous law leads them to obstruct any attempt to replace the old law.

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<sup>29</sup> Eric Schickler, *Disjointed Pluralism: Institutional Innovation and the Development of the U.S. Congress* (Princeton, N.J.: Princeton University Press, 2001).

This tendency toward status quo is amplified by the structure of the U.S. Congress. The committee and subcommittee systems enable a small group of lawmakers to wield enormous power to slow down the lawmaking process or kill the proposed bill if they wish. If a bill does not accommodate diverse interests in the committee and subcommittee, it likely will not become legislated. In addition, Congress is porous to societal interests. Interest groups can gain access to key policymakers who participate in key committees or subcommittees, which makes it harder for a reform-minded lawmaker to replace an old law with a proposed new bill.

As a result, a lawmaker, who wants to replace an old law with a new one, is usually a weak challenger in James Mahoney and Kathleen Thelen's sense,<sup>30</sup> too weak to change the status quo. The dominant strategy for the weak challenger in Congress is layering. However, layering does not necessarily bring limited change to the system. "Such layering can, however, bring substantial change if amendments alter the logic of institution or compromise the stable reproduction of the original "core.""<sup>31</sup> Thus, a cumulative effect of layering also can bring a wholesale change in a law.

Chapter two applies the strategy of layering to the creation of a tripartite experiment in the Kennedy administration. When the New Deal order of moderating industrial conflicts between labor and management through a collective bargaining platform became dysfunctional in guaranteeing industrial stability, savvy policymakers

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<sup>30</sup> James Mahoney and Kathleen Thelen, "A Theory of Gradual Institutional Change," in *Explaining Institutional Change: Ambiguity, Agency, and Power*, ed. Mahoney and Thelen (New York: Cambridge University Press, 2010), 1-37, at 17.

<sup>31</sup> *Ibid.*, 16-7.

added a non-European style tripartite committee onto the previous industrial order to solve the problem. Chapter three finds the logic of layering active in the legislative development of manpower programs<sup>32</sup> before the Economic Opportunity Act (EOA) of 1964. During the War on Poverty, the old elements in the EOA also provided the Department of Labor (DOL) with political opportunities to develop adult training programs even though the EOA's original mission was to serve poor youths in urban areas.

### *Patchwork and Intercurrence*

Patchwork is the concept which Stephen Skowronek applies to his description of the reform efforts between 1877 and 1900 in the United States. He argues that an urge to build a modern federal bureaucracy with sufficient administrative power to meet requests from drastic industrialization was incompatible with the highly institutionalized structure of the American government of the 19<sup>th</sup> century. The previously developed structure of the American government is known as “a state of courts and parties.”<sup>33</sup> Thus, the effort to develop a modern administration in the period was done in a patchwork-like manner, in the sense that the reformers kept “innovations subordinate to preexisting political and institutional arrangements.”<sup>34</sup> Similar to the concept of layering which describes the

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<sup>32</sup> I use the term “manpower” throughout the dissertation to stay true to the language of the earlier era.

<sup>33</sup> Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (New York: Cambridge University Press, 1982), 16, 24, 46.

<sup>34</sup> *Ibid.*, 46.

tendency for a reformer to install new elements atop the previous arrangements of laws, institutions, and orders, the concept of patchwork indicates the general tendency to put new elements next to previous logics or orders in an attempt to reform the government.

The implication of seeing American state building as patchwork is that it often leads to an incomplete political reform. Coexisting multiple orders, which the concept of intercurrency captures, cause internal conflicts in drawing jurisdictional boundaries, defining legitimate authorities, and specifying who is entitled to a newly created policy.<sup>35</sup>

The logic of intercurrency is critical for understanding the development of the War on Poverty manpower and welfare programs and their achievements. A new hybrid policy discourse for antipoverty-manpower programs arose after the success of the Vocational Educational Act of 1963, the failure of the Youth Employment Bill of 1963, and the rise of antipoverty discourse for poor youths among liberals. The Kennedy administration decided to patch the civil rights cause into this context and enlarge its job training program to poor youths. As a result, the War on Poverty manpower programs were composed of different orders that were sometimes in conflict to each other.

However, as I argue against the non-Weberian pessimist viewpoint above, intercurrency does not necessarily create further confusion in the American state. Indeed, even under the intercurrency of different orders, policy entrepreneurs in the Johnson administration came up with innovative ways to tame the incongruent qualities of the hybrid discourse for antipoverty-manpower programs in order to address inflation in 1966

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<sup>35</sup> Karen Orren and Stephen Skowronek, *The Search for American Political Development* (New York: Cambridge University Press, 2004), 108.

and a series of urban uprisings. The policy discourse of structural unemployment, which institutionalists like Margaret Weir believe to be completely supplanted by an antipoverty discourse at the beginning of the War on Poverty,<sup>36</sup> was revived by the Council of Economic Advisers and resulted in the creation of the President's Committee on Manpower that was designed to bring back the coordinating role in all federally sponsored training programs to the Labor Secretary. In addition, a series of urban uprisings and Martin Luther King Jr.'s public letter to urge President Johnson to "hire now, train later" created fertile political grounds for policymakers to experiment with public-private training projects in urban ghettos.

### *Entrepreneurship*

My dissertation also relies on the framework of political entrepreneurship in order to analyze the role of agency in the intercurrency of multiple orders.<sup>37</sup> According to Adam Sheingate, a political entrepreneur explores the jurisdictional gap between institutions. Policy entrepreneurs then combine previous resources in a new manner to set up a new jurisdiction for policy innovation. They often find a new problem that needs a new solution through mastery of previous policy discourses and policy ideas. The capabilities of the American state during the 1960s were under constant recalibration due to entrepreneurial efforts to overcome the perceived limits on the state. If guided properly

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<sup>36</sup> Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton, N.J.: Princeton University Press, 1992), 83.

<sup>37</sup> Adam D. Sheingate, "Political Entrepreneurship, Institutional Change, and American Political Development," *Studies in American Political Development* 17 (2003):185–203.



by entrepreneurship, the interurrence of multiple orders could be an effective source for the policy entrepreneur to challenge the status quo and address social and economic problems in an innovative way.

Chapter two examines how the President's Advisory Committee on Labor-Management Policy was created under the leadership of Labor Secretary Arthur Goldberg. During the 1950s, a group of policymakers believed that the faltering New Deal order, out of increasing industrial conflicts and drastic technological changes, should be revised in a new manner. When the election of John F. Kennedy in 1960 provided the group a political opportunity, Arthur Goldberg and his staff, who were part of the group, tried to create a non-European style tripartite committee by extending roles for public representatives to apply their expertise impartially beyond the adversarial labor-management relationship, merging different policy goals to the political cause of recovering national industrial competitiveness, and devising a decentralized structure to placate American antistatist sentiments.

Chapter three focuses on the role of entrepreneurship to solve problems in running War on Poverty training programs. The Johnson administration asked big companies to open factories in urban ghetto areas, train the residents, and hire them, in response to King's letter to Johnson asking for public jobs. The chapter reveals how the Johnson administration deliberated on King's request, discussed proposals from several federal bureaus to create public jobs, and came up with a new policy breakthrough to address urban uprisings by outsourcing public services to private businesses. Private companies like Kodak were guided by the Department of Commerce to train urban

residents, create jobs for them, and hire them—an example of Balogh’s concept of an associative form of governance.

### *Methodology*

In addition to the frameworks above, I rely on various methods in the dissertation. First, I apply Comparative Historical Analysis (CHA) to find historical cases that have a lingering influence on contemporary politics.<sup>38</sup> CHA’s emphasis on case studies and its theory-generating comparison of large and complex outcomes guides my work in 1960s tripartism and labor training policy experiments that have been overlooked by scholars of American politics. CHA also provides a sense of the influence of temporalities on causal relationships. Even if factor A produces policy outcome B during period C, it does not guarantee the same causal relationship between A and B during period E. This helps me to question the validity of the conventional view that neither corporatism nor socialism has operated in the United States.

Second, historical institutionalism and American political development (APD) scholarship explain how such different temporalities influence causal relationships among complex factors. Especially, Thelen and Mahoney’s work and Schickler’s work have

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<sup>38</sup> James Mahoney and Kathleen Thelen, “Comparative-Historical Analysis in Contemporary Political Science,” in *Advances in Comparative-Historical Analysis*, ed. Mahoney and Thelen (New York: Cambridge University Press, 2015), 3–28, kindle edition.

guided me to conceptualize different modes of incremental change such as layering, drifting, conversion, and displacement.<sup>39</sup>

APD scholarship provides a developmental temporality to explain political change. Orren and Skowronek define political development as “a durable shift in governing authority,”<sup>40</sup> which is usually enforced by the American state. The change is durable as long as a governing authority is occasionally challenged by those who prefer a different type or distribution of governing authority. Against the teleological concept of political change, the direction of political development in APD is contingent on individual political conflicts, whose purposes are to break the governing authority’s status quo. Thus, failed attempts to challenge the governing authority also become historical inquiries for APD scholars to identify the qualities of the governing authority in the period of concern. What was the governing authority in the period? How was authority distributed? How resilient was it against the challenge? Why did the attempt to change it fail? My dissertation answers these questions by examining failed policy experiments of the 1960s. It provides key insights into the transformation of the governing order of the 1960s.

APD scholarship also indicates the internal instability of the governing authority, which is composed of “a complex web of relations, a composite of controls gotten up at

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<sup>39</sup> James Mahoney and Kathleen Thelen, “A Theory of Gradual Institutional Change,” in *Explaining Institutional Change: Ambiguity, Agency, and Power*, ed. Mahoney and Thelen (New York: Cambridge University Press, 2010), 1-37; Eric Schickler, *Disjointed Pluralism: Institutional Innovation and the Development of the U.S. Congress* (Princeton, N.J.: Princeton University Press, 2001).

<sup>40</sup> Karen Orren and Stephen Skowronek, *The Search for American Political Development* (Cambridge, U.K.: Cambridge University Press, 2004), 123.

different times for different purposes.”<sup>41</sup> In this sense, the governing authority is multilayered and a source of dysfunctions within the American state, which is explained in the concepts of patchwork and intercurrency above.

Meanwhile, I embrace William Sewell Jr’s criticism of freezing historical moments to extract variables.<sup>42</sup> While it increases comparability among cases, such practice of extracting variables from a flux of events hides the influence of the process itself on causal relationships among factors. Instead of applying such experimental temporality to prejudging the conditions necessary for the successful tripartite experiment and effective adult training programs, I pay attention to various creative actions attempted by the 1960s policy entrepreneurs to overcome institutional and cultural barriers.

Third, the project of political creativity offers a useful method to research political entrepreneurship.<sup>43</sup> In running the tripartite experiment in the early 1960s and devising adult training programs during the WOP period, policy entrepreneurs in the Kennedy and Johnson administrations could reconfigure previous relationships among federal bureaus and connect acceptable policy goals in a new manner to make their policy projects less threatening to stakeholders. They also could make use of given institutions to create new ones. This view contrasts with a mainstream institutionalist perspective that reduces institutions to constraints for actors. The project of political creativity provides

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<sup>41</sup> Ibid., 125.

<sup>42</sup> William H. Sewell Jr, *Logics of History : Social Theory and Social Transformation* (Chicago, I.L.: University of Chicago Press, 2005), chapter 3.

<sup>43</sup> Gerald Berk, Dennis C. Galvan, and Victoria Hattam, eds., *Political Creativity : Reconfiguring Institutional Order and Change* (Philadelphia, P.A.: University of Pennsylvania Press, 2013).

various models for change by conceptually transforming “agency as relationality, order as assemblage, and change as the politics of time.”<sup>44</sup>

Along with these three methods, I rely on various sources to conduct my research. First, I use primary printed sources such as newspapers, transcripts of Congressional hearings, and the CQ Almanac from 1950 to 1968. Second, I review archival records from the Kennedy and Johnson administrations. Among them I closely examine the general and executive documents produced by federal agencies including the Departments of Labor and Commerce, the Office of Economic Opportunity, and the Council of Economic Advisers. I also review important administrators’ oral interviews archived in the presidential libraries. Third, I researched archival records from the Walter P. Reuther Library at Wayne State University in Detroit, MI. Lastly, I rely on a great deal of secondary sources from various disciplines including history, sociology, economics, and political science.

Through primary and secondary sources I make an important contribution to the studies of American politics by examining the implications of unnoticed 1960s policy experiments in subsequent policy developments. These experiments have been neglected by many scholars due to their deterministic understanding of the American state’s capabilities that allegedly limited the range of feasible new programs.

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<sup>44</sup> Ibid., 5.

## *Order of the Dissertation*

The order of the dissertation is as follows.

### *Chapter 2. A U.S. Tripartite Experiment in the Kennedy Administration*

Chapter two was published at *Polity* 52, no. 1 (January 2020).<sup>45</sup> It examines the creation of the President's Advisory Committee on Labor-Management Policy and its achievements. The chapter challenges the mainstream view on American political economy, which regards any tripartite bargaining among U.S. labor, management, and the state as impossible. From Salisbury's work to the work of Campbell, Hollingsworth, and Lindberg, and to Hall and Soskice's work, scholars commonly believe a tripartite coordination in the U.S. economy has been discouraged due to the impossibility of overcoming an arm's-length relationship among societal actors, and the tendency for U.S. businesses to concentrate on mass production and vertical integration with abundant unskilled labor, and thus avoid upgrading skills through labor-management collaboration. The dearth of coordinating institutions in the U.S. system also discourages Americans from creating nonmarket institutions that can bridge labor, management, and state because only a new institution that can complement the other institutions is deemed able to survive.

Furthermore, Weir, Orloff, and Skocpol's work on the structure of American government shows how underdevelopment of the American state has deterred the rise of

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<sup>45</sup> Yongwoo Jeung, "A U.S. Tripartite Experiment in the Kennedy Administration," *Polity* 52, no. 1 (January 2020): 116-55.

comprehensive job training and welfare policies. Despite a few reformers' attempt to streamline the DOL and its state agencies for policy coherence and effectiveness during the Kennedy and Johnson administrations, it eventually failed because of the institutionally fragmented structure of the American state.

Chapter two challenges the mainstream view by providing evidence that the U.S. government began experimenting with corporatist arrangements since the Great Depression. Especially, the chapter focuses on the unique tripartite experiment which occurred in the early 1960s.

The first section of the chapter, "the Intractable Industrial Conflict of the 1950s," reveals the conditions under which the tripartite experiment emerged. During the 1950s the American economy suffered from inadequate response to technological changes, declining competitiveness, and labor-management conflicts. Recurrent conflicts between steel companies and the United Steelworkers of America (USW) during the 1950s, which inflicted severe damage on the national economy, substantiate the intractable industrial conflicts of the 1950s. One source of the 1950s industrial conflicts was automation on which the management of big manufacturing companies relied to enhance efficiency and lower production costs. Labor unions were hostile to automation for fear of losing jobs and losing control at the workplace. Pundits and policymakers started to develop a policy discourse of structural unemployment to understand the effect of automation and prepare for its negative effect on society.

The second section, "Experimentation: the Kaiser Tripartite Committee," traces the origin of the Kennedy administration's tripartite experiment to the U.S. steel industry. Steel management attempted to apply automation without the USW's consent, which

resulted in the steel strike of 1959 over section 2B of the previous collective bargaining contract. Arthur Goldberg, general counsel to USW at that time, designed the Kaiser Committee to defuse the explosive topic of automation in the collective bargaining contract and create another platform to discuss structural issues under the guidance of public representatives. The Kaiser Committee not only ended the long standoff between steel companies and the USW but also awakened policymakers to the possibility of greater public interventions in the labor market.

The third section, “Embarking on a Tripartite Experiment in 1961,” reviews Labor Secretary Goldberg’s entrepreneurship in setting up a foreign tripartite committee, the President’s Advisory Committee on Labor-Management Policy, to address the intractable industrial conflicts. The fourth section, “The Politics of the LMAC,” shows how Goldberg’s experiment failed due to reignited turf wars between labor and management. Goldberg’s decision to run the tripartite committee in a nonauthoritative way hamstrung the tripartite committee’s ability to handle the schism between labor and management. The section criticizes the institutionalist viewpoint that sees such tripartite experiment in the United States as temporary and abortive.

In the “Epilogue and Conclusion: The Legacy of Failed Political Entrepreneurship and the Rise of Commercial Keynesianism after the LMAC Experiment,” I discuss how political entrepreneurship works between institution and agency by reviewing Goldberg’s strategy to rearticulate discreet policy goals and design the LMAC in a typical way to avoid participants’ antistatist sentiments. I also discuss when such entrepreneurship fails, based on the LMAC’s case. Then I explain how the failure in the early 1960s tripartite experiment paved the way toward further



encroachment on collective labor rights and the uneven rise of individual employment rights in the long term, a process that Katherine Stone calls “industrial pluralism.”<sup>46</sup> The failure also contributed to the Kennedy administration’s transition in its policy orientation from public spending to the unconventional macroeconomic measure of cutting taxes while leaving government expenditures intact in order to stimulate the national economy, which is described as “growth liberalism,” or “reactionary Keynesianism.”<sup>47</sup>

### *Chapter 3. War on Poverty and Adult Training*

Chapter three examines the origins and evolutions of the War on Poverty training programs, relying on the frameworks of layering, patchwork, intercurrency, and entrepreneurship. The War on Poverty, declared in 1964, focused mainly on the disadvantaged who could not attain competitive jobs for themselves. The chapter explains how the public as well as policymakers became more concerned with poor youths in the 1960s. The innovative training programs during the WOP, however, failed to produce desired effects, which invites many scholars’ criticism of the programs’ unrealistically ambitious goals, the absence of a control tower, and the American state’s weak capacity to run the programs.

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<sup>46</sup> Katherine Van Wezel Stone, “The Legacy of Industrial Pluralism: The Tension between Individual Employment Rights and the New Deal Collective Bargaining System,” *University of Chicago Law Review* 59 (1992): 575–644.

<sup>47</sup> Robert M. Collins, *More: The Politics of Economic Growth in Postwar America* (New York: Oxford University Press, 2000), Allen J. Matusow, *The Unraveling of America* (New York: Harper & Row, 1984), Aaron Major, “The Fall and Rise of Financial Capital,” *Review of International Political Economy* 15 (2008): 800–25. See also chapter. 2’s note 69.

The chapter challenges the previous literature that sees the fundamental limitation of the American state in implementing interventionist social and welfare policy. Especially, the chapter shows how the perspective of American exceptionalism is influential in the scholarly works that evaluate the WOP. According to the American exceptionalist scholarship from such scholars as Tocqueville, Hartz, Lipset, and Sombart, the absence of a feudal past in the United States made the U.S. genuinely liberal. Any governmental policy against the principle of voluntarism would perish. Even though an exceptional event like the civil rights movement of the 1960s could open the window of opportunity for liberal reformers to conduct unprecedented policy experiments in the areas of manpower training and welfare, the obtrusive governmental programs were destined to stall eventually because the American public would rescind their support for the programs.

In the first section, “Previous research on the U.S. Welfare System and the War on Poverty,” I review the works of Gøsta Esping-Andersen, Margaret Weir, and Jill Quadagno on the American welfare state. They commonly explain how the American liberal welfare state has survived periodic reform attempts throughout U.S. history. Without new class mobilization, new cross-class coalitions, and creation of innovative institutional devices, Esping-Andersen argues, the American liberal welfare state will remain unchanged. Weir argues that when the DOL, a champion agency for adult training programs, was marginalized during the WOP, the previously developed policies for manpower training became adrift. Quadagno argues that liberals’ effort to build an equal opportunity welfare state with affirmative action and desegregation had an unintended

consequence of furthering racial stratification. They commonly assume the failure in WOP training programs to be structurally inevitable.

I provide schematic criticism of their limited view on the state's capabilities. In contrast to their quite static perspective on state capabilities during the WOP, I show how the Johnson administration indeed addressed unexpected political events by redefining the relationship among federal bureaus, redrawing the contours of the training programs, and creating new programs on a pilot basis.

In the second section, "Legislative Developments," I reveal that the legislative history of various manpower programs, from the National Defense Education Act of 1958 to the Economic Opportunity Act of 1964 and its 1965 Amendments, was a patchwork of improvisational responses to national and regional economic change. I argue that policy incoherence in the series of legislative acts was not so much the outcome of the fragmented nature of federal agencies as an outcome of the agencies' adaptive strategy to cultivate new policy constituencies whenever they faced hostile political environments that would jeopardize the survival of the programs. I also examine how the logics of intercurrency and layering worked in the development of U.S. manpower policy during the 1960s.

The third section, "State Capacity to Adjust and a Recurrent Theme of Training the Nondisadvantaged after 1964," analyzes the Johnson administration's effort to update WOP training programs. It focuses on three moments that forced the administration to consider changing from its previous emphasis on poor youths. The first moment came in late 1965 when the threat of inflation led the Council of Economic Advisers (CEA) to seek the DOL's advice in running the on-the-job training in order to address labor

shortages in skilled labor and thereby curb inflationary pressures on wages. In the process, Secretary of Labor W. Willard Wirtz retained control of federally administered training programs through his chairmanship of the President's Committee on Manpower. This episode shows how the fragmented nature of the American state could promote a new solution to inflation. If the American state had had a hierarchically organized bureaucratic structure, the dominance of CEA over the DOL in their competition at the beginning of the Johnson administration would have resulted in replacing DOL's policy expertise on the issue of structural unemployment with Keynesian macroeconomic approaches.

The second moment was when the Johnson administration started to consider new programs for unemployed adults. The Department of Health, Education, and Welfare (HEW), DOL, and the Office of Economic Opportunity (OEO) respectively proposed to create public jobs for unemployed adults. Discussing three proposals within the Johnson administration provided a discursive background for forging another new policy experiment that assisted big businesses to locate in the ghetto, and provide training and employment for the disadvantaged. The third moment was when Martin Luther King Jr. sent his public letter to President Johnson asking for public jobs. The Johnson administration responded to the request with a new program called Job Opportunities in the Business Sector (JOBS) in 1968. The section analyzes the way the American state functioned in an associative form to provide public services beyond institutional hurdles.

I sum up the implications of the WOP training programs and their evolution in "Chapter Conclusion." I also clarify how the frameworks of layering, intercurrency, and entrepreneurship are applied to my cases.

### *Conclusion*

In the Conclusion, I revisit the category of non-Weberian optimists, one of four categories suggested in the introduction regarding scholarship on the American state. I reaffirm how my case studies of a tripartite experiment in the Kennedy administration and WOP training programs can contribute to the non-Weberian optimist viewpoint and furthermore to the discipline of American political development.

## CHAPTER II

### A U.S. TRIPARTITE EXPERIMENT IN THE KENNEDY ADMINISTRATION

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#### *Introduction*

Scholars regard the United States as a model for laissez-faire economies. In their view, the United States, with its fragmented representation of societal interests and arm's-length market coordination, has lacked centrally organized business and labor peak associations to moderate industrial conflicts. As a result, any tripartite bargaining among U.S. labor, management, and the state has proved impossible.<sup>48</sup>

This view discourages research on tripartite bargaining in the United States, because scholars tend to focus on the question of why there is no corporatism in the

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<sup>48</sup> For example, Colin Gordon indicated that “in an environment in which competitive self-interest is uniquely encouraged, celebrated, and rewarded, private cooperation is extremely difficult to accomplish or justify.” See his *New Deals: Business, Labor, and Politics in America, 1920–1935* (Cambridge, U.K.: Cambridge University Press, 1994), 130. Without a historically developed legacy of forming trade associations or other forms of peak association among businesses, Gordon argues, the goal of business leaders to tame unbridled market competition during the interwar period was easily dropped in the Great Depression (at 160–61). Furthermore, Frank Dobbin argues that Americans, witnessing the success of the railroad industry in the nineteenth century in the absence of public coordination, began at that time to believe that industrial progress would not have occurred without the government’s hands-off stance; see his *Forging Industrial Policy: The United States, Britain, and France in the Railway Age* (Cambridge, U.K.: Cambridge University Press, 1994), 59. David Vogel, who traces fluctuating business power in the United States, indicates that America is different from other capitalist countries in having “no peak organization capable of representing the views and interests of American business as a whole”; see his *Kindred Strangers: The Uneasy Relationship between Politics and Business in America* (Princeton, N.J.: Princeton University Press, 1996), 132.

United States, as in Salisbury's seminal work.<sup>49</sup> Relying mainly on Mancur Olson's logic of collective action, Salisbury argues that it would be generally difficult to form "singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated" peak associations in the United States, where no feudal legacy makes an associative form of economic governance acceptable to the people.<sup>50</sup> While Salisbury acknowledges "national emergencies" during which it was temporarily possible to create peak associations covering diverse interests, he does not explore why and how they failed, or what legacies they left.<sup>51</sup>

By contrast, Campbell, Hollingsworth, and Lindberg's edited volume researches various forms of nonmarket economic governance in America where, in contrast to the conventional wisdom, state governments play active roles in promoting cooperation among local actors.<sup>52</sup> But this work still echoes Salisbury's argument that any meaningful attempt to move beyond market coordination at the national level will fail eventually for structural reasons—or "parameters,"<sup>53</sup> in Hollingsworth's terms. The degree of exposure to foreign trade has been too low for U.S. companies to form "associational structures in

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<sup>49</sup> Robert Salisbury, *Interests and Institutions: Substance and Structure in American Politics* (Pittsburgh, P.A.: University of Pittsburgh Press, 1992), chapter 6.

<sup>50</sup> *Ibid.*, 133.

<sup>51</sup> *Ibid.*, 135–36.

<sup>52</sup> John L. Campbell, J. Rogers Hollingsworth, and Leon N. Lindberg, eds., *Governance of the American Economy* (New York: Cambridge University Press, 1991). The nonmarket forms of economic governance are obligational networks, hierarchies, monitoring, and promotional networks; see their chapter 1, "Economic Governance and the Analysis of Structural Change in the American Economy," 3–34.

<sup>53</sup> *Ibid.*, 35.

order to cooperate in competition internationally.”<sup>54</sup> While an abundance of unskilled labor and high flexibility in job markets encouraged Chandlerian mass production with vertical integration and automation, it discouraged management and labor from collaboratively upgrading skills to meet technological challenges together.<sup>55</sup> But the parameters that supposedly determine industrial actors’ preferences actually underwent a sea change in recent decades.

Changes in the world economy, such as the two oil shocks of the 1970s, trade liberalization, the emergence of global finance, and the rise of integrated global production attracted the attention of talented scholars across disciplines.<sup>56</sup> One question that interested them was whether a nation’s previous institutional setting would change, given the challenges. A breakthrough came with the work of the “varieties of capitalism” scholars, who synthesized institutional approaches and conceptualized two stereotypes of economic governance that they expected to be enduring: liberal market economies and coordinated market economies.<sup>57</sup> Against the convergence theory of neoclassical economics, these scholars substantiate that the world remains divergent due to institutional complementarity: a new economic institution will more likely survive if it

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<sup>54</sup> Ibid., 67

<sup>55</sup> Ibid., 53.

<sup>56</sup> For instance, see Michael J. Piore and Charles F. Sabel, *The Second Industrial Divide: Possibilities for Prosperity* (New York: Basic Books, 1984); Peter J. Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca, N.Y.: Cornell University Press, 1985); and Peter A. Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises* (Ithaca, N.Y.: Cornell University Press, 1986).

<sup>57</sup> Peter A. Hall and David W. Soskice, eds., *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (New York: Oxford University Press, 2001).



supplements the functions of other institutions. The United States will remain reliant exclusively on market functions because a dearth of coordinating institutions at the national level tends to discourage the development of nonmarket institutions.

Weir, Orloff, and Skocpol's work on U.S. social policies resonates with the institutionalists' findings.<sup>58</sup> The underdevelopment of the American state and its fragmented institutional structure result in residual social welfare programs, in which the state takes minimum responsibility for those forced out of job markets, failing to connect such programs to production strategies. Weir elaborates on this argument by noting that even though the American state sought to implement ambitious employment programs targeted at broader social strata than the hard-core poor in order to meet new technological challenges during the 1960s, it failed due to its limited capacity to oversee the new programs. As a result, despite the ripe atmosphere for reforming labor markets à la European tripartism, the Kennedy and Johnson administrations could do no more than rediscipline the poor who resisted market principles.<sup>59</sup> Hence the narrative that the U.S. federal government is too weak to reshape industrial relations also appears in studies of U.S. politics, providing another structural explanation for "why there is no corporatism in the United States."

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<sup>58</sup> Margaret Weir, Ann Shola Orloff, and Theda Skocpol, eds., *The Politics of Social Policy in the United States* (Princeton, N.J.: Princeton University Press, 1988).

<sup>59</sup> Margaret Weir, "The Federal Government and Unemployment: The Frustration of Policy Innovation from the New Deal to the Great Society," in *The Politics of Social Policy in the United States*, 149–90, at 171–72 (see previous note). See also Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton, N.J.: Princeton University Press, 1992), 64–67.

As a result of these tendencies, scholars find it difficult to acknowledge that there have been corporatist experiments in the United States; they know little about where those experiments have occurred, in what ways they failed, how they are similar and different from their European counterparts, and what implications they have had for subsequent policy options and institutional trajectories. Perceiving the U.S. national economy as a liberal monolith creates a blind spot about these questions. But, as Andrew Shonfield indicates, the U.S. government began experimenting with corporatist arrangements at the national level during the Great Depression in order to force private actors to serve public objectives. His examples were the short-lived Agricultural Adjustment Act (AAA) and the National Recovery Act (NRA), both of which were ruled unconstitutional by the Supreme Court.<sup>60</sup> The National War Labor Board (NWLB), created during the Second World War, embraced the spirit of corporatism to a limited degree, as I will elaborate later.

In a sense, the U.S. tripartite experiments were entrepreneurial ways to address the structural constraints that the scholars above carefully describe. According to Sheingate, political entrepreneurs navigate jurisdictional gaps between institutions and constantly search for speculative opportunities for innovation.<sup>61</sup> In the process, entrepreneurs often rely on policy ideas—or discourses—through which they discover

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<sup>60</sup> Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power* (New York: Oxford University Press, 1977 [1965]), 309–10.

<sup>61</sup> Adam D. Sheingate, “Political Entrepreneurship, Institutional Change, and American Political Development,” *Studies in American Political Development* 17 (2003):185–203, at 186.

new problems and connect them to a certain “politics.”<sup>62</sup> Political entrepreneurship is an individual or collective effort to bring about a meaningful change in policies, politics, and institutions by creatively making use of available resources and challenging the status quo. The framework of political entrepreneurship is a theoretical tool that reveals when, why, and how reform-minded actors initiate change. Studying such entrepreneurship in U.S. tripartite experiments, therefore, makes it possible to see a mode of policy change in which agency and idea play key roles.

Moreover, U.S. tripartite experiments are resourceful venues where scholars can re-evaluate the dynamics of American politics, even though those attempts appear to have been fruitless in bringing a lasting change to the political system as a whole. Orren and Skowronek argue that an institution does not necessarily reflect a single order or a governing principle. Rather, it often contains multiple orders created at different times, innately in tension.<sup>63</sup> For those who seek to break the institutional inertia, such incoherence within an institution or among institutions leaves room for an agent to

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<sup>62</sup> Jal Mehta summarizes three prominent models in political science for turning ideas into policy as follows: “Peter Hall’s view that successful ideas combine policy, political, and administrative appeal; John Kingdon’s view that policy ideas succeed when entrepreneurs link them to ‘problem’ and ‘politics’ streams; and the work of historically inclined scholars who argue that prevailing ideas are shaped by the contours of past policies.” See Mehta, “The Varied Roles of Ideas in Politics,” in *Ideas and Politics in Social Science Research*, ed. Daniel Béland and Robert Henry Cox (New York: Oxford University Press, 2011), 23–46, at 28.

<sup>63</sup> Karen Orren and Stephen Skowronek define this incoherence as “intercurrence.” The institution has “. . . multiple orders, which originate in different times, with different purposes, operating simultaneously in the moment at hand.” See Orren and Skowronek, “In Search of Political Development,” in *Liberal Tradition in American Politics: Reassessing the Legacy of American Liberalism*, ed. David F. Ericson and Louisa Bertch Green (New York: Routledge, 1999), 29–41, at 39.

recombine disparate institutional components for innovation.<sup>64</sup> In this regard, studying U.S. tripartite experiments, though they were unsuccessful, can shed new light on how an agent's creativity interacts with structural constraints to bring about institutional change, often resulting in institutional inertia at first, but also leaving policy remnants that encourage later entrepreneurial efforts.<sup>65</sup> This perspective, which provides a vivid picture of how politics produces policies or vice versa, differs from the sort of structural determinism that the previous literature commonly embraces.

This chapter explores the overlooked dynamism that policy entrepreneurs have created in U.S. politics by delving into a tripartite experiment conducted by Labor Secretary Arthur Goldberg, through the President's Advisory Committee on Labor-Management Policy (LMAC), during the Kennedy administration in the early 1960s. I argue that this tripartite experiment was a product of policy entrepreneurs' attempts to tackle the decline of U.S. manufacturers' market competitiveness, rather than being merely a negligible outlier from mainstream American liberalism. Grafting a non-European style tripartite committee onto the faltering New Deal industrial order was a

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<sup>64</sup> See Sheingate, "Political Entrepreneurship," 189 (see note 61 above); and Karen Orren and Stephen Skowronek, "Institutions and Intercurrence: Theory Building in the Fullness of Time," *Nomos* 38 (1996): 111–46, at 112–13. See also Gerald Berk and Dennis Galvan, "How People Experience and Change Institutions: A Field Guide to Creative Syncretism," *Theory and Society* 38 (2009): 543–80.

<sup>65</sup> Marc Schneiberg indicates that policy remnants or "paths not taken" in the policy-making process can be used for further experiments or political mobilization for policy alternatives through assembly, revival, and redeployment. Thereby, failed policies sometimes help to "fix the path that triumphed"; see his article, "What's on the Path? Path Dependence, Organizational Diversity and the Problem of Institutional Change in the US Economy, 1900–1950," *Socio-Economic Review* 2007 (March 2006): 47–80, at 70.

strategy of layering devised by a group of shrewd policy entrepreneurs.<sup>66</sup> Given the absence of peak business and labor associations, and without strong state capacity to arbitrate failures in voluntary labor-management negotiations, the policy entrepreneurs sought to add a new device for coordination to the existing order, because, as Mahoney and Thelen explain, the “institutional challengers lack the capacity to actually change the original rules.”<sup>67</sup> In this chapter, I will re-evaluate the tripartite experiment of the 1960s by focusing on entrepreneurs’ creativity in devising a new institution and articulating a policy discourse to address uncertainties created by technological change—while acknowledging the structural restraints on their options.

I also aim to show how the LMAC’s failure is connected to the broader currents of U.S. political development. On the one hand, the failure laid the foundations for the transition from the New Deal order, based on collective labor rights, to the industrial pluralism of the present period. When the uniquely American form of tripartism failed in modernizing the collective bargaining platform, a new legal system of individual employment rights arose along with a long-term attack on union power. On the other hand, the LMAC’s failure opened the way for commercial Keynesianism, which led the

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<sup>66</sup> Eric Schickler, *Disjointed Pluralism: Institutional Innovation and the Development of the U.S. Congress* (Princeton, N.J.: Princeton University Press, 2001), 15–16. Schickler emphasizes the logic of layering as a common form of institutional change in America. Amid fragmented interests, reformers prefer to add to a pre-existing set of institutions, since veto players—those who have an interest in the existing institutions—can easily frustrate the reform process at many points.

<sup>67</sup> James Mahoney and Kathleen Thelen, “A Theory of Gradual Institutional Change,” in *Explaining Institutional Change: Ambiguity, Agency, and Power*, ed. Mahoney and Thelen (New York: Cambridge University Press, 2010), 1–37, at 17

government to prioritize tax cuts and planned deficits over industrial policies. There came to be no real programmatic difference between liberals and conservatives in fiscal policy.

In the next section, I will explain the conditions under which the tripartite experiment emerged, amid a crisis in U.S. mass production, as a solution to commonly perceived industrial problems such as technological changes, declining competitiveness, and labor-management conflicts. Then, the chapter traces the origin of the Kennedy administration's tripartite experiment from the U.S. steel industry, where management's attempt to apply automation—without the United Steelworkers' consent—rendered the industry vulnerable to nationwide strikes. The Kaiser Committee, designed by Arthur Goldberg and other entrepreneurs, became the novel response from management, labor, and the public to the crisis. Finally, after examining the activities of the LMAC in 1961 and 1962, I discuss how the tripartite experiment's failure paved the way toward what scholars have called “growth liberalism” or “reactionary Keynesianism”<sup>68</sup> and “industrial pluralism.”<sup>69</sup>

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<sup>68</sup> Robert M. Collins sees in the 1960s the rise of “growth liberalism,” in which top economic officials prioritized economic growth over other economic goals. See his *More: The Politics of Economic Growth in Postwar America* (New York: Oxford University Press, 2000), 54, 61. Allen J. Matusow describes as “reactionary Keynesianism” the tendency to prioritize macroeconomic growth through measures such as tax cuts that did not directly address the needy, including the unemployed, those discriminated against, and the urban poor. See his *The Unraveling of America* (New York: Harper & Row, 1984), 59. Aaron Major contrasts stimulating the economy by monetary easing to the traditional Keynesian program of deficit spending. He names the former “conservative Keynesianism” and the latter “liberal Keynesianism.” See his “The Fall and Rise of Financial Capital,” *Review of International Political Economy* 15 (2008): 800–25, at 811.

<sup>69</sup> Katherine Van Wezel Stone, “The Legacy of Industrial Pluralism: The Tension between Individual Employment Rights and the New Deal Collective Bargaining System,” *University of Chicago Law Review* 59 (1992): 575–644.

### *The Intractable Industrial Conflicts of the 1950s*

The Kennedy administration's tripartite experiment was designed to address the intractable industrial conflicts of the 1950s. The New Deal industrial order, having tamed the Great Depression of the 1930s, underwent severe stress following World War II. This section examines two aspects of that stress. The first consisted of the intensifying labor-management conflicts over prices and wages following the war. The Truman administration in the 1940s oversaw upward pressure on prices and wages, with only limited tools to curb it. During the Eisenhower administration's hands-off policy on domestic economic issues, labor-management conflicts grew and finally dominated contract negotiations. The second aspect of stress on the New Deal order was automation in the manufacturing industry. Due to the uncertainty that technological changes brought to previous power relationships within industries, automation served as a political catalyst in enlarging the scope of previous industrial conflicts, not only between labor and management, but also within the U.S. labor movement. These two stresses preconditioned the tripartite experiment of the 1960s.

### *The New Deal Industrial Order under Stress*

Maintaining the New Deal order's virtuous circle of mass production and mass consumption was key to its stability, and guaranteeing employees' purchasing power with high wages and benefits ensured growing domestic markets for consumer goods. To meet these growing demands, mass production systems required stability in the organization of production. Unexpected strikes would upset this order, because investment and production decisions required a degree of certainty about likely demand for products and

future returns. Hence, instead of resorting to strikes, workers were obliged to file grievances through their grievance office, the role and jurisdiction of which were negotiated through collective bargaining. The leaders of organized labor opposed direct action such as wildcat strikes led by radicals, because they recognized that unions had an integral role in maintaining system stability.<sup>70</sup>

In its heyday, the New Deal order seemed to permit U.S. producers to attain a continuous flow of profits without squeezing the workforce and depriving laborers of their dignity. Stable production growth also allowed U.S. manufacturers to plan market expansion abroad, along with hegemonic U.S. foreign policies toward Western Europe and Asian countries after WWII.<sup>71</sup>

The virtuous circle of mass production and mass consumption did not secure industrial peace, however. As U.S. manufacturers sought to expand their markets abroad to sell surplus production, they also sought to enhance foreign consumers' purchasing power by transferring technologies and financial aid to help them rebuild their domestic economies. U.S. manufacturers' efforts cultivated fruitful soil in which new foreign producers arose, which potentially disrupted the United States' simultaneous pursuit of mass production and mass consumption. Indeed, as Western European and Japanese economies recovered from the war's carnage, foreign industrial competitors with cheap labor and government protections began challenging U.S. manufacturers for foreign and

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<sup>70</sup> Piore and Sabel, *The Second Industrial Divide*, 64, 79–82 (see note 56 above).

<sup>71</sup> On U.S. hegemonic expansion with “the Wilsonian open door policy,” see Christopher Layne, *The Peace of Illusions: American Grand Strategy from 1940 to the Present* (Ithaca, N.Y.: Cornell University Press, 2006), 35.



domestic markets. Growing global competitive pressures denied U.S. manufacturers the stability that they craved. Even worse for U.S. manufacturers were growing demands for wage increases as inflationary pressures threatened to erode real wages. As a consequence, a cauldron of simmering industrial conflicts occurred in the 1950s, as the conditions that sustained the stable New Deal order began to unravel.

U.S. manufacturers' immediate response to the deteriorating economic conditions for mass production was to ignore organized labor's requests for wage increases right after the Second World War. Some sought to roll back labor's hard-fought gains in job security, health care, and pension arrangements.<sup>72</sup> Manufacturers also grew resistant to federal government pledges to hold product prices stable. The glorious years of rapid economic growth which seemed to confirm U.S. hegemony began to falter by the dawn of the 1950s. U.S. manufacturers' newfound brazenness in battling unions and government worsened industrial conflicts, threatening to undermine the New Deal's cooperative foundations.

Incessant disruptions of U.S. labor markets beginning in the late 1940s reflected this faltering postwar New Deal industrial order. Bureau of Labor Statistics data shows that 10.5% of the total employed in the United States, including agricultural and government employees, participated in work stoppages in 1946. This is an unusually high percentage, reflecting the end of the forced industrial peace during the war. After that year, the annual rate of work stoppage participation decreased. But from 1947 to 1959,

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<sup>72</sup> Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton, N.J.: Princeton University Press, 2013), 99, 109, 110.

the period of concern, the average annual participation rate in work stoppage remained as high as 4.5%, which was considerably higher than the 3.7% from 1927 to 1945 and the 2.9 percent from 1960 to 1979. Similarly, idled days due to work stoppages amounted to 0.28% of the estimated total days spent productively in the United States from 1947 to 1959, which was higher than the 0.15% from 1939 to 1945 and the 0.19% from 1960 to 1979.<sup>73</sup> The period between 1947 and 1959, therefore, was marked by substantially higher rates of industrial conflict compared to the periods before and after it.



Figure 1. U.S. Work Stoppages, 1929—80

Source: Bureau of Labor Statistics, *Analysis of Work Stoppages, 1979* (Washington, D.C.: U.S. Government Printing Office, 1981), 7; also available at [https://www.bls.gov/wsp/wspfaq.htm#Question\\_10](https://www.bls.gov/wsp/wspfaq.htm#Question_10).

<sup>73</sup> Bureau of Labor Statistics, U.S. Department of Labor, “Analysis of Work Stoppages, 1979” (Washington, D.C.: U.S. Department of Labor, 1981), 7 and Figures 1–2 in the appendix; also available at [https://www.bls.gov/wsp/wspfaq.htm#Question\\_10](https://www.bls.gov/wsp/wspfaq.htm#Question_10).

The reasons for relatively frequent industrial disruptions in the 1947–1959 period were simple. Manufacturers had sought to raise prices immediately after WWII to realize profits that had been forcibly postponed by the government during wartime. Labor also asked for wage increases to compensate for their wartime solidarity with Democratic presidents, and thereby sought to catch up with rapidly rising costs of living.<sup>74</sup>



Figure 2. U.S. Work Stoppages involving, 1000 or more, 1947—88

Source: Bureau of Labor Statistics, *News Release*, U.S. Department of Labor, February 9, 2018, at [www.bls.gov/wsp/monthly\\_listing.htm](http://www.bls.gov/wsp/monthly_listing.htm).

<sup>74</sup> The Truman administration abandoned price controls in 1946 due to political pressure from business as well as Republicans in Congress who opposed government encroachment upon private enterprise. Without a device to moderate the upward spiral of prices and wages in wartime, the Truman administration addressed inflation by refusing any type of tax cuts. But opposition from the executive branch was overridden by a supermajority in Congress, which passed tax cuts in 1948. However, the Korean War created a political case to reinstate price controls. See Herbert Stein, *The Fiscal Revolution in America* (Washington, D.C.: AEI Press, 1990), 207.

The Truman administration attempted to repress labor and management demands because it feared uncontrollable inflation.<sup>75</sup> The outbreak of the Korean War in 1950 helped the Truman administration justify its effort to reinstate price controls. Since the Democratic president had the upper hand in labor negotiation—labor being a loyal constituency of his party—the administration managed to quell organized labor’s request with little political cost. But the administration’s attempts to draw voluntary compliance from private corporations failed spectacularly.<sup>76</sup>

The Truman administration’s temporary seizure of the U.S. Steel corporation in 1952 in response to the company’s raising the prices of steel products typified its difficulty in maintaining industrial peace. While the United Steelworkers of America (USW) intended to comply with the government’s arbitration, U.S. Steel decided to raise its prices, to Truman’s surprise. Management’s recalcitrance in response to the government’s request for stable steel prices resulted in the government’s unprecedented seizure of a private corporation in April 1952, relying on the Taft-Hartley Act of 1947.

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<sup>75</sup> President Truman’s closest advisers from business advised him to pursue “decontrol of the economy, balanced budgets, and a return to market determination of prices and wages” right after he succeeded Franklin D. Roosevelt. Meanwhile, Truman was lukewarm at best in acknowledging the labor unions and their rights, and he tried to be neutral on labor-management issues. See Stephen Amberg, *The Union Inspiration in American Politics: The Autoworkers and the Making of a Liberal Industrial Order* (Philadelphia: Temple University Press, 1994), 120–21, 125. In addition, New Dealers in his administration gradually resigned from their positions after Roosevelt’s sudden death, weakening Keynesian influence to a significant degree within the federal government and leading to a more laissez-faire policy orientation. See Alonzo L. Hamby, “The Liberals, Truman, and the FDR as Symbol and Myth,” *Journal of American History* 56 (1970): 859–67, at 860–61.

<sup>76</sup> Amberg, *Union Inspiration in American Politics*, 125–30 (see previous note).

But in June the Supreme Court declared the executive branch's decision unconstitutional. The Court's ruling quieted this fight, but it did not put an end to industrial conflicts.<sup>77</sup>

The Eisenhower administration subsequently pursued a hands-off policy on wages and prices. Without a labor-aligned Democrat in the White House, the battlefield for industrial conflicts shifted to the individual collective bargaining tables occupied by management and labor. As a result, the U.S. industrial landscape during the 1950s was full of conflicts between labor and business at the collective bargaining table.

### *Automation*

Automation exacerbated industrial conflicts between business and labor, further disrupting the New Deal industrial order. Automation threw a spark into the industrial tinderbox, aggravating the labor-management relationship and also the dormant conflict between skilled and unskilled labor, as new technologies quickly rendered the latter obsolete. During the 1950s, U.S. manufacturers, especially in the steel and auto industries, introduced new machinery into production processes to enhance efficiency and lower long-run production costs. These investments, entailing huge fixed costs, deliberately aimed to curb organized labor's power.<sup>78</sup> Capitalists exploited workers' fears

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<sup>77</sup> Paul Tiffany, "The Roots of Decline: Business-Government Relations in the American Steel Industry," *Journal of Economic History* 44 (1984): 407–19, at 408–12.

<sup>78</sup> Thomas J. Sugrue, "'Forget about Your Inalienable Right to Work': Deindustrialization and Its Discontents at Ford, 1950–1953," *International Labor and Working-Class History* 48 (1995): 112–30, at 117. See also Judith Stein, *Running Steel Running America: Race, Economic Policy, and the Decline of Liberalism* (Chapel Hill, N.C.: University of North Carolina Press, 1998), 16.

of being replaced by machines to gain bargaining power, and conflicts arose between skilled and less skilled workers over automation.

Skilled workers tended to be more permissive toward automation because they faced no immediate danger of being laid off. In contrast, unskilled workers, mostly in the bottom rung of seniority systems and often nonwhite, demanded that union leaders stand up against automation. This division drove a wedge through the labor movement.<sup>79</sup> Without a coherent vision of the long-term effects of automation on employment, union leaders could not effectively address the issue in the early 1950s.<sup>80</sup>

To respond to business's unilateral decision to apply new technologies, organized labor developed a policy discourse of structural unemployment, differentiating it from cyclical unemployment, which fluctuates with changes in the business cycle. Structural unemployment referred to the mismatch between skills needed for emergent industrial processes and skills possessed by the unemployed. Those believing in the concept of structural unemployment argued that the mismatch in skills would constrain national

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<sup>79</sup> Nelson Lichtenstein, *The Most Dangerous Man in Detroit: Walter Reuther and the Fate of American Labor* (New York: Basic Books, 1995), 415. Thomas Sugrue described how black workers experienced discrimination in Detroit after the Second World War. They were “disproportionately concentrated in poor-paying secondary sector jobs or in the worst ‘subordinate jobs’ in the primary sector.” Blacks were also frequently excluded by unions’ seniority rules and other protections. See his *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton, N.J.: Princeton University Press, 2005 [1996]), loc. 2782 of 10048, Kindle edition.

<sup>80</sup> On the United Automobile Workers’ lack of leadership in addressing problems caused by automation in the shop floor, see Steve Meyer, “An Economic ‘Frankenstein’: UAW Workers’ Responses to Automation at the Ford Brook Park in the 1950s,” *Michigan Historical Review* 28 (2002): 63–89, at 74–75.

economic growth, resulting in constant shortages of skilled labor and an overall decline of purchasing power among the public.<sup>81</sup>

The automation controversy finally became politicized in 1955 through a series of congressional hearings. The hearings on “Automation and Technological Change” illustrate how industrial conflicts over managerial prerogatives and automation penetrated the political arena. Laborites exploited the hearings to successfully move labor and industrial policy onto the national agenda, while representatives of General Electric Company and Ford Motor Company accused labor witnesses in the hearings of relying on scientifically unproven data. The companies also attacked the presumption of the hearings that the current path of automation benefited big business at the expense of broader society. They argued that automation’s impact on jobs had not yet been fully studied and cautioned against unreasoned assumptions that automation would necessarily lead to mass unemployment. While acknowledging that automation disrupted labor markets in the short term, business representatives argued that it would eventually promote productivity gains and national economic growth. They staunchly opposed meddling with managerial prerogatives by outsiders.<sup>82</sup>

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<sup>81</sup> The concept of structural unemployment appeared in congressional hearings in 1955 discussing low-income families and possible causes of poverty. See U.S. Congress, *Low-Income Families: Hearings before the Subcommittee on Low-Income Families of the Joint Committee on the Economic Report*, 79th Cong., 1st Sess., 1955, at 39, 599, 691. In 1956, Senator Paul H. Douglass (D-Ill.) relied on the concept in discussing unemployment issues with Undersecretary of Labor Arthur Larson at a hearing, which shows that the term had gained currency among policy makers. See U.S. Congress, Senate, *Area Redevelopment: Hearing before the Subcommittee on Labor of the Committee on Labor and Public Welfare*, 84th Cong., 2nd Sess., 1956, 738.

<sup>82</sup> U.S. Congress, Joint Committee on the Economic Report, *Automation and Technological Change: Hearings before the Subcommittee on Economic Stabilization of the Joint Committee on the Economic Report*, 84th Cong., 1st sess., 1955. For the Ford Motor Company’s careful evaluation on the impact of

Forging common ground among policymakers, organized labor, and business in the crisis of the New Deal order was nearly impossible. Nevertheless, these actors shared an aversion to recurrent industrial conflicts, foreshadowing the cooperation that unfolded in the Kennedy administration and led to an unprecedented nationwide tripartite committee.

### *Experimentation: The Kaiser Tripartite Committee*

Despite the intractable industrial conflicts of the 1950s, political conditions for a major policy breakthrough ripened at the end of the decade. The Eisenhower administration's poor performance in managing macroeconomic conditions paved the way for John F. Kennedy's election in 1960. After the recession of 1958, the Eisenhower administration pursued a large budgetary surplus by closing many expenditure programs; their goal was to reduce inflation and strengthen confidence in the U.S. dollar.

Eisenhower personally believed that maintaining a balanced budget was necessary to prevent another economic recession.<sup>83</sup> But the unemployment rate rose from 5.0% in June 1959 to 6.1% in October and reached 6.6% in December 1960.<sup>84</sup> The 1960 election campaign and result cast the Eisenhower's market promotion and fiscal conservatism as

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automation on employment, see pp. 56–57; for General Electric's evaluation, see pp. 431–32. D. J. Davis, vice president of Ford Motor Company, confessed in the hearing that his company could not trace "the extent to which and manner in which automation and other measures to improve efficiency have affected our overall employment figures" (57). This shows that business representatives had just started to examine the issue in the mid- 1950s and still had limited knowledge of the phenomenon.

<sup>83</sup> Stein, *The Fiscal Revolution in America*, 366–67 (see note 74 above).

<sup>84</sup> Data from Bureau of Labor Statistics, U.S. Department of Labor, Unemployment rates, 1959–1960, at <https://beta.bls.gov/dataViewer/view/timeseries/LNS14000000>.



ineffective in reviving the deflated economy. During the campaign, even Vice President Richard Nixon distanced himself from Eisenhower's austere policies. In contrast, Kennedy seemed poised and proficient in suggesting new ways to address industrial problems which, many believed, had plagued the national economy since WWII. Pundits and policy makers interpreted JFK's victory as a mandate to apply innovative economic policy strategies. Continuous frustration with intractable industrial conflicts also led to broad acknowledgment of the need for a new approach to solve the crisis in the New Deal industrial order.

Among the many innovative advisors that Kennedy brought to Washington, Labor Secretary Arthur Goldberg was best poised to address the labor-management conflict, automation, and industrial growth. Goldberg had served as general counsel to United Steelworkers of America (USW) and had provided legal advice to the Congress of Industrial Organizations (CIO) when it merged with the American Federation of Labor (AFL) in 1955. He also helped craft labor legislation, proposed by then-Senator Kennedy, which aimed to revise the pro-business Taft- Hartley Act.

Goldberg's experience in negotiating a 1959 accord with major steel companies for the USW qualified him to navigate the nation's intractable industrial conflicts. When an industry alliance led by U.S. Steel sought to roll back organized labor's shop jurisdiction over workforce allocation by drastically revising Section 2B of the previous collective bargaining contract, Goldberg and union leader David McDonald argued that the change would completely undermine the union's power in the workplace. If the union

could not protect its members from layoffs due to technological change, it would lose its *raison d'être* to rank-and-file members.<sup>85</sup>

The late 1950s battles over Section 2B reflected a deepening crisis in the New Deal order. Section 2B required management to consult with union leadership concerning new technologies that would substitute machines for human labor. As foreign competitors began offering cheaper products by using cheaper metals like aluminum instead of expensive steel, major steel companies were compelled to become more efficient. In this context, U.S. Steel President Roger Blough successfully persuaded leaders of other steel companies to hold a hard line against Section 2B and the USW's demands for higher wages and expanded benefits.<sup>86</sup>

Major steel companies declared they would provide no improvements in wages and benefits until Section 2B was revised or removed. The USW walked out of negotiations over this unacceptable demand, steelworkers went on strike, and the Eisenhower administration reluctantly intervened by issuing a Taft-Hartley injunction on November 7, 1959, forcing workers to return to their jobs for eighty days. The USW and steel industry alliance were supposed to resume negotiations during that period. If both sides failed to reach an agreement, rank-and-file union members would vote on management's final offer. In a context of relatively high unemployment and widespread

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<sup>85</sup> David Stebenne, *Arthur J. Goldberg: New Deal Liberal* (New York: Oxford University Press, 1996), 197–99.

<sup>86</sup> *Ibid.*, 199. For further discussion of Section 2B in the steel industry, see James Rose, "The Struggle over Management Rights at US Steel, 1946–1960: A Reassessment of Section 2-B of the Collective Bargaining Contract," *Business History Review* 72 (1988): 446–77.

economic anxiety, workers leaned toward approving management's offer, preferring to keep their jobs even if it meant sacrificing the union's power on the shop floor.<sup>87</sup>

Despite declining rank-and-file support, Goldberg led the USW to a stunning victory in January 1960 in its defensive war against the industry alliance by forging an innovative approach to management's effort to protect its prerogative to control technology. In collaboration with Edgar Kaiser, who was the chief executive officer of Kaiser Steel Corporation, Goldberg proposed a tripartite study committee tasked with fostering collaboration among labor and management in order to reorganize production to regain competitiveness in international markets. This innovative proposal disrupted the steel industry's united front against the USW as Kaiser Steel, a leading manufacturer, broke ranks and invited labor's collaboration. The announcement of the proposal on October 25, 1959 also shifted public perceptions by envisioning possibilities beyond zero-sum labor-management conflict.<sup>88</sup>

The tripartite committee created in the Kaiser Steel Corporation on December 8, 1959 also awakened policymakers to the possibility of greater public interventions in the labor market.<sup>89</sup> Indeed, after bargaining between the USW and Kaiser Steel was publicized, the Eisenhower administration retreated from its openly probusiness position, which had been evidenced by its issuance of the Taft-Hartley injunction in favor of the

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<sup>87</sup> Paul Tiffany, *The Decline of American Steel: How Management, Labor, and Government Went Wrong* (New York: Oxford University Press, 1988), 163–65.

<sup>88</sup> A. H. Raskin, "Kaiser to Sign with Steel Union, Ending Industry's United Front; Major Producers Standing Firm," *New York Times*, October 26, 1959; see also Stebenne, *Arthur Goldberg*, 209 (see note 85 above).

<sup>89</sup> "Experiment in Steel," *New York Times*, November 14, 1959.

steel companies. In December 1959, Vice President Nixon intervened to end steelworker strikes by forcing other steel company CEOs to accept deals similar to the one struck between Kaiser Steel and the USW two months earlier. That agreement provided increasing wages to a moderate degree, leaving Section 2B unchanged, and created tripartite committees for a long-term study of automation, productivity, wage increases, and their relations with each other.<sup>90</sup> For the USW, this settlement was a big victory because it achieved not only an increase in wages, albeit lower than the union's request, but also protection of the union's power in the workplace. The latter was possible because the idea of creating tripartite committees helped labor and management avoid an immediate showdown over Section 2B.

Goldberg's suggestion of this tripartite committee, which would become known as the Kaiser Committee, was innovative in two ways. First, it created a new institutional venue to discuss complex issues such as Section 2B, which union leaders viewed as a vital preserve of labor power, but which was perhaps becoming anachronistic in a world of advancing technology and growing competition. As steel strikes in 1949, 1952, 1955, 1956, and 1959 had shown,<sup>91</sup> the existing collective bargaining platform was not adequate for deliberation on the confluence of evolving technologies, pressures, markets, and opportunities. The tripartite committee was a better forum for navigating this tangled

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<sup>90</sup> Stebenne, *Arthur J. Goldberg*, 213 (see note 85 above); see also Joseph A. Loftuss, "Steel Foes in Sharp Clash as Board Closes Hearings," *New York Times*, December 30, 1959; and Joseph A. Loftuss, "Nixon Attempts Steel Mediation with Executives," *New York Times*, December 31, 1959.

<sup>91</sup> Bureau of Labor Statistics, *Analysis of Work Stoppages During 1949, 1952, 1955, 1956, 1959* (Washington: U.S. Government Printing Office), [https://www.bls.gov/wsp/wspfaq.htm#Question\\_10](https://www.bls.gov/wsp/wspfaq.htm#Question_10).

web by involving public representatives with impartial expertise to address industrial problems. Public officials could steer conversations in a productive direction by promoting issue linkage, developing best industry practices, and promoting coherent industry-wide responses to changing structural realities. Compared to the more rigid decision-making structures of tripartite committees within West European corporatist systems—where labor and business members have legal mandates to decide on behalf of their hierarchically organized associations and state representatives play the role of impartial arbitrators and ruthless enforcers of deals—the emphasis on deliberation in the Kaiser Committee was an innovation providing more flexibility in organizing tripartite committees.<sup>92</sup>

The Kaiser Committee experiment was also innovative in including public representatives active in industrial dispute resolution such as John Dunlop, David Cole, and George Taylor, who brought impartial expertise to the committee's proceedings, promoting what they saw as the public good: the simultaneous achievement of industrial peace and economic progress.<sup>93</sup> After Edgar Kaiser accepted the list of public

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<sup>92</sup> Scholars usually define corporatism, based on European experiences with tripartism, as a system of interest representation relying on hierarchically organized societal groups. There are usually representatives of two peak associations—business and labor—and of the state. Peak associations enjoy a representational monopoly since they are licensed exclusively by the state and allowed to implement state policy. See Philippe Schmitter and Gerhard Lehbruch, eds., *Trends Toward Corporatist Intermediation* (Beverly Hills, Calif.: Sage, 1979); and Suzanne Berger, ed., *Organizing Interests in Western Europe: Pluralism, Corporatism, and the Transformation* (Cambridge, U.K.: Cambridge University Press, 1983).

<sup>93</sup> The Kaiser Committee was composed of nine members representing labor, management, and the public equally: David McDonald (president of the USW), Arthur Goldberg (general counsel for the USW), Charles J. Smith (USW's west coast district director), Edgar F. Kaiser (chairman of Kaiser Steel Corporation), E.E. Trefethen, Jr. (vice chairman of Kaiser Steel Corporation), C.F. Borden (executive vice president of Kaiser Steel Corporation), George W. Taylor (professor at the University of Pennsylvania, chairman of President Eisenhower's Board of Inquiry in the steel strike of 1959), John T. Dunlop (professor

representatives from Goldberg, the Kaiser Committee sought to make a “plan for equitable sharing between the stockholders, the employes [sic] and the public of the fruits of the company’s progress” during the two-year contract between the USW and Kaiser Steel Corporation.<sup>94</sup> Enlarging the scope of industrial conflicts through public members had already been attempted in the National War Labor Board during WWII. The board also was a place to train experienced arbitrators after the war. However, its tasks were limited to settling labor disputes on wage differentials and stabilizing wages.<sup>95</sup> Under “no-strike and no-lockout” pledges, the National War Labor Board provided institutional protection for labor against the rising tide of conservatism inside and outside of Congress, which was necessary for President Roosevelt to maintain his governing coalition. Public representatives were expected to address wage disputes. In comparison, the Kaiser Committee focused more on how organized labor and management could modify their bargaining positions when faced with changing market environments and demands for automation. In this setting, the public members’ role extended from arbitrators stabilizing the New Deal order to ardent participants in innovation. The next section explores in

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at Harvard University), and David L. Cole (attorney, former director of the Federal Mediation and Conciliation Service under Truman). See Stebenne, *Arthur J. Goldberg*, 209 (see note 85 above); see also “Kaiser Completes New Planning Body,” *New York Times*, December 9, 1959.

<sup>94</sup> “Experiment in Steel,” *New York Times*, November 14, 1959.

<sup>95</sup> Joseph Shister, “National War Labor Board: Its Significance,” *Journal of Political Economy* 53 (1945): 37–56; and Robert G. Dixon, “Tripartitism in the National War Labor Board,” *Industrial and Labor Relations Review* 2 (1949): 372–90. For the role of the board between 1942 and 1945 in promoting the profession of industrial arbitration, see Howell John Harris, *The Right to Manage: Industrial Relations Policies of American Business in the 1940s* (Madison, W.I.: University of Wisconsin Press, 1982), 47–58. Regarding benefits that the board provided for labor and its impact on the New Deal order, see Andrew A. Workman’s two articles, “Creating the National War Labor Board: Franklin Roosevelt and the Politics of State Building in the Early 1940s,” *Journal of Policy History* 12 (2000): 233–64; and “A Response to Bartholomew Sparrow,” *Journal of Policy History* 14 (2002): 204–13.

detail the role that Goldberg envisioned for public representatives in nationalizing industrial issues and devising a new approach.

The steel industry was not alone in setting up tripartite study committees to address automation. When Armour and Company, a dominant player in the meat-packing industry, decided to close six production plants in major cities including Chicago, management and labor clashed over the decision. The dispute was resolved when three concerned groups—management at Armour and Company, the United Packinghouse Workers, and the Amalgamated Meat Cutters and Butcher Workmen—formed a tripartite study committee to collectively address the closure. Under the chairmanship of Clark Kerr, who was president of the University of California, Armour’s Tripartite Automation Committee deliberated on automation’s effect on the meat-packing industry and sought solutions based on the research of academics who served on the committee as impartial public representatives.<sup>96</sup> This uniquely American way of organizing tripartite committees brought research and public expertise to bear on complex industrial issues. Unlike their West European neocorporatist counterparts, tripartite committees in the United States lacked authority to make binding decisions impacting labor and industry. Perhaps because of their lack of unilateral power to put an end to industrial conflicts, U.S. tripartite committees widened possibilities for labor-management collaboration.

Goldberg’s experience of resolving the 1959 steel industry dispute by championing a new tripartite institutional form won him political capital among

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<sup>96</sup> Bureau of Labor Statistics, U.S. Department of Labor, “Progress Report of Armour’s Tripartite Automation Committee,” *Monthly Labor Review* 84 (1961): 851–57.

organized labor and its Democratic Party allies. As a result, President Kennedy tapped Goldberg to serve as his Secretary of Labor. Goldberg brought to that position his experience in working on industrial issues on the Kaiser tripartite committee, such as intensifying market competition, recurring breakdowns in collective bargaining, recession-induced unemployment, and declining real wages in face of stubborn inflation. Goldberg's experience persuaded president-elect Kennedy to form a nationwide tripartite committee, called the President's Advisory Committee on Labor-Management Policy, in February 1961. The next section explains how Goldberg applied lessons learned from his Kaiser Committee experience to organize the LMAC in ways designed to try to overcome intractable industrial conflicts.

### *Embarking on a Tripartite Experiment in 1961*

On February 16, 1961, President Kennedy, following Goldberg's advice, created the President's Advisory Committee on Labor-Management Policy through Executive Order 10918. As Labor Secretary, Goldberg tried to address industrial conflicts on a national scale by applying the tripartite bargaining model across industries. This section explores how Goldberg's entrepreneurship enabled him to lead the foreign tripartite committee to address industrial conflicts, despite the allegedly numerous institutional and cultural constraints on American tripartism.

Goldberg did not simply seek to enlarge the Kaiser Committee model beyond the steel industry, knowing that simple replication might not work in other industries. Business managers, as strategic actors, were willing to learn from the successes and failures of other managers in dealing with labor-management issues, and they had little



incentive to join a nationwide tripartite committee if it would require them to surrender a degree of managerial control to antagonistic governmental and labor forces. They openly resisted allowing public representatives to participate in the committee and take side with labor representatives. Business managers worried about being outnumbered in the committee even though it was unclear what kind of legal authority the nationwide tripartite committee would have. Various industrial actors expressed concern when many newspapers introduced Goldberg to the public in mid-December 1960 as a Labor Secretary nominee, along with his plan to create a tripartite committee to promote industrial peace. The National Association of Manufacturers, although relieved by Goldberg's presence at its annual meeting on December 7, 1960 (a few days before his nomination) and by the future labor secretary's stated opposition to compulsory arbitration of labor-management disputes, still voiced its strong opposition to the possible creation of any legal requirement for outside arbitration by the Kennedy administration.<sup>97</sup> On February 4, the *New York Times* reported that business leaders and labor unionists expressed concerns that a nationwide tripartite committee such as the LMAC might displace conventional forms of collective bargaining.<sup>98</sup> If the LMAC were given power to determine the collective bargaining agenda, both labor and management would be deprived of their previous rights to decide the terms of their contracts.

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<sup>97</sup> "Arbitration Plan Assailed by N.A.M.: It Says Compulsory Settling of Disputes Would Drain Free Enterprise's Vigor," *New York Times*, December 23, 1960.

<sup>98</sup> Peter Braestrup, "Goldberg Backs Labor-Unit Plan," *New York Times*, February 4, 1961.

Recognizing these challenges, what did Goldberg hope to accomplish by proposing a national tripartite committee after he was nominated to become Secretary of Labor in December 1960? Were Goldberg and his staff so naive as to suggest that the new President waste his limited political capital on a futile experiment?<sup>99</sup> Or were they audacious enough to believe that the tripartite committee would thrive under the leadership of the new president, who had won the election by a razor-thin margin, despite business's ascendancy in the previous decade? Given Goldberg's political savvy and earlier career successes, such scenarios are unsatisfactory.

Goldberg and his staff sought to persuade stakeholders to take part in their institutional experiment by combining multiple policy goals in an unconventional way. Once it was tasked with new goals, such as recovering national competitiveness and finding consensual ways to apply new machinery to the workplace, the LMAC and its stipulated goals in the executive order looked less dangerous to both labor and business. Section II of the executive order explicitly links these diverse goals:

The Committee shall study, and shall advise with and make recommendations to the President with respect to, policies that may be *followed by labor, management, or the public which will promote free and responsible collective bargaining, industrial peace, sound wage and price policies, higher standards of living, and increased productivity. The Committee shall include among the matters to be considered by it in connection with its studies and recommendations (1) policies designed to ensure that American products are competitive in world markets, and (2)*

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<sup>99</sup> For instance, Victor Lasky described the birth of the LMAC as an outcome of Goldberg's unbridled political ambition. However, such an interpretation reduces the issues to Goldberg's personal characteristics, which provides only a truncated picture. See Victor Lasky, *Arthur J. Goldberg: The Old and the New* (New Rochelle: Arlington House, 1970), 32–33.

*the benefits and problems created by automation and other technological advances.*<sup>100</sup>

This passage first highlights the urgent goal of bringing management and labor together to avoid costly strikes. It then addresses consumers' concern for improving real wages in the context of creeping inflation and rising unemployment. Finally, it addresses the issue of automation that had animated the 1959 steel-labor dispute over Section 2B. The executive order explicitly also linked issues of industrial peace and automation to the goal of rebuilding industrial global market competitiveness.

Goldberg and his staff linked these four goals in order to avoid unnecessary conflicts before the experiment got underway. Goldberg broadened the scope of industrial conflicts beyond competition among interest groups and called public attention to overarching economic issues such as automation and inflation. The LMAC became a conduit for spreading Goldberg's agenda and a venue where leading industrialists could participate in the experiment without bringing inflexible positions to the committee. If the LMAC had not purposefully linked structural changes in markets to sectoral labor-management issues, it would have become bogged down in the kinds of stalemates that had previously occurred between labor and business.<sup>101</sup>

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<sup>100</sup> Executive Order No. 10918, February 16, 1961, Section 2. See U.S. Federal Register, *Code of Federal Regulations—1961 Supplement to Title 3—The President* (Washington, D.C.: U.S. Government Printing Office, 1962), 83; also available at <https://books.google.co.kr/books?id5rUaHA AAAMAAJ>; emphasis added.

<sup>101</sup> As E. E. Schattschneider argues, changing the scope of conflict changes the nature of the conflict; an organized interest feels more compelled to consider the public interest when issues become publicized and high-profile among the public. See his *The Semisovereign People: A Realist's View of Democracy in America* (New York: Holt, Rinehart and Winston, 1960). Goldberg attempted to transform the nature of industrial conflicts by installing a tripartite committee to overcome possible preemptive opposition from business, as well as labor, to any third-party intervention in broad industrial issues.

The organizational characteristics of the LMAC call attention to how Goldberg and his staff designed the committee to persuade representatives of diverse interests to sit together and discuss thorny issues. The LMAC required unanimous agreement on important decisions. This design stands in stark contrast to the top-down decision-making structures of neocorporatist European tripartite committees. The absence of a centralized LMAC decision-making mechanism was an intentional gambit by Goldberg, rather than evidence of enduring weakness of American coordinating mechanisms. One might argue, relying on *Varieties of Capitalism*, that “because trade unions and employer associations in LMEs [Liberal Market Economies] are less cohesive and encompassing,” it might be institutionally dysfunctional to have a centralized decision-making mechanism at the national level.<sup>102</sup> The committee’s participants also seemed hostile to a hierarchical way of reaching an overarching agreement across industries due to their long-shared voluntarism. Furthermore, scholars of the American state might argue that the U.S. government is simply incapable of coordinating conflicting interests through tripartism because U.S. industrialization, preceding the establishment of modern bureaucracy, rendered the federal government organizationally underdeveloped and jurisdictionally fragmented, as well as limited by federalism. Consequently, Goldberg seemed to have no other option but to leave the committee decentralized, which in a sense foreshadowed the dim prospects of the LMAC.

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<sup>102</sup> Hall and Soskice, eds., *Varieties of Capitalism*, 29–30 (see note 57 above).

It would have been possible to make the committee more centralized than it was by allowing divided votes among the committee members and using majority rule to decide what to suggest to the president. Hypothetically, the LMAC could have been a device for the Kennedy administration to unilaterally champion its agenda if it had been provided with powerful chairmanship and pro-government members who were friendly to Kennedy's goal of providing jobs to the unemployed.<sup>103</sup> But Goldberg did not choose this option because he knew it would produce no meaningful change in the conflictual labor-management relations of the 1950s. In the first LMAC meeting, Goldberg instead guided all the committee's members to discuss its procedures and internal rules. They reached a conclusion that the LMAC should not quell individuals' dissenting voices for the sake of coherency, although the committee should strive to reach decisions by the principle of consensus. When summarizing the discussion, Goldberg reaffirmed that the government would not use the LMAC as leverage to enforce government guidelines upon industrial actors.<sup>104</sup> This made the LMAC less threatening to industrialists, who were very sensitive to the danger of being outnumbered by representatives of labor and the public in collective decisions.

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<sup>103</sup> Notice that the ability to establish a more centralized committee does not guarantee its success. But the purpose of forming an institution outside of regular bureaucracy can be varied, regardless of its prospect of success. For the various roles that the committee or commission can play in bringing policy change within the government, see Patrik Marier, "The Power of Institutionalized Learning: The Uses and Practices of Commissions to Generate Policy Change," *Journal of European Public Policy* 16 (2009): 1204–23, at 1209–10.

<sup>104</sup> Records of U.S. Department of Labor, Roll 72, LMAC Meeting No. 1, at 3–4, at the John F. Kennedy Presidential Library (hereafter, JFK Library).

Furthermore, the LMAC's stipulated goals were assigned respectively to five subcommittees, each chaired by a public representative. This division of labor granted greater autonomy and agency to committee members in discussing issues. Although its decentralized structure tended to slow the LMAC's capacity to assemble reports and form recommendations, it enabled Goldberg to head off and dampen potential conflicts by giving more leeway to individual LMAC members.

The five subcommittees addressed: 1) collective bargaining; 2) economic growth and unemployment; 3) automation, productivity, and the standard of living; 4) international industrial competitiveness; and 5) wage and price policies. The five subcommittees were to submit initial reports on their topics. The members of the committee were each assigned to at least two subcommittees.<sup>105</sup> Public representatives, except the Secretaries of Commerce and Labor, presided over each subcommittee to enhance the impartiality of discussion within it. When a subcommittee completed a draft of the report on its topic, the entire LMAC discussed the draft in its monthly meeting, finalized the content, and sent it to the White House. For instance, Subcommittee No. 1 was to submit an initial report on collective bargaining, which would be discussed in the LMAC's general meeting. Without a strong scientific basis for a rebuttal, the other individual members of the LMAC could not easily oppose what a subcommittee had suggested once

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<sup>105</sup> Five subcommittees were divided by tasks: Subcommittee No. 1, chaired by David L. Cole, worked on "Free and Responsible Collective Bargaining and Industrial Peace"; Subcommittee No. 2, chaired by Ralph E. McGill, researched "Economic Growth and Unemployment"; Subcommittee No. 3, chaired by Clark Kerr, addressed "Automation, Technological Advance, Industrial Productivity and Higher Standards of Living"; Subcommittee No. 4, chaired by Arthur F. Burns, discussed "Policies Designed to Ensure that American Products are Competitive in World Markets"; and Subcommittee No. 5, chaired by George W. Taylor, deliberated on "Sound Wage and Price Policies."

it reached an agreement. This seemed to be the intention of Goldberg and his staff in decentralizing the LMAC's functioning, despite the limit for Goldberg in influencing ways in which the five topics were discussed in the subcommittees.

Opposing members, primarily business representatives who resisted greater public regulatory authority in labor-management relations, intervened in subcommittee discussions by submitting dissenting remarks prior to the subcommittee's final recommendations. Opponents also threatened to append dissenting statements to official policy proposals to undermine the significance of the reports' findings. Such threats became bargaining chips in efforts to negotiate more modest policy proposals.

The design features of unanimous consent and the decentralization of authority across subcommittees, combined with the LMAC's broad and difficult mission, placed the committee on a path toward conflict. The next section analyzes how the LMAC's design created a *sui generis* politics in regard to national economic policies.

### *The Politics of the LMAC*

By articulating in a new way the various industrial problems of the U.S. manufacturing sector, the LMAC enabled those who had been feuding at the collective bargaining table to sit together in a national tripartite committee. Frequent production stoppages and the gradual deterioration of U.S. competitiveness in world markets had set the stage for policy entrepreneurs to embark on this experiment.

But Goldberg's approach of designing the tripartite committee in a non-authoritative way to overcome entrenched positions soon reignited turf wars between labor and management. Deliberative processes were quickly undermined as business and

labor representatives turned to inflexible policy discourses. Policy fissures first appeared in Subcommittee No. 3 on automation and technological advance, followed by Subcommittee No. 1 on free and responsible collective bargaining and industrial peace. Additionally, the LMAC's decentralized structure, initially envisioned as a means of defusing conflict, promoted more schisms among members throughout the deliberative process. This section elaborates how the politics of the LMAC played out via competing policy discourses and discusses what factors ultimately derailed Goldberg's experiment.

The first venue where a laborite automation policy discourse appeared and provoked business members' anger was Subcommittee No. 3. In Summer 1961, the first official draft of "Automation and Technological Advance" went to all committee members before the fifth general meeting.<sup>106</sup> The draft included a statement connecting automation and structural unemployment.<sup>107</sup> It stated that "high unemployment is an unacceptable price to pay for progress. The problem, therefore, is how to encourage progress, in the form of automation and technological change, while at the same time,

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<sup>106</sup> "Automation and Technological Advance," included in a letter, "Memorandum to Committee Members," from W. Willard Wirtz, the LMAC executive director, to committee members. August 15, 1961, UAW President's Office, Walter P. Reuther Collection (WPR Collection), Box 387 Folder 6, Walter Reuther Library.

<sup>107</sup> The members of Subcommittee No. 3 were Clark Kerr (chairperson, University of California), David L. Cole (attorney), John M. Franklin (United States Lines Company), Joseph D. Keenan (International Brotherhood of Electrical Workers), Thomas Kennedy (United Mine Workers of America), David J. McDonald (United Steelworkers of America), Ralph E. McGill (Publisher, *Atlanta Constitution*), Richard S. Reynolds, Jr. (Reynolds Metals Co.), and Thomas J. Watson, Jr. (International Business Machines Corporation). The draft of its "Automation and Technological Advance" was prepared by the subcommittee's consultants, who were drawn from business, labor, and public officials.



maintaining full employment.”<sup>108</sup> The report recommended shortening work hours among the employed to offer jobs to those laid off due to automation. The report did not specify whether those still employed would be paid less than before. Neither did the report discuss the employers’ additional financial burden in providing fringe benefits to the newly hired. This left unaddressed the possibility that employers would bear the costs of hiring additional workers for the new positions that shortening work hours would create, without benefiting from expanded productive capacity or profit margins.

The statement immediately drew an angry response from Henry Ford II of the Ford Motor Company.<sup>109</sup> Ford maintained that the report’s assumption that increased unemployment was attributable primarily to employers’ decisions to automate production was scientifically unproven and politically unacceptable. He also claimed that in addressing unemployment, the report had drifted too far afield from the subcommittee’s charge to focus on automation and technological advance.<sup>110</sup> In response, the subcommittee changed the report’s title from “Automation and Technological Advance”

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<sup>108</sup> “The Report of Subcommittee No. 3: Automation and Technological Advance”; and letter from Executive Director of the LMAC, W. Willard Wirtz, written on August 15, 1961; both in the WPR Collection, Box 387 Folder 6, Walter Reuther Library.

<sup>109</sup> Henry Ford II submitted two statements opposing the view of Subcommittee No. 3’s report. “Statement of Henry Ford II with Regard to Report of Subcommittee No. 3, President’s Advisory Committee on Labor-Management Policy,” 4; received by Walter P. Reuther on October 13, 1961; and “Ford II with Regard to November 6, 1961 Report of Subcommittee No. 3,” November 24, 1961. Both documents were found in the WPR Collection, Box 387 Folder 9, Walter Reuther Library.

<sup>110</sup> “Statement of Henry Ford II with Regard to Report of Subcommittee No. 3, President’s Advisory Committee on Labor-Management Policy”; Received by Walter P. Reuther on October 13, 1961, page 1. Found in the WPR Collection, Box 387 Folder 9, Walter Reuther Library.

to “The Benefits and Problems Incident to Automation and Other Technological Advance.”

The subcommittee’s effort failed to appease Ford, who offered scorching criticism of the subcommittee’s recommendation to shorten working hours. Ford and Arthur Burns, a pro-business public member of the LMAC and former chair of President Eisenhower’s Council of Economic Advisers, viewed the idea as an extra financial burden on business because it basically asked management to employ more people than was necessary to mitigate creeping unemployment, which was beyond their control.

Furthermore, Ford and Burns argued that state meddling into managerial prerogatives, if the subcommittee’s recommendations became law, would discourage long-term private investment and was anathema to their free market principles.<sup>111</sup> Despite revisions to appease Ford and Burns, their dissenting statements were included in the final report, published on January 11, 1962.<sup>112</sup> This outcome undoubtedly diluted the

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<sup>111</sup> Ford II’s and Burns’s opposition to the report by Subcommittee No. 3 was described in a letter, “Subcommittee #3 (Automation) of President’s Labor Management Advisory Committee” from James Stern, a United Automobile Workers consultant participating in the subcommittee meeting, to Walter P. Reuther,” November 27, 1961. For Burns’s view on the idea of shortening work hours, see James Stern’s letter with a revised draft attached to Walter P. Reuther, October 30, 1961. Ford’s view was repeated in the final report of Subcommittee No. 3, “Automation: the Benefits and Problem Incident to Automation and Other Technological Advances,” Report from the President’s Advisory Committee on Labor-Management Policy, January 11, 1962 (Washington, D.C.), 9. The first two documents listed above were found in the WPR Collection, Box 387 Folder 9; the third document was found in Box 387, Folder 10, Walter Reuther Library.

<sup>112</sup> Another business member of the tripartite committee, Joseph L. Block from the Inland Steel Company, tried to find middle ground on the issue by modifying the expressions used in regard to shortening work hours. But this did not appease Ford II and Burns, either; see “Memorandum to All Committee Members,” with attachment of Block’s letter to Wirtz: “A letter from Executive Director Wirtz to Reuther,” November 22, 1961, WPR Collection, Box 387 Folder 9, Walter Reuther Library.

political impact of the report and the LMAC's activities, as indicated by an editorial from the *New York Times*.<sup>113</sup>

Could the fight in Subcommittee No. 3 have been avoided or resolved more favorably? Was Goldberg's experiment to break new ground beyond conflicting positions of labor and business destined to fail? A different possibility had existed at the LMAC's inception, based on conjectures from the minutes from the second meeting of the full committee concerning "work hours."

The second meeting, held in the White House on May 1, 1961,<sup>114</sup> discussed basic terms and approaches from various angles concerning automation. Three papers were presented by Curry M. Gillmore from the IBM Corporation, Stanley H. Ruttenberg from the AFL-CIO, and Seymour L. Wolfbein from the U.S. Department of Labor, representing the three tripartite parties. Participants discussed the issues raised by the papers. In the end, the authors and Clark Kerr synthesized the discussion and wrote a draft statement for media release, which the committee members approved at the end of the session. The committee reviewed, revised, and released this statement without controversy.

Noticeably, the discussion at the May meeting did not address short-term unemployment through temporary measures such as shortened work hours. Instead, it focused on logics and methods to promote national economic growth with maximum employment, which had to do with the promotion of national industrial competitiveness.

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<sup>113</sup> "Automation's Human Side," *New York Times*, January 16, 1962.

<sup>114</sup> "LMAC Minutes of No. 2 (May 1, 1961)," Records of Department of Labor, Roll 72, JFK Library.

Retraining workers to meet new market demands for skilled labor along with technological change was considered a means to achieve these goals. No one questioned the validity of structural employment. Public member Kerr led the discussion, sharing with the rest of the committee his experience as chairman of a tripartite committee with representatives from the Armour Company and two labor unions in the meat-packing industry.<sup>115</sup> Kerr also argued for the necessity of examining European labor market policies, especially the Swedish model of connecting unemployment insurance to participation in job retraining programs. His suggestion interested several business and labor representatives, which later led to the LMAC hosting Swedish officials, businesspersons, and union leaders in the United States in March 1963.<sup>116</sup>

While labor members Walter Reuther from the United Auto Workers and David McDonald from the United Steel Workers of America raised the issue of shortening work hours, this did not disrupt the conversation within the committee.<sup>117</sup> They suggested the

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<sup>115</sup> The industry faced massive layoffs in upgrading production facilities in the 1950s, which had caused considerable disruption in many communities.

<sup>116</sup> Amberg, in *Union Inspiration in American Politics* (see note 75 above) and Lichtenstein in *State of Union* (see note 72 above) paid attention to the LMAC's effort to study the "Swedish-style" tripartite committee and gauge the possibility of applying it to the United States in 1961. For Lichtenstein, the effort was for Goldberg and the "Reutherite wing of the labor movement" to set up an institution to "reimpose social and political controls on" business, which was destined to fail without participation from powerful management players, namely, U.S. Steel; see his *State of Union*, 135 (see note 72 above). For Amberg, the tripartite committee was more than a site for political struggle between labor and business over business prerogatives. Instead it was part of pro-labor Democrats' ambitious plan to "develop a program for active labor market policy" against the Council of Economic Advisers' fiscal stimulation policy; see his *Union Inspiration in American Politics*, 237 (see note 75 above). In Amberg's view, the LMAC's initial orientation toward the corporatist reorganization of labor markets gradually gave way to the issue of controlling wages and prices due to lack of support from the Democratic party.

<sup>117</sup> "LMAC Minutes of No. 2," Records of Department of Labor, Roll 72, JFK Library, 3-6 (see note 114 above).

idea only as a means to achieve full employment on a voluntary basis, a goal even the most pro-business members in the meeting regarded as desirable. Arthur Burns, who had adamantly opposed government's meddling with the market, joined labor representatives by saying that "a full employment economy would certainly create a much easier framework for solving the problem of structural unemployment"<sup>118</sup> Burns believed that employers in a full employment economy would be willing to train their unskilled employees, thus reducing structural unemployment, and that this method of increasing the skill level of the workforce would be more efficient than government training because the former would be for actual jobs.<sup>119</sup> No one at the meeting promoted shortening work hours as one of their legislative goals.

Given the different preferences over an idea of shortening work hours, one might argue, such a fight as in Subcommittee No. 3 would be unavoidable. According to this view, it would be just a matter of time before pro-business members would oppose the idea and derail the deliberations, even if they did not do so in the second meeting. However, in hindsight it is doubtful whether shortening work hours was really an issue that would divide the committee. Even Reuther, who first floated the idea of shortening work hours in the May meeting, was not sure of its effectiveness in addressing unemployment. Indeed, a year later, he refused to endorse a plan for establishing a mandatory reduction in hours through enactment of a new law, for fear of its side effects

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<sup>118</sup> Ibid., 4.

<sup>119</sup> Ibid.

on national productivity.<sup>120</sup> There was no entrenched position shared by all labor representatives on this issue, which points out that it was possible for Goldberg to manipulate Subcommittee No. 3's report by avoiding any recommendation to shorten work hours and thus avoid provoking business's animosity. The LMAC's media statement after its May meeting also showed that it was possible to avoid fruitless debates over the conceptual validity of structural unemployment. While the statement did not hide disagreements over automation and unemployment, it emphasized points of agreement. Above all, LMAC members agreed that "the achievement of general prosperity and highest practicable rate of overall economic growth is the best assurance against unemployment, including unemployment resulting from automation. With full employment the problems of adjustment to technological change are more easily solved; without it they can never be adequately met."<sup>121</sup> Instead of defining and promising to solve structural unemployment, LMAC members hoped to find a practical middle ground for maximizing employment and economic growth amid rising technological demands. This possibility vanished after Summer 1961, when Subcommittee No. 3's recommendation that businesses voluntarily shorten work hours created an irresolvable schism between labor and business members.

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<sup>120</sup> "But," Reuther stated in a hearing, "if you commit yourself rigidly to a lower level of hours either through collective bargaining or legislation and you then get a situation where more hours of work are needed, you are going to be prisoners of your rigid commitment." See U.S. Congress, Joint Economic Committee, *January 1962 Economic Report of the President: Hearings before the Joint Economic Committee*, 87th Cong., 2nd sess., 1962, 790–91. See also Lichtenstein, *The Most Dangerous Man in Detroit*, 364–65 (see note 79 above).

<sup>121</sup> President's Advisory Committee on Labor-Management Policy, "Statement for Media Release," May 1, 1961, WPR Collection, Box 387, Folder 3, p. 2, Walter Reuther Library.

A similar fight broke out in Subcommittee No. 1 concerning responsible collective bargaining and industrial peace.<sup>122</sup> Drawing on an earlier policy discourse, some business members rejected outright the subcommittee's stated goal to enlarge the government's role in collective bargaining. A draft of the subcommittee's first report appeared in August 1961 with several proposals. They included the empowerment of a fact-finding committee, which would give the president more tools to intervene in industrial disputes by, for example, appointing those who were favorable to the president to the fact-finding committee, thus tacitly guiding the committee when information was needed, or using the committee to prod the parties into another round of voluntary bargaining.<sup>123</sup> While the president already possessed tools such as issuing legal injunctions, seizing production facilities, and compelling binding arbitration in the case of national emergency, he was always hesitant to rely on them because they were too controversial to use. Thus, the president was usually inactive in industrial disputes, which led to prolonged labor-management conflicts. Thus, the draft emphasized the importance

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<sup>122</sup> A letter, "President's Advisory Committee on Labor-Management Policy," from Thomas E. Harris, Associate General Counsel for AFL-CIO, to Walter P. Reuther, with attachment of Subcommittee No. 1's draft report. August 8, 1961, WPR Collection, Box 387, Folder 5, Walter Reuther Library. Subcommittee No. 1 consisted of David L. Cole (Chairperson, attorney), George Taylor (University of Pennsylvania), Clark Kerr (University of California), Joseph L. Block (Inland Steel Company), Richard S. Reynolds, Jr. (Reynolds Metals Co.), Elliot V. Bell (McGraw-Hill Publishing Company), David Dubinsky (International Ladies' Garment Workers' Union), Joseph D. Keenan (International Brotherhood of Electrical Workers), and Walter P. Reuther (United Auto Workers).

<sup>123</sup> A series of nationwide strikes in the preceding decade seemed to become a new U.S. industrial norm, which led business as well as labor to start seeking alternatives to fruitless standoffs. Indeed, the country witnessed tumultuous confrontation between labor and management in the steel industry in 1952, which ended with an abrupt nationalization of production facilities by the Truman administration, relying on the Taft-Hartley Act. The problem was that Truman's decision was neither effective in mediating conflicting interests with minimum damage to wartime production nor legally grounded. In June 1952, the Supreme Court declared the government's nationalization of the steel industry unconstitutional.

of expanding the executive branch's responsibility in such disputes beyond its traditional role as reluctant moderator of last resort. The text was ambiguous about the tools' limitations on presidential intervention in industrial disputes, which required deliberation between labor and business members. Still, the draft was based on a broad consensus among LMAC members, who had learned from the preceding decade the necessity of revising the Taft-Hartley Act to discourage showdowns between labor and management.

Henry Ford II submitted a brief statement in opposition to the subcommittee's draft report, with two main objections.<sup>124</sup> First, he did not share the draft's assumption that employers should "furnish full information on prices, profits, unit costs, individual company productivity, and the like" in collective bargaining for the sake of the public interest. He viewed the request for such internal information as an unnecessary encroachment on business prerogatives because, from his standpoint, the purpose of collecting the list of information above was merely to confirm the labor union's request for wage increases. Second, Ford argued that putting too much power in the president's hands would undermine the principle of free bargaining. While Ford agreed that failures of collective bargaining inflicted high costs on society, he did not believe that expanding the president's power over industrial relations would lead to better outcomes for the entire society if the system of private decision-making was sacrificed.

Ford was concerned about the amount of information that employers were asked to submit to the fact-finding board for productive collective bargaining, rather than

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<sup>124</sup> "Statement of Henry Ford II with Regard to Report of Subcommittee No. 1, President's Advisory Committee on Labor-Management Policy," October 13, 1961, WPR Collection, Box 387, Folder 5, Walter Reuther Library.



ideologically rejecting all information sharing under all circumstances. Since labor members of the subcommittee also shared Ford's fear of enlarging the president's power, they took Ford's opposition seriously.<sup>125</sup> The subcommittee's subsequent meetings demonstrated this.<sup>126</sup> Members gradually narrowed the gap in opinion on the fact-finding committee and other suggested tools for the president to influence the disputes in an orderly manner. Scholars of corporatist institutions often neglect how such shared voluntarism in a specific context could provide common ground to promote tripartism. However, the amicable atmosphere started to unravel at the LMAC's seventh general meeting, held on January 11–12, 1962, after Subcommittee No. 3's final report was announced to the public as well as to the president.

The LMAC's seventh general meeting was a catalyst for activating deep-rooted anti-labor sentiment among business members. The meeting first unanimously approved the final draft of Subcommittee No. 3's report, leaving unchanged its recommendation of shortening work hours to mitigate automation-induced unemployment. Since the final draft of Subcommittee No. 3's report was to be submitted to President Kennedy on that day, none raised a serious question on its contents. Some business members remained angry with that approval when discussing Subcommittee No. 1's draft report on collective

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<sup>125</sup> In several general meetings, George Meany from the AFL-CIO, David McDonald from the USW, and Reuther from the UAW expressed reluctance about extending presidential power in emergency disputes. See a letter from David J. McDonald to Walter P. Reuther on the first draft of Subcommittee No. 1 report, October 2, 1961, WPR Collection, Box 388, Folder 1, Walter Reuther Library. The report of Subcommittee No. 1 was published on May 1, 1962 as "Collective Bargaining: A Report by the President's Advisory Committee on Labor-Management Policy." See also "LMAC minutes No. 5," Records of Department of Labor, Roll 72, JFK Library.

<sup>126</sup> "LMAC Minutes of the fifth general meeting (October 16–17, 1961) and the sixth general meeting (November 28, 1961)." Records of U.S. Department of Labor, Roll 72, JFK Library.

bargaining. As a result, they tapped into the legacy of labor-management adversarialism. Ford's previous opposition to fact-finding committees and extra intervention tools for the president was no longer discussed. The agitated anti-labor sentiment among pro-business members set the terms of the following meetings.

Despite an internal rule of the LMAC that meeting minutes would not include verbatim member exchanges, the culmination of the conflict between labor and business in the seventh general meeting became apparent in comments by Richard S. Reynolds, president of Reynolds Metals Company. He said Subcommittee No. 1's report "contains the unwarranted implication that the Committee believes the employer's right to lock-out should no longer be recognized." He suggested including in the report the employer's right to "let the employees strike or to impose a lock-out in appropriate situations."<sup>127</sup> Ford seconded Reynolds's point by emphasizing that the rights of employers should be articulated and qualified in the next draft of the report. Ford's comment tacitly implied that growing industrial discord sprang mainly from abuses of union power.<sup>128</sup> He suggested that the next draft include employers' rights of lockout and permanent closeout. Goldberg, who chaired the meeting and attempted to quell the growing business insurrection by reaffirming the basic principles upon which the LMAC had initially agreed, insisted that 1) "collective bargaining be endorsed as the basic procedure" against third-party arbitration; 2) "the right to strike and lock-out be reaffirmed"; and 3)

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<sup>127</sup> "LMAC Minutes of No. 7, January 11-12, 1962," p. 4, Records of U.S. Department of Labor, Roll 72, JFK Library.

<sup>128</sup> *Ibid.*, 5.

collective bargaining continually be improved and made “more responsive to the national interest.”<sup>129</sup> But Goldberg’s recitation of the committee’s founding principles failed to stop the acrimonious blame game, which carried over into subsequent meetings.

The dormant conflicts became manifest in the ninth and tenth general meetings, when Ford invoked a union monopoly power discourse that resonated with Arthur Burns and Eliot B. Bell, editor of *Business Week* magazine. They condemned the committee’s effort to address problems of contemporaneous collective bargaining practices without addressing collective bargaining problems growing from union monopoly.<sup>130</sup> In his written statement on the topic of collective bargaining in the LMAC, Ford argued that the collective bargaining problems had stemmed not from flawed bargaining practices but from “the excessive power of unions” attained by “their monopoly position and legal privileges.” Ford argued that the unions’ power needed to be “reexamined from the point of view of the public interest” before discussing any reform in collective bargaining practices.<sup>131</sup> A similar accusation appeared in the ninth and tenth general meetings. In Ford’s, Burns’s, and Bell’s arguments, a union monopoly of power meant that unions had grown powerful enough to dictate wage levels by threatening strike action. Because the union monopoly of power discourse assumed the existence of a “fair wage” that would satisfy both the employer and the employee, any wage increase beyond the fair wage that

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<sup>129</sup> *Ibid.*, 5–6.

<sup>130</sup> See “LMAC Minutes of Meetings No. 9, March 7, 1962, and No. 10, April 3–4, 1962,” Records of U.S. Department of Labor, Roll 72, JFK Library.

<sup>131</sup> “Statement of Henry Ford II with Regard to Report of Subcommittee No. 1, President’s Advisory Committee on Labor-Management Policy,” p. 2, October 13, 1961,” WPR Collection, Box 387 Folder 5, Walter Reuther Library.

was forced on the employer by the threat or actual implementation of strike action was an example of the union exercising its monopolistic power to distort the market price of labor.<sup>132</sup> Business's discourse about union monopoly had already been developed before the 1950s. When President Harry S. Truman prepared for his reelection of 1948, after the Democrats' defeat in the 1946 midterm elections, he changed his lukewarm attitude toward organized labor and the CIO to a wholehearted embrace. In response to the Truman administration's political orientation and the ensuing re-establishment of an electoral alliance that ensured Democrats' victory in 1948, conservative Republican employers mobilized against unions' monopolistic power in setting wages and working conditions and rallied behind the banner of anti-unionism, delivering a stunning victory in overriding Truman's veto of the Taft-Hartley Act of 1947.<sup>133</sup> In three consecutive meetings from March to May 1962, LMAC business members tapped this ready-made discourse to nullify the previously shared goal of revising collective bargaining practices. In response, the labor representatives of the LMAC also used the monopoly of power discourse to argue in those three general committee meetings that the public should be concerned about the power of big business. The labor representatives blamed big business for closing production facilities without fully negotiating with labor unions, even though such lockouts could inflict considerable damage on the national economy.<sup>134</sup>

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<sup>132</sup> Nathan P. Feinsinger, "Union Monopoly Power and Responsibility," *Monthly Labor Review* 81 (1958): 601–02, at 601.

<sup>133</sup> Amberg, *The Union Inspiration in American Politics*, 143–44 (see note 75 above).

<sup>134</sup> "LMAC Minutes of Meetings No. 9, March 6–7, 1962, No. 10, April 3–4, 1962, and No. 11, May 1, 1962. Records of U.S. Department of Labor, Roll 72, JFK Library.

Meanwhile, business member Joseph Block from Inland Steel Company tried to contain the fallout by suggesting that Subcommittee No. 1 write a special report studying exclusively the monopoly power of labor and management, thus separating the explosive topic from Subcommittee No. 1's collective bargaining report.<sup>135</sup> To mitigate labor representatives' concern that they were accused of being the sole cause for industrial conflicts, Block added to the special report the task of examining big business's monopoly of power, such as U.S. Steel's power to set product prices in relation to those of other businesses in the same sector. But its final report,<sup>136</sup> published in May 1962, included a long list of addenda from both business and labor members concerning monopoly of power, whether union or business, that undermined the spirit of consensus of the tripartite experiment because the addenda criticized each other harshly.

Because the Kennedy White House scheduled a Conference on National Economic Issues for May 21–22, 1962, and because the remaining subcommittees were still writing their initial reports, LMAC members cancelled the committee's regular meetings in June and July 1962. Since the White House asked all LMAC members to play the roles of organizer and moderator for the conference, with more than 250 leaders from business, labor, and academia in attendance, the LMAC members were too busy to prepare for a regular LMAC general meeting in June in addition to the initial reports from

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<sup>135</sup> "Memorandum to All Committee Members," a letter from executive director W. Willard Wirtz to Walter P. Reuther with an attachment of the revised report from Subcommittee No. 1, March 28, 1962, especially the footnotes on p. 15. Reuther Box 388 Folder 5; found in WPR Collection. See also "LMAC minutes No. 9," p. 4.

<sup>136</sup> "Collective Bargaining: A Report by the President's Advisory Committee on Labor-Management Policy," May 1, 1962.

the subcommittees to which they were assigned. Also, as the initial reports from Subcommittees No. 1 and 3 revealed, the dormant fissure between labor and business members would need to be carefully addressed in preparing three subcommittees' reports, which further delayed the LMAC's general meeting to August 7.<sup>137</sup>

Goldberg's chairmanship expired on May 22, 1962,<sup>138</sup> and he was nominated to the Supreme Court in August, which meant he could no longer prod the LMAC to tackle intractable industrial conflicts through concrete policy recommendations. Following the LMAC's thirteenth general meeting, held on August 7, 1962, the LMAC's new chair, Luther Hodges from the Commerce Department, made the LMAC's discussions innocuous to all members by avoiding controversial topics such as reforming the coverage of collective bargaining and addressing the concentration of economic power by labor and business. In that general meeting, public representative Arthur Burns, who was in charge of Subcommittee No. 4 (tasked with writing an initial report on "Policies Designed to Ensure that American Products are Competitive in World Markets"), confessed that it was impossible for his subcommittee to write concrete but uncontroversial recommendations on the topic. His subcommittee's suggestions had to be vague and general in order to upset no one in the LMAC. Business member Joseph Block from Inland Steel dissented from the draft report, questioning the usefulness of "so many

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<sup>137</sup> "LMAC Minutes of Meetings No. 12, May 22, 1962," Records of U.S. Department of Labor, Roll 72, JFK Library.

<sup>138</sup> The LMAC's chairmanship alternated between the Secretaries of Labor and Commerce on a yearly basis.

vague generalities” found in the draft’s suggestions.<sup>139</sup> But no one supported him in the meeting.

The LMAC’s thirteenth general meeting also decided to defer the study of economic power indefinitely. Block, who had suggested the study three months earlier in order to quell the internal fight over the union monopoly of power discourse, again opposed the deferral because he believed the same type of conflicts would recur when it was time to discuss the reforms of labor relations and managerial practices. However, when the majority of LMAC members preferred not to “reopen the old wound” under Luther’s chairmanship, Block finally complied.<sup>140</sup> After that, the task of reviewing the macroeconomic topics presented by the Council of Economic Advisers and by the Bureau of Budget took the place of the LMAC’s previous major tasks of deliberating on technological changes, declining competitiveness, and labor-management conflicts. Goldberg’s experiment in creating a new institution for collectively devising innovative solutions for intractable industrial conflicts had stalled. The LMAC held its last general meeting of the Kennedy administration on October 29–30, 1963, to discuss corporate pension plans.<sup>141</sup>

The legacy of labor-management adversarialism, consolidated by the LMAC’s business representatives’ discourse concerning unions’ monopoly of power, inflicted

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<sup>139</sup> “LMAC Minutes of Meetings No. 13, August 6, 1962,” Records of U.S. Department of Labor, Roll 72, JFK Library, 17.

<sup>140</sup> *Ibid.*, 20.

<sup>141</sup> “LMAC Minutes of Meetings No. 23, October 29–30,” 1053, Records of U.S. Department of Labor, Roll 72, JFK Library.

irrecoverable damage to Goldberg's experiment by permanently dividing the committee into two groups and forcing the public representatives to take the side either of labor or business. The failures did not stem from the weakness of the state or the inherent foreignness of tripartite institutions in the United States, as some scholars have implied.<sup>142</sup> Neither did American voluntarism critically undermine the broad consensus for a new experiment upon which the committee was built. These factors became critical when they became intertwined with long-simmering industrial adversarialism for which rigid, pre-existing policy discourses acted as a conduit. In the end, the LMAC was torn apart from the inside. Goldberg's entrepreneurship could not arrest the developing animosity between labor and management after the seventh general meeting. Goldberg mistakenly believed he could avoid the perils of entrenched interest-based conflict by diffusing power across decentralized, consensual institutions. This structure, however, preserved veto authority for business interests who were wary of new government interventions in the private sphere. Their use of that power diminished the LMAC's intended function of promoting deliberation on solutions for the industrial conflicts, deliberation that would lead beyond entrenched positions.

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<sup>142</sup> The concept of institutional complementarities among the varieties of capitalism scholars "suggests that nations with a particular type of coordination in one sphere of the economy should tend to develop complementary practices in other spheres as well." See Hall and Soskice, eds., *Varieties of Capitalism*, 18 (see note 57 above).



*Epilogue and Conclusion: The Legacy of Failed Political Entrepreneurship and the Rise of Commercial Keynesianism after the LMAC Experiment*

Following Goldberg's experiment, the LMAC became a device for government to sell its wages-and-prices guideposts to labor and management members. While tripartite members were still involved in income policy making under the chairmanship of Commerce Secretary Hodges, they no longer addressed structural problems such as the lack of skilled labor and deteriorating national industrial competitiveness. The committee also advised the president during national emergency disputes like the steel strike of 1962, but its overall role grew marginalized.<sup>143</sup> The LMAC raises two theoretical implications, nevertheless.

First, Goldberg's experiment, despite its failure, provides an insight about how political entrepreneurship works between institution and agency. Goldberg addressed the intractable 1950s industrial conflicts that concerned both U.S. management and labor by transforming the emergent tripartite experiments into a nationwide organization for coordination. What enabled him to graft a non-European coordinating institution onto the faltering New Deal order were several elements: extended roles for public representatives to apply their expertise passionately and try to bridge the gap between labor and

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<sup>143</sup> David Burke, the LMAC's Executive Secretary as well as assistant to the Secretary of Commerce and to the Secretary of Labor from 1961 to 1965, said in an interview that "Walter Heller was going to shift the committee [the LMAC] away from consideration simply of national labor disputes and the disruption of the economic [not transcribed and left blank] clause into, the term of ours in those days was and still is, I suppose, considerations of income policy." This statement came after the committee had published two reports in 1962: "Automation: The Benefits and Problem Incident to Automation and Other Technological Advances," and "Collective Bargaining: A Report by the President's Advisory Committee on Labor-Management Policy." See David W. Burke, recorded interview by Sheldon Stern, April 17, 1979, p. 3, John F. Kennedy Library Oral History Program.

management; a creative manner of connecting separate policy goals and ideas in efforts to recover national industrial competitiveness; and the intended decentralization of authority. By exploiting the opportunities given to him to find a feasible organization format and attach new policy goals to it, Goldberg attempted to overcome the various obstacles to forming American tripartism.

When Subcommittee No. 3's recommendation for shortening work hours reignited the rhetoric of managerial prerogatives, the familiar turf wars kicked in, derailing Goldberg's effort to nurture the collective capacity of meeting challenges arising from the discrepancy between new technologies and outmoded collective bargaining terms. In a sense, the LMAC was designed to reconfigure the traditional principle of voluntarism, according to which state actors could not intervene in bipartite contract negotiations by including the public representatives on the LMAC as stakeholders in collective bargaining. Doing so immediately invoked business's hostility, which is not surprising to such scholars as Lichtenstein, who disproves the myth of the New Deal's "labor-management accord."<sup>144</sup> Incessant conflicts erupted between labor and management under the guise of accord from 1947 to the late 1970s. Juxtaposing managerial prerogatives with the unions' alleged monopoly on the power to dictate wage levels through their threat of going on strike was a carefully honed strategy for business to win rhetorical battles. Subcommittee No. 3's report activated it.

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<sup>144</sup> Lichtenstein, *State of the Union*, chapter. 3 (see note 72 above). On the continuous offensive of business against the New Deal order, see Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton, N.J.: Princeton University Press, 2010). See also Jane Poulsen, "An Uneasy Stability: 'Unpacking' the Postwar Labor-Management Accord," *Labor Studies Journal* 34 (2009): 543–58.

Goldberg failed to predict that the business representatives would tap into pre-made rhetoric in order to resist the reconfiguration of collective bargaining. While he was skilled at manipulating the 1950s structural unemployment discourse to warrant new tasks for the LMAC, he was clumsy at bringing the discursive battle between labor and business members under control. For instance, he could have met with Ford earlier in order to contain Ford's disagreement with the concept of structural unemployment and hence avoid full-fledged rhetorical warfare over the unions' monopoly of power. He also had insufficient time to respond to business's aggression, since he was appointed to the Supreme Court, and thus left no lasting legacy on the institution. Without its ardent champion, the LMAC's role dwindled during the rest of the Kennedy administration and completely stalled from November 1963 to February 1966. Although Johnson reactivated the LMAC on March 23, 1966, and it continued in existence until December 19, 1968, during that period it only had the role of affirming government's macroeconomic policies for price stability.<sup>145</sup>

The political entrepreneur eventually fails when ill-positioned to address contingencies that competitors make. In this tripartite experiment, the business representatives had stakes in enshrining the voluntaristic principle of excluding the third party's role in shaping the terms of contracts. Had Goldberg actively engaged with the union's monopoly of power discourse, he might have built upon his small victories and

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<sup>145</sup> See "Memorandum for the President Meeting (March 23, 1966) of President's Advisory Committee on Labor-Management Policy," Secretary of Labor Wirtz to President Johnson, March 25, 1966, and a letter from Secretaries of Commerce and Labor to the President, attached with the final report of the LMAC, December 19, 1968. Both documents were found in White House Central Files, FG 730, Box 402, LBJ Presidential Library.

opened up a new jurisdictional realm that would have enabled a third party such as the LMAC to set the terms of collective bargaining between labor and business concerning technological change.<sup>146</sup>

The second theoretical implication of the failed experiment lies in its continuity with the broader currents of American political development. One might argue that the institutionalist approach based on functional complementarity could reach the same conclusion as this chapter has, and in a theoretically simpler manner. This argument appears to be true because it is not easy to track political contingencies in the tripartite experiment that shaped decisions. In this view, the general tendency of the U.S. economy toward laissez-faire suffices in answering the question of why there is no corporatism in America, and the LMAC is merely a minor anecdote.

But that perspective misses the fact that the culmination of labor-management conflicts over the principle of voluntarism in collective bargaining was the major culprit in Goldberg's failure. This failure set the stage for further encroachment on collective labor rights and for the uneven rise of individual employment rights in the long term, a process that Katherine Stone calls "industrial pluralism."<sup>147</sup> Since *First National Maintenance Corp. v. NLRB* in 1981, employers have had no obligation to bargain with unions about management decisions "that fundamentally change the scope or direction of

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<sup>146</sup> On the creation of new jurisdictional realm in bringing innovation to the institutional boundaries of authority, see Sheingate, "Political Entrepreneurship," 190 (see note 61 above).

<sup>147</sup> Stone, "Legacy of Industrial Pluralism" (see note 69 above).

the enterprise.”<sup>148</sup> Labor unions could no longer challenge managerial decisions concerning plant locations, the introduction of new technology, and financial restructuring through mergers or takeovers. This was not the case in the previous, New Deal legal system. As explained in the Kaiser tripartite committee, the 1959 Steel Strike was over Section 2B of the previous bargaining contract, which required management to consult with union leadership about the application of new technologies. Under the New Deal system, management was unable to remove this section despite its long fight against the USW. Meanwhile, as the coverage of collective employees’ rights has diminished since the early 1980s, state courts and legislatures have become protectors of individual employees’ rights, a trend that Stone calls “industrial pluralism” because the coverage of individual employees’ rights protected by states varies and is sometimes insufficient.<sup>149</sup>

The LMAC and its failure to modernize collective bargaining amid industrial challenges consolidated the American path toward industrial pluralism, seeding business’s long-term attack on union power in the following decades. In a sense, Goldberg’s tripartite experiment was an effort to create a new institutional platform for a broad social consensus that would renew the coverage of collective bargaining. The political entrepreneurs in the LMAC thought that the coverage by collective bargaining of such employers’ adaptive strategies as re-location, automation, layoffs, and subcontracting had to be recalibrated in order to avoid unproductive industrial conflicts. However, the failure of the tripartite experiment tied the hands of reform-minded policy

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<sup>148</sup> Ibid., 588–89.

<sup>149</sup> Ibid., 591–92.

makers in the rest of the 1960s. Their defeat in rhetorical battles revealed that the public and labor representatives lacked strategies and the imagination to nullify business's rhetorical attack. This partly explains why policy makers after Goldberg did not try to confront business rhetoric and resume the task of reforming collective bargaining. The task of modernizing New Deal labor relations drifted for more than a decade. Once the power balance between labor and management tipped irrecoverably toward the side of business in the early 1980s, business unilaterally reduced the scope of collective bargaining. In this regard, the failure of the LMAC was a key event in understanding the development of industrial pluralism in the United States, which those taking a purely institutional approach are unlikely to notice.

The institutionalist approach also misses the rise of “growth liberalism” or “reactionary Keynesianism”<sup>150</sup> after the failure of the LMAC experiment. For Keynesians like Walter Heller from the Council of Economic Advisers, the failure of the tripartite experiment seemed to promote their agenda for prioritizing macroeconomic policies over conflict-laden labor policies.<sup>151</sup> Heller called for a \$10 billion deficit through a temporary tax cut at the beginning of the Kennedy administration, but the president was not initially persuaded, because his priorities lay in balancing the budget and decreasing

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<sup>150</sup> On “growth liberalism” and “reactionary Keynesianism,” see footnote 68 above.

<sup>151</sup> Margaret Weir draws the same conclusion from her analyses of the U.S. federal government's institutional arrangements. Since the American state's fragmented structures hinder successful implementation of countercyclical government spending, liberals rationally choose macroeconomic measures to address unemployment. See her *Politics and Jobs*, 42–47 (see note 59 above), and “The Federal Government and Unemployment,” 151–52 (see note 58 above).

unemployment.<sup>152</sup> To the frustration of council members, Kennedy's perspective on unemployment was largely shaped by the structural unemployment discourse after his visit to West Virginia during his campaign, making him concerned more with selective programs for the unemployed than with general tax cuts to increase total economic demand.<sup>153</sup> In addition, there was little chance that the temporary tax cut would be passed in the House Ways and Means Committee, chaired by Wilbur D. Mills, and the Senate Finance Committee, chaired by Robert S. Kerr, because both committees stuck to a balanced budget principle.<sup>154</sup> However, after the opportunity to reform labor-management relations and restructure U.S. labor markets through Goldberg's experiment seemed to have been lost by May 1962, and as the possibility of another economic recession loomed large from the stock market crash in June, Keynesians swayed Kennedy to accept tax cuts and planned deficits, a policy shift revealed in Kennedy's commencement address at Yale University in June 11, 1962.<sup>155</sup> Kennedy's New Frontier liberalism now turned its attention from public spending to the unconventional macroeconomic measure of cutting taxes while leaving government expenditures intact in order to stimulate the national

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<sup>152</sup> See Council of Economic Advisers: Walter Heller, Kermit Gordon, James Tobin, Gardner Ackley, and Paul Samuelson, recorded interview by Joseph Pechman, August 1, 1964, 171 and 174–75, John F. Kennedy Library Oral History Program.

<sup>153</sup> *Ibid.*, 84, 252–54. For the Council of Economic Advisers members' frustration with Kennedy's belief in the structural unemployment discourse, see *ibid.*, Appendix A, Note 7e.

<sup>154</sup> Herbert Stein, *Presidential Economics: The Making of Economic Policy from Roosevelt to Regan and Beyond* (New York: Simon and Schuster, 1984), 102. See also Theodore C. Sorensen, recorded interview by Carl Kaysen, May 20, 1964, 150, John F. Kennedy Library Oral History Program.

<sup>155</sup> *Ibid.*, 151.

economy at that time, which some scholars describe as the full embrace of “growth liberalism” or “reactionary Keynesianism.”<sup>156</sup>

This study has re-evaluated the conditions under which political entrepreneurship can work to change the system. Examining how the politics of the LMAC derailed Goldberg’s strategy of building a nonmarket coordinating institution enriches our understanding of the current features of American liberalism. Subsequent political developments such as industrial pluralism, and reactionary Keynesianism, which made the United States distinctive even among other liberal market economies—such as the United Kingdom—can be better understood through an understanding of Goldberg’s experiment. Given political science’s general bias toward studying only successful cases, we still have little knowledge about the emergent politics that political entrepreneurs create and their effects on subsequent political development. Through this chapter, I have aimed to help overcome that bias.

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<sup>156</sup> On “growth liberalism” and “reactionary Keynesianism,” see note 68 above.



## CHAPTER III

### WAR ON POVERTY AND ADULT TRAINING

#### *Introduction*

When the War on Poverty (WOP) was declared in 1964, it became evident that the federal government would focus exclusively on the disadvantaged who were not able to attain competitive jobs for themselves. Previous efforts to reconfigure U.S. labor markets after benchmarking European labor market policies seemed halted. Upgrading skills among the employed and the unemployed to meet challenges from technological change was no longer the most urgent task for the federal government to tackle when Johnson succeeded Kennedy in 1963 and was elected as president in 1964. In addition to the stalemate among tripartite committee members in the rise of business-management conflicts, described in the previous chapter, Johnson's prioritizing the poverty issue rendered the task of reforming labor markets no longer politically urgent following the presidential election of 1964. Macroeconomic policies orchestrated by the Council of Economic Advisers (CEA) and supplementary social policies for the poor, suggested also by Chair of the CEA Walter Heller, had won over President Johnson. The influence of Department of Labor (DOL) and its support for employment policy dwindled. This turn in policy orientation frustrated policy entrepreneurs and politicians who championed various active labor market policies for the employed as well as the unemployed at the beginning of the Kennedy administration, which my previous chapter examines.

During the War on Poverty, the Johnson administration experimented with various programs to reinstate the hardcore poor both from rural and urban areas to labor markets. They remained unemployed despite Keynesian macroeconomic policy or “fine tuning” to boost aggregate economic growth while those who lost their jobs due to automation in the manufacturing sector seemed able to find jobs in other fields before long. Being aware of the limit of their macroeconomic measure in salvaging the hardcore poor, economists from the CEA and the Bureau of Budget designed a set of social programs under Johnson. After carefully choosing the slogan—the War on Poverty—to combine individual programs that had already been developed, President Johnson delegated power to Sargent Shriver, who had successfully led the Peace Corps, to bring the blueprint outlined by CEA economists into being.

The philosophical underpinning of the social experiments—except the concept of community action that aimed to empower the poor by allowing their maximum feasible participation in programs and letting them decide the direction of reform—was that the most disadvantaged ought to change their internal personalities in order to be hired. School dropouts and the children of welfare recipients became major targets in the experiments because they lost their opportunities for being legitimate members of society at an early stage of their lives. Both the Job Corps and the Neighborhood Youth Corps, two major training programs in the WOP, recruited youngsters to teach them a work ethic, reading, communicating skills, and basic calculation. The task of training poor

youth for entry-level jobs became intertwined with that of rehabilitating them from mental and physical hardships.<sup>157</sup>

The nebulous goal of training poor youth—whether for jobs or to rehabilitate their health—created a serious evaluation problem during the WOP period. By design, whether the Job Corps and the Neighborhood Youth Corps had succeeded or not was hard to tell because gauging the change in enrollees’ internal characteristics was not easy. The job placement rate after graduation might be a proxy for the programs’ effectiveness. But it was still incomplete in measuring enrollees’ internal change that the programs allegedly brought about. What was worse, it was financially hard to track graduates’ long-term status and make a fair judgment of the effectiveness of the programs in reinstating them to the labor markets.

The difficulty in evaluating the Job Corps and Neighborhood Youth Corps had undermined any training program sponsored by the federal government. Their effect on relieving poverty was perceived by much of the American public as dubious at best because their immediate effect was small, and fraudulent at worst because the programs seemed to play the role of income maintenance for those who were unwilling to work. Without tangible achievements to get the enrollees to find jobs—or without available tools to measure the internal change of enrollees—the programs easily fell prey to conservatives criticizing the government for squandering the taxpayers’ money. A series

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<sup>157</sup> As to the problem of the Job Corps’ unclear goals and the White House’s awareness of the problem, see James K. McCrocklin, Report, “Report for the Director Office of Economic Opportunity Executive Office of the President: An Appraisal of Selected Job Corps Urban Centers,” October, 1966, attached to Califano’s memo to the President, 12/19/66, Ex FG 11-15/A, WHCF, Box 128, LBJ Library.

of urban uprisings,<sup>158</sup> culminating in the 1967 Detroit Riot, further damaged the moral ground of the training programs.

For those who are familiar with the perspective of American exceptionalism, such unsuccessful records as in the WOP programs are not surprising at all. The United States had been known for an innate resistance to efforts to install social programs that would aim to decrease inequalities among the public by allowing the state to intervene in individuals' decisions. While the Johnson administration's goal to decrease political and economic inequalities garnered wide support initially from the public, it was basically against the principle of voluntarism, that individuals should be on their own. Considering the alleged general tendency for voluntarism in the United States, the WOP programs were destined to fail once the temporary consensus for the state's active intervention in salvaging the needy dissipated.

In this regard, one should question the value of reexamining a series of social policy developments during the 1960s in light of current contexts. Beyond the conventional interpretation from the perspective of American exceptionalism of the allegedly destined failure of the War on Poverty and Great Society during the 1960s, what types of new knowledge can be gleaned in historical and social-scientific research? An overview of the theory of American exceptionalism would eventually reveal what we know, or what we believe to know, and what we don't know about 1960s social policy

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<sup>158</sup> I use the term "urban uprisings" instead of "urban riots" because the latter has a derogatory implication.

developments. Hence this chapter's research on the War on Poverty programs is placed in a broad academic context.

Scholars of American exceptionalism have observed several factors that make the United States distinctive among advanced industrial countries. Alexis de Tocqueville, to whom many scholars refer in building their arguments on American exceptionalism, attributes the distinctiveness of the United States among the industrialized and democratized societies to its absence of feudalism.<sup>159</sup> Such feudal legacies as organizational hierarchies that historically burgeoned inside and outside of Catholic and Orthodox churches, social orders based on status that often invoke class consciousness between the rich and the poor, or centralized bureaucracy designed to enhance ancient regimes' efficiency in collecting money from subjects, do not exist in the United States. As Tocqueville emphasizes in his introductory chapter of *Democracy in America*, the absence of feudal legacies made the general equality of conditions for the American public central to their political and social lives. Tocqueville derived the strong tendency of self-governing among the American public from the equality of conditions.<sup>160</sup>

To this "absence of feudalism" Louis Hartz adds "the presence of the liberal idea" in explaining the exceptional qualities of the United States.<sup>161</sup> The American liberal

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<sup>159</sup> Alexis de Tocqueville, *Democracy in America*, First perennial library edition (New York: Harper & Row, 1988).

<sup>160</sup> *Ibid.*, volume 1, chapter 44.

<sup>161</sup> Louis Hartz, *The Liberal Tradition in America: An Interpretation of American Political Thought since the Revolution* (New York: Harcourt, Brace & Company, 1955), 20.

idea, which Hartz describes as “Lockian,”<sup>162</sup> guided New Deal reformers to not deviate from mainstream “irrational” liberalism. It’s irrational because Hartz believes there was neither a social movement for liberalism nor liberal political parties throughout U.S. history, unlike European counterparts. Americans are just born Lockian liberal and have an unexplainable attachment to “Lockian” individualism.<sup>163</sup> Such attachment to liberalism, Hartz argues, caused Franklin D. Roosevelt to focus on experimenting with pragmatic solutions rather than on enlarging untrustworthy bureaucracy and meddling with sacred property rights.<sup>164</sup> “A faith in property, a belief in class unity, a suspicion of too much state power, a hostility to the utopian mood,” of which American liberalism is composed, had narrowed the range of New Deal reforms.<sup>165</sup> Hartz’s analysis of American liberalism in the New Deal affects those who review another wave of social reforms in the 1960s.

Seymour Martin Lipset furthered Hartz’s findings by providing more systemic cross-national comparisons of values and aggregate economic indexes.<sup>166</sup> According to him, the American “Creed,” composed of “liberty, egalitarianism, individualism, populism, and laissez-faire,”<sup>167</sup> promoted the general propensity among U.S. citizens

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<sup>162</sup> Ibid., 4.

<sup>163</sup> Ibid., 5-6; 10-11.

<sup>164</sup> Ibid, 205; 262.

<sup>165</sup> Ibid., 270.

<sup>166</sup> Seymour Martin Lipset, *American Exceptionalism : A Double-Edged Sword* (New York : W.W. Norton, 1996).

<sup>167</sup> Ibid., 19.

against statism or any extended role for the state in economic and welfare policies.<sup>168</sup>

Prior to the Great Depression, U.S. labor movements ranging from the moderate American Federation of Labor (AFL) to the radical Industrial Workers of the World (IWW) were indifferent to the issue of expanding public welfare programs for the working class and the underprivileged out of their suspicion of the government.<sup>169</sup> Lipset believes it shows how the American creed delayed the rise of modern welfare systems in the United States.

Some scholars take a different path toward American exceptionalism based on a societal or so-called power resource approach.<sup>170</sup> The existence of well-organized labor unions and labor parties that represent them in the public sphere is assumed as a necessary condition for the rise of the modern welfare state. Since Werner Sombart asked in 1906 why there was no socialism in America, scholars have delved into American labor movements' weakness in their organizational capacities and their ideological ambivalence compared to their European counterparts—especially the Social Democratic Party in Germany (SPD) before WWI. Assuming that organized labor's preference for welfare is fixed throughout history—which is problematic to those who are skeptical of the essentializing tendency of American exceptionalism in perceiving the preferences of

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<sup>168</sup> Ibid., 22; 74; 252.

<sup>169</sup> Ibid., 95.

<sup>170</sup> Vicente Navarro, "Why Some Countries Have National Health Insurance, Others Have National Health Services, and the U.S. Has Neither," *Social Science & Medicine* 28, no. 9 (1989): 887–898; Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, N.J.: Princeton University Press, 1990).

social groups as even and fixed,<sup>171</sup> scholars want to show how weak U.S. organized labor's political power is and how it has resulted in underdeveloped or residual welfare programs.

A group of institutionalists pay attention to institutional characteristics of the American state and its influence on the ways in which societal interests are mediated in the United States to explain the underdeveloped American welfare system.<sup>172</sup> First, external institutional characteristics have made welfare reform in the United States difficult. Federalism renders it difficult for a reform-minded group to embark on a wholesale welfare reform because state governments can easily resist such effort in the distributed power structure. The principle of checks and balances also increases the possibility for reform to be derailed by stakeholders who can make use of institutionally guaranteed access to the decision making process and obstruct the reform. The U.S. two-party system deters the development of programmatic party systems because two parties are incentivized to fight over the median voter instead of developing their own distinctive social programs before examining public opinions on the issues.<sup>173</sup>

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<sup>171</sup> Aristide R. Zolberg, "How Many Exceptionalisms?," in *Working-Class Formation : Nineteenth-Century Patterns in Western Europe and the United States*, ed. Ira Katznelson and Aristide R. Zolberg (Princeton, N.J.: Princeton University Press, 1986), 397–455; Ira Katznelson, "Working-Class Formation and American Exceptionalism, Yet Again," in *American Exceptionalism? : US Working-Class Formation in an International Context*, ed. Nick Halpern and Jonathan Morris (New York: St. Martin's Press, 1997), 56–75.

<sup>172</sup> Ann Shola Orloff and Theda Skocpol, "Why Not Equal Protection? Explaining the Politics of Public Social Spending in Britain, 1900-1911, and the United States, 1880s-1920," *American Sociological Review* 49, no. 6 (1984): 726–750; Margaret Weir, Ann Shola Orloff, and Theda Skocpol, eds., *The Politics of Social Policy in the United States* (Princeton, N.J.: Princeton University Press, 1988); Edwin Amenta, *Bold Relief : Institutional Politics and the Origins of Modern American Social Policy* (Princeton, N.J.: Princeton University Press, 1998).

<sup>173</sup> Amenta, *Bold Relief*, 12-3; 20.



Second, the institutionalists also pay attention to internal institutional characteristics and the politics that institutional settings engendered in mediating interests of various societal groups and the public administration. State actors or policymakers can develop quite distinctive policy preferences isolated from those of societal actors. Also, “the organizational structures of states indirectly influence the meanings and methods of politics for all groups in society”<sup>174</sup> through policy feedback effects or the tendency of path dependence in policy developments. Policy choices made at one point influence subsequent policy options by narrowing the range of feasible policy options. For instance, according to Orloff and Skocpol, when the progressives attempted to reform American welfare systems, they had to do it in the context of their fight against the spoils system of 19<sup>th</sup> America.<sup>175</sup> That is, reformers could not take into consideration making another powerful branch in the state government to run new welfare programs for fear of its corruptibility, even though they wanted to address the shortcomings of the American residual welfare system. They had to “keep the state out of new realms of social spending”<sup>176</sup> by allowing a newly created third party to regulate new welfare programs, as shown in Orloff and Skocpol’s case study of Massachusetts before the 1920s.<sup>177</sup>

Reflecting the theory of American exceptionalism, the failure in the 1960s social experiments are regarded as unsurprising and predictable. Scholars believe that the

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<sup>174</sup> Orloff and Skocpol, “Why Not Equal Protection?,” 731.

<sup>175</sup> *Ibid.*, 741-4.

<sup>176</sup> *Ibid.*, 743.

<sup>177</sup> *Ibid.*, 744.

difficulty of WOP programs in achieving their declared goal of eradicating poverty in the United States was innate in the American political and cultural contexts.<sup>178</sup> For them, the rollback of many WOP programs was inevitable because those policy experiments to address the hardcore poor did not fit the cultural and institutional qualities of the U.S. society. Scholars, relying on the policy feedback effect and the path-dependent tendency that preceding policy choices created, also perceive the War on Poverty in the Johnson administration as a watershed moment that strengthened the alleged U.S. liberal tendency against comprehensive social programs. According to them, the nation's ability to reform its labor markets became culturally and institutionally limited after undergoing the WOP. The failure in sustaining the WOP made the American public suspicious of the government's training programs in general. The Department of Labor aimed to reform market-related institutions for skilled labor to meet new demands from the labor market at the beginning of the Kennedy administration. Instead, the Johnson administration aimed to remove barriers in achieving equal economic opportunities for racial minorities by punishing bigotry and discriminatory practices still prevalent in U.S. labor markets. The Johnson administration also attempted to equip unemployed youth with basic skills for entry-level jobs. No active labor market policy, such as reskilling and deep skill development following European labor market policies for the broader strata of people was considered in fighting the War on Poverty. Training in the WOP setting offered only

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<sup>178</sup> For instance, see Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton, N.J.: Princeton University Press, 1992) and Jill Quadagno, *The Color of Welfare: How Racism Undermined the War on Poverty* (New York: Oxford University Press, 1994). I will elaborate on their arguments in the following section.

basic education, which often had a stigmatizing effect on trainees. In this sense, the WOP training policy departed from the previous Labor-Management Advisory Committee (LMAC) emphasis on labor-business coordination to recover national industrial competitiveness through a better prepared manpower. After witnessing racial revolts in the late 1960s in urban areas where experiments in training programs for the poor occurred, the American public started to see all sorts of government training programs as economically wasteful and politically corrupt. Any effort to supplement the function of labor markets in the United States through active labor market policy became unpopular, along with policymakers, since the War on Poverty.

This exceptionalist explanation has undoubted merit in grasping a chronicled deterioration of the American welfare state throughout the 1960s and the rollback of many social programs in subsequent U.S. history. We can learn from the conventional application of the American exceptionalism perspective to the 1960s WOP programs that many factors including ideological, institutional, and political inside and outside the administration prevented a series of the Johnson administration's social experiments from being fully developed and successfully implemented. The Johnson administration also had insurmountable difficulty in forging a durable political coalition inside and outside of Congress for the government's social expenditures, mainly because the administration narrowly targeted the poor as the programs' major beneficiaries who had no leverage to pressure politicians to act on their behalf. Social programs failed to survive conservatives' attacks in the following years.

However, we still do not know much from the exceptionalist perspective about what policy experiments were tried and under which contexts they were attempted.

Previous researchers leave many policy developments during the WOP unexplained. WOP programs were not designed in a coherent manner by a single agency or a few masterminds. Instead they were designed and revised by multiple agencies at different times. Thus, the training programs were incoherent and layered, depicted as “layering” by Schickler or Mahoney and Thelen, and as “intercurrence” or simultaneous operation of different political orders by Orren and Skowronek.<sup>179</sup> In addition, the WOP training programs often reflected the influence of external events that required immediate policy responses from the Johnson administration. Consequently, the WOP training programs could not be easily grouped as a package of similar policies that expected to share a common public philosophy or a consensual policy assumption on the targeted population.

Also, the conventional approach to expected failures in waging the WOP pays little attention to the capacity of the U.S. federal government to make use of unexpected opportunities. Its diversity in organization, allegedly known for its ineffectiveness and organizational weakness in the American exceptionalism perspective, could also promote policy experiments that were not completely controlled by a single powerful organization like the Council of Economic Advisers (CEA) or Office of Economic Opportunity (OEO).<sup>180</sup> Despite the OEO’s emphasis on the community action program that

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<sup>179</sup> Eric Schickler, *Disjointed Pluralism: Institutional Innovation and the Development of the U.S. Congress* (Princeton, N.J.: Princeton Univ. Press, 2001). James Mahoney and Kathleen Thelen, “A Theory of Gradual Institutional Change,” in *Explaining Institutional Change: Ambiguity, Agency, and Power*, ed. Mahoney and Thelen (New York: Cambridge University Press, 2010), 1–37; Karen Orren and Stephen Skowronek, “In Search of Political Development,” in *Liberal Tradition in American Politics: Reassessing the Legacy of American Liberalism*, ed. D. F. Ericson and L. B. Green (New York: Routledge, 1999), 17, 29–41. This point is further explained in the section of “the Legislative Developments.”

<sup>180</sup> I elaborate the dominance of the CEA in designing the WOP programs and the OEO’s role after the legislation of the Economic Opportunity Act of 1964 in the following section.

emphasized empowering the poor and letting them decide how to use the money that the federal government gave to them, it did not mean that the racial politics that the community action programs generated had determined the whole of policy experiments during the WOP. Various training programs adjusted to diverse requests from welfare recipients, local community organizers, and politicians beyond the influence of community action programs. Not completely controlled by the CEA and OEO, those training experiments were allowed to adjust and evolve in response to emergent external changes, such as macroeconomic changes, social movements, and the Vietnam War, which are worth examining to see what was tried, what failed, and why.

My archival research reveals two findings. First, ongoing policy deliberation led policymakers to consider various policy options in addressing unemployment and poverty within the Kennedy and Johnson administrations during the 1960s, which is key to understanding the evolution of WOP training programs. Accordingly, the notion that WOP training programs focused exclusively on unemployed youth due to conventional factors from the American exceptionalism perspective is incomplete in showing what sorts of training program were attempted in the period and why they failed. Second, multiple policy experiments addressed the unexpected threat of inflation in late 1965 and a series of urban uprisings to which Martin Luther King Jr. responded in 1967 in an open letter to President Johnson, asking for immediate creation of public jobs for urban ghetto dwellers. These events and the Johnson administration's responses to them show the importance of the emergent political dynamics in shaping the evolution of WOP training programs.

Consequently, the boundary and contents of the WOP's training programs had changed during the period. The WOP's training programs evolved in response to many events inside and outside the government. This chapter elaborates the evolution of the programs in the midst of 1960s politics and urban uprisings. It examines the evolution of American training programs in their political and institutional contexts. The order of chapter is as follows: 1) previous research on the U.S. welfare system and the Johnson administration's War on Poverty; 2) legislative developments; 3) the state's capacity to adjust and a recurrent theme of training the nondisadvantaged after 1964; 4) chapter conclusion.

### *Previous research on the U.S. Welfare System and the War on Poverty*

#### *Gøsta Esping-Andersen: U.S. Welfare System in Comparison*

Gøsta Esping-Andersen identifies three welfare regimes in the world of capitalism: 1) the liberal welfare state; 2) the corporatist welfare state; 3) the social-democratic welfare state. Falling into the first category of liberal welfare state, the United States is characterized chiefly by its prevailing means test for welfare benefits, a liberal work ethic that often stigmatizes welfare recipients, and strict entitlement rules that allow economically marginalized citizens to apply for public aid only as a last resort.<sup>181</sup> Relying on “the nature of class mobilization, class-political coalition structures, and the historical

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<sup>181</sup> Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, N.J.: Princeton University Press, 1990), 26-9.

legacy of regime institutionalization,”<sup>182</sup> Esping-Andersen explains how these three regimes progress in an expected way. While historical change in class mobilization, class coalition, and institutions is possible in theory, such change is seldom highlighted in Esping-Andersen’s work, suggesting that change in those factors is too slow to be perceived. As long as critical change in those variables hardly occurs, the United States will remain a liberal welfare state.

Esping-Andersen’s work aptly explains the United States of the 1960s, and criticizes those arguing that the expansion of political rights will lead to expansion of the welfare state and in the end to a social democratic regime.<sup>183</sup> Against such modernization school theory in the field of welfare, Esping-Andersen argues that the newly franchised do not necessarily pursue a certain type of welfare regime. Politics instead should determine their preference in welfare. The development of various antipoverty programs in the United States of the 1960s provides an interesting case study for the argument. At its face value, the expansion of political rights for racial minorities through the Civil Rights Act of 1964 seemed to proceed with the expansion of welfare state in the name of the War on Poverty. However, it did not result in the expansion of welfare programs to the general public. No systemic change seemed to ensue. Few consider the 1960s as a move toward a social democratic welfare regime. The basic characteristics of the American welfare regime were unchanged despite drastic social experiments conducted by the Johnson administration to empower the poor, as some scholars lamented in

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<sup>182</sup> Ibid., 29.

<sup>183</sup> Ibid., 11-2.

evaluating the legacy of the War on Poverty.<sup>184</sup> Adult training programs, which a social welfare regime usually connects with unemployment insurance to incentivize the unemployed to return to the labor market with upgraded skills, had failed in the Johnson administration. It seemed that no meaningful change in the nature of class mobilization, class-political coalition structures, and the historical legacy of regime institutionalization—three determining factors in Esping-Andersen’s theory that would result in three ideal types—had occurred to support the adult training programs of the Johnson administration during the period.

*Margaret Weir: U.S. Labor Market Reforms in the 1960s that Failed*

Similarly, Margaret Weir explains why the United States remained a liberal welfare state by relying on an institutional approach.<sup>185</sup> The ascendancy of liberalism in the early 1960s was an engine behind the ambitious social experiments that aimed to eradicate poverty in the United States. Congress was a prolific spawning pool for innovative policy ideas during the period. For instance, the policy idea of structural unemployment, firstly championed by Senator Joseph Clark from Pennsylvania, was carefully discussed by the Congress, in the search for an effective manpower policy to

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<sup>184</sup> For instance, see Frank Stricker, *Why America Lost the War on Poverty—And How to Win it* (Chapel Hill, N.C.: The University of North Carolina Press, 2007), 2-3; Martha J. Bailey and Sheldon Danziger, “Legacies of the War on Poverty,” in *Legacies of the War on Poverty*, ed. Martha J. Bailey and Sheldon Danziger (New York: Russell Sage Foundation, 2013), 10-3.

<sup>185</sup> Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton, N.J.: Princeton University Press, 1992); also see Weir, “The Federal Government and Unemployment: The Frustration of Policy Innovation from the New Deal to the Great Society,” in *The Politics of Social Policy in the United States*, ed. Margaret Weir, Ann Shola Orlof, and Theda Skocpol (Princeton, N.J.: Princeton University Press, 1988), 149-190.



address unemployment and poverty,<sup>186</sup> sparking a radical idea of restructuring the U.S. labor markets to accommodate nationwide unemployment. No matter how intense such reformist urges had been, however, little had been institutionalized. Numerous innovative experiments in the field of welfare and labor market policies had failed to transform the basic characteristics of the American welfare system.<sup>187</sup> Welfare aids remained residual in the U.S. economic system because welfare addressed only those who did not fit within the mainstream economic system. Aid was limited to a subsistence level.

In Weir's viewpoint, two constraints hindered the transformation of the American welfare state in the 1960s. First, the racial politics initiated by the civil rights movement had severely narrowed the Johnson administration's social ground in pursuing new welfare programs by limiting the programs' targets to nonwhite urban dwellers. Identification of the War on Poverty with African Americans severely narrowed the range of viable manpower policies that had been developed over the decades. Black poverty was believed to stem from behavioral and cultural characteristics of individuals and their communities. Rather than make new institutions to compensate for insufficient opportunities given to the unemployed in finding proper jobs, WOP's manpower policies focused on cultivating work ethics among the presumed non-hardworking people.<sup>188</sup> In this vein, it's not surprising that the Job Corps—the most notable training program for poor youth—was ineffective in placing enrollees in decent jobs which usually asked job

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<sup>186</sup> Weir, *Politics and Jobs*, 70-1.

<sup>187</sup> *Ibid.*, 62-3.

<sup>188</sup> *Ibid.*, 83.

applicants for substantial skill sets. The major purpose of the Job Corps was to infuse a work ethic into delinquent youth.

When antipoverty programs turned out to be ineffective in precluding the series of urban uprisings, the white majority's skepticism on innovative programs for the poor grew too fast for the Democratic party to find an alternative way to congeal the postwar New Deal coalition.<sup>189</sup> Targeting WOP training programs toward general adults from the beginning, Weir argues, would have garnered more stable political support. When public support for Johnson's reformist effort waned, previous experiments designed mostly for racial minorities disappeared leaving no meaningful institutional legacy.

Second, Weir highlights the lack of institutional support to transform the American welfare state to accommodate broader strata of the American population. She emphasizes the dominance of the Council of Economic Advisers (CEA) over other cabinet members in shaping federal economic policy. The CEA, composed of Keynesian economists, was interested exclusively in promoting national economic growth while acknowledging the necessity of a supplementary social policy for the hardcore poor, since the hardcore poor, by definition, would not be influenced by CEA's macroeconomic measures aiming to moderate the business cycle. They would remain unemployed without a policy addressing them directly, which CEA members, acknowledging the

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<sup>189</sup> Ibid., 86-9; 165-6.

theoretical shortcoming of their macroeconomic approach, attempted to address in the WOP.<sup>190</sup>

Furthermore, no proper institutional device existed to implement more market-interventionist policies like skill training for the general public at the local and federal levels.<sup>191</sup> Weir emphasizes how hard it was to reform United State Employment Services for the new role of coordinating local training programs for the unemployed in the 1960s. The United States was not equipped with properly developed institutional tools to solve coordination problems that would occur in connecting unemployment insurance with training programs for the poor as well as the general public.<sup>192</sup> In addition, state and local governments were often incapable of canvassing manpower demands from the private sector and responding to them by flexibly reorganizing their training programs.

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<sup>190</sup> The CEA preferred macroeconomic policy over interventionist labor market policy in addressing unemployment at the beginning of the Kennedy administration. After explaining how an “American Keynesianism” had emerged out of the political conflicts between Keynesians and a coalition of Southern lawmakers, business, and organized agrarian interests since the 1930s, Weir persuasively shows the historical change in policy preference among the American Keynesians from counter-cyclical spending projects to tax cuts. The election of John F. Kennedy as president appeared to give them an opportunity to exercise their macroeconomic measure—i.e. tax cuts—to achieve maximum employment. When policy debates over rising unemployment rates prevailed in the early 1960s, the CEA, an official voice of “American Keynesianism,” fought hard for its long-awaited opportunity against the Department of Labor which provided an alternative approach to unemployment issues. President Johnson, afraid of Congress’s opposition to any expensive program, sided with the CEA and turned down the suggestion from Labor Secretary Wirtz for creating useful jobs for the unemployed when he succeeded Kennedy in 1963. See *ibid.*, 67-75.

<sup>191</sup> The Office of Economic Opportunity could not be a coordinating device to monitor the performance of various training programs in the WOP because it also ran the Job Corps for the youth. Since it could not be an impartial coordinating umpire, it became another executing arm in waging the war. See James L. Sundquist, “Co-Ordinating the War on Poverty,” *The Annals of the American Academy of Political Science and Social Science*, Vol. 385 (September, 1969): 41-49.

<sup>192</sup> *Ibid.*, 80-3.

Weir believes the policymakers' way of responding to the institutional constraints worsened the hardship in running the training programs. To overcome the innate coordination problem, the poverty planners from the CEA and the Bureau of Budget borrowed the concept of community action from experiments conducted by the President's Committee on Juvenile Delinquency. The concept was designed to bypass the standing bureaucracies at all levels—because their inefficiency and intentional neglect was generally perceived as the source of the failing poverty programs—and to make the poor themselves be coordinators as well as recipients of antipoverty programs. Poverty planners thought that relying on the concept of community action would be the cheapest way to solve the coordination problem in waging the war on poverty because it did not require them to create an extra federal department or local agencies. They deemed it sufficient to create a federal agency under the White House to merely monitor nationwide community action programs. And the agency created at the White House—the Office of Economic Opportunity—would be directly supervised by President Johnson, which met Johnson's political interest in getting full credit in waging the war on poverty.<sup>193</sup>

However, while the poor started to challenge existing institutions and the previous jurisdictional conflicts between federal and local bureaus over antipoverty programs remained unaddressed, policymakers' decision to put community action forefront on the WOP became a huge political liability for the Johnson administration,<sup>194</sup> making it harder to institutionalize antipoverty training programs. As a result, the WOP

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<sup>193</sup> Ibid., 77.

<sup>194</sup> Ibid., 76.

experiments failed without leaving any meaningful policy and institutional legacy behind it.

*Jill Quadagno: Race that made the American Welfare State Exceptional*

Jill Quadagno puts race at the forefront of her discussion of the American welfare state.<sup>195</sup> By emphasizing racial inequality as an exclusively important factor that mediates all the other factors that have explained American exceptionalism,<sup>196</sup> Quadagno reinterprets the 1960s in a new manner that seems to strengthen the exceptional quality of the American welfare state. That is, despite good intentions to transform the previous racist welfare system by WOP programs, the Johnson administration had failed as it created the programs' own adversaries unintentionally while finding no political ally outside of government. Though she seems open to the possibility of changing the racial inequality by "reviving the vital center"<sup>197</sup> and overcoming racial stigma from the previous social programs by creating new family programs, the American racial welfare state seems to remain unchanged. Quadagno's independent variable in explaining the

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<sup>195</sup> Jill Quadagno, *The Color of Welfare: How Racism Undermined the War on Poverty* (New York: Oxford University Press, 1994). For further discussion of scholarly works on the American welfare state from racial political perspectives, see Jeff Manza, "Race and the Underdevelopment of the American Welfare State," *Theory And Society* 29, no. 6 (2000): 819–32.

<sup>196</sup> See the introduction for the American exceptionalism perspective.

<sup>197</sup> Quadagno, *The Color of Welfare*, 185-6. Ira Katznelson considers this rather self-contradictory in Quadagno's framework. In her "reviving the vital center" argument, Quadagno seems to rely on a class analysis to overcome white majorities' racial prejudices on the previous social programs and mobilize political support for more comprehensive social programs, which the rest of her book disproves for its indifference to racial inequality. Ira Katznelson, "The Color of Welfare: How Racism Undermined the War on Poverty (Book Review)," *American Journal of Sociology* 101, no. 4 (1996): 1114–16.

failure of WOP programs—that is, racial inequality—seems too profoundly rooted in the American political and cultural environments in her framework to be changed.

How does racial inequality, Quadagno’s independent variable for the failure of WOP programs and also for the failure to build the “equal opportunity welfare state,” mediate the other factors that make the American welfare state exceptional? First, Quadagno argues that ideological factors like American creeds and innate liberalism, from which Tocqueville and Hartz draw American distinctiveness, suffer from internal conflict. Relying on Gunnar Myrdal, she argues that Americans’ ideological attachment to the American creed is possible only when racial inequality in the South is intentionally ignored or when the “contradictions between egalitarian ethos and anti-democratic practices” are forgotten by the American public and their representatives.<sup>198</sup>

According to Quadagno, the role of the American creed matters in shaping the American welfare state, but via its contradiction with de facto racial inequalities. The American creed ultimately urges the American public to acknowledge the contradictions and guides them to address them, reminiscent of James Morone’s work on the cyclical rise and fall of the “Democratic Wish” that nullifies the development of undemocratic state power.<sup>199</sup> Like Morone’s “Democratic Wish,” the American has been continuously frustrated. Indeed, in the 1960s, in Quadagno’s view, the majority of Americans agreed to address the discrepancy between undemocratic practices toward African Americans and

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<sup>198</sup> Ibid., 187-8.

<sup>199</sup> James A. Morone, *The Democratic Wish : Popular Participation and the Limits of American Government* (New York: Basic Books, 1990).

their egalitarian and liberal ethos.<sup>200</sup> In this regard, Johnson and his administration were revolutionaries because they tried to replace the New Deal racial welfare state with the “equal opportunity welfare state”<sup>201</sup> by enlarging social and economic rights to African Americans through WOP programs. However, the revolutionaries’ attempt to transform the previous racial welfare state failed due to societal and institutional reasons which were again mediated by racial inequality.

Social factors in American exceptionalism indicate the lack of support from societal groups—especially organized labor—in creating comprehensive social programs for the poor and the vulnerable.<sup>202</sup> The United States has had allegedly weak labor movements with no party that represents organized labor in Congress. Racial inequality, Quadagno argues, created such weak and fragmented labor movements. Racial issues inside of organized labor also made politically infeasible its collaboration with liberal administrations.<sup>203</sup>

During the New Deal trades unions strongly resisted forging any collaborative relationship with state and federal governments, for instance, in accepting and training new members, for fear of possible government pressure to integrate in exchange for financial support. As a result, organized labor lost the opportunity to participate in the

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<sup>200</sup> Quadagno, *The Color of Welfare*, 9; 189.

<sup>201</sup> *Ibid.*, 9; 29-31.

<sup>202</sup> See introduction for further discussion on the American exceptionalism perspective. For the development of scholarly discussion on a class-mobilization theory for the welfare state, see Esping-Andersen, *The Three Worlds of Welfare Capitalism*, 16-8.

<sup>203</sup> *Ibid.*, 191.

Kennedy-Johnson administration to work together to design progressive social programs for their members as well as the general public. When civil rights activists could no longer tolerate organized labor's recalcitrance to desegregation and forced them—mainly those who belonged to the previous American Federation of Labor (AFL), construction trades, and the Teamsters—to face discriminatory union practices, organized labor became even more indifferent to WOP programs.<sup>204</sup>

In answering why the United States failed to develop a capable bureaucracy—i.e., the institutional factors that Skocpol, Weir, and Orloff rely on in explaining the exceptional quality of the American welfare state<sup>205</sup>—Quadagno also emphasizes the importance of racial inequality. The undemocratic Southern system was designed to deprive African Americans of political rights for its racially stratified labor market. Southern state governments remained quite autonomous from central government authorities to protect their racial order, which partly inhibited coherent policy developments across the country. Those who focus only on the timing of democratization vis-à-vis state bureaucratization miss this point, Quadagno argues.<sup>206</sup>

Beyond a schematic explanation for the exceptional characteristics of the American welfare state, Quadagno provides careful case studies to explain the WOP training programs' failure in changing the New Deal racial welfare state to the “equal

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<sup>204</sup> Ibid., 192-4.

<sup>205</sup> Margaret Weir, Ann Shola Orloff, and Theda Skocpol, eds., *The Politics of Social Policy in the United States* (Princeton, N.J.: Princeton University Press, 1988).

<sup>206</sup> Quadagno, *The Color of Welfare*, 189-191.



opportunity welfare state.”<sup>207</sup> For her, it was racial politics from the bottom against racial status quo that had finally derailed the WOP. The WOP programs allowed civil rights activists to challenge local politics, which then made more tenuous the political coalition that the Johnson administration needed for the survival of ambitious social programs.

During the 1960s, those once excluded from the New Deal liberal welfare regime—mostly nonwhites—began challenging the welfare system. Civil rights activists made use of Lyndon Johnson’s top-down programs for racial minorities to challenge the racial status quo and provide more benefits to the poor. Quadagno describes how such bottom-up efforts stirred local politics in such states as Mississippi. Those who attempted to mobilize the poor through the community action plan had to confront angry Democratic constituents whose stakes were high in the previous Jim Crow racial order.<sup>208</sup> Thus, the contents of “the equal-opportunity welfare state” at the local level seemed constantly contested and reshaped by civil rights activists and their opponents during the War on Poverty. Racial politics over equal opportunity have become the most important factor in shaping the American welfare state since then.

There was a reason why civil rights activists were unsatisfied with the racial status quo despite WOP programs. While WOP’s concentration on training and rehabilitating mostly nonwhite unemployed youth reminded the public of the necessity of providing public vocational training to the poor to build a “Great Society,” it could not

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<sup>207</sup> Quadagno regards Johnson’s WOP as an effort to transform a “racial welfare state of New Deal” to “the equal opportunity welfare state.” *Ibid.*, 4, 9, 11, 29-30.

<sup>208</sup> *Ibid.*, 40-4.

challenge local companies' discriminatory hiring practices. Without guarantee from local companies to hire WOP training program graduates, poor youth remained outside of labor markets, relying on subsistence allowances during training.<sup>209</sup> Quadagno's case studies on the construction trades union and Chicago machine politics proves why this was the case.

In the fight between civil rights activists and recalcitrant white labor unionists over the principle of desegregation under the Civil Rights Act of 1964, the Department of Labor (DOL) and the Office of Economic Opportunity (OEO) could not get enough support from the AFL-CIO to run adult training programs successfully.<sup>210</sup> As labor movement leaders could not get local unions to comply with the cause of the civil rights movement, civil rights activists had to rely on litigation to rectify racist practices within the unions, inadvertently undermining union autonomy. The AFL-CIO, therefore, had been a passive bystander of the War on Poverty. When OEO's money was funneled to the city of Chicago for poverty programs including adult training, Mayor Daley wanted to use the money to strengthen his political machines by getting his supporters jobs without challenging segregationist practices. Daley's rationale was that it was politically suicidal to drive white residents from the city and thus undermine the city's financial foundation.<sup>211</sup> Such rationale prevailed also in other major cities. The OEO, aware of the exploitation of its funds by major cities' machine politics, decreased its funding for big

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<sup>209</sup> Ibid., 64-6.

<sup>210</sup> Ibid., 69-78.

<sup>211</sup> Ibid., 54-5.

cities, which ultimately hurt their adult training programs. OEO's conflict with the DOL added another tier to the problem in cities, as city governments consulted with DOL to circumvent the uncooperative OEO.

*Limits of Previous Research and Toward an Alternative Framework*

The scholars presented above explain how the American liberal welfare state has survived ambitious liberal reforms throughout American history. Numerous attempts to reform the welfare system directly addressed the poor during the 1960s. But no structural change in the liberal welfare system occurred out of new class mobilization, new cross-class coalitions, and a breakthrough from historically evolved market institutions during the period, leaving the basic characteristics of the American liberal welfare regime unchanged (Esping-Andersen). The Department of Labor, a champion agency in developing training programs, was marginalized by the CEA and later by the OEO in waging the war on poverty. Innovative DOL policy ideas to reform labor markets were adrift in the Johnson administration (Weir). Consequently, the American "racial welfare state" had furthered its stratifying effect on racial minorities, which was also accelerated by the perverse effect of liberals' effort to build an equal opportunity welfare state with affirmative actions and desegregation (Quadagno). These works provide insights on how the U.S. racial welfare regime has been consolidated.

But these descriptions of the War on Poverty are too static to capture the diversity and changing nature of policy developments during the WOP.<sup>212</sup> First, their approaches incorrectly presume a rupture from the previous decade in policy orientation at the beginning of the WOP. Weir sees the abrupt rise of poverty programs in late 1964, which Weir argues rendered fruitless the DOL's effort to develop a policy package for active labor market policy fruitless. When the CEA, preferring to make supplementary social policies to its macroeconomic measures, gained the upper hand in shaping the content of the War on Poverty in late 1964, the DOL had no choice but to follow the CEA's lead in prioritizing aid to racial minorities. However, the DOL was not passive in waging the war and followed the other agency's lead. Quadagno also pays little attention to the internal changes that the WOP training programs underwent, emphasizing instead her distinctive periodization between the New Deal welfare regime and the equal opportunity welfare regime. Internal and gradual developments in the WOP training programs tend to be neglected for Quadagno's framework because she focuses exclusively on explaining the historical establishment of the American equal opportunity welfare state in the midst of racial politics that community action programs activated in numerous states.

The previous literature rarely explains how the agencies designated to run the WOP adjusted to changing political and economic environments throughout the period. As Charles Lindblom explains, policymakers are more likely to "muddle through" with

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<sup>212</sup> I will elaborate on the findings from my archival research in the following sections.

the given policy packages than to embrace a completely new policy package to address given policy requests.<sup>213</sup> Despite the strong mandate from President Johnson to prioritize tackling poverty concentrated on a certain stratum of U.S. citizens, the DOL and other related federal and state agencies stuck to their previous policies because the fragmented structure of American bureaucracy allowed them to. In waging the War on Poverty, those who ran the training programs also tended to rely on their previous policy experiences, making a certain kind of policy continuity—through layering (Schickler; Mahoney and Thelen) and intercurrency (Orren and Skowronek)—that the perspectives above often miss.<sup>214</sup> The DOL’s preference for serving a broader population was not displaced by CEA’s concern with the poor. Instead the DOL’s policy concern was layered underneath the CEA and WOP’s policy preference.

Second, policy experiment often entails emergent processes of institutional creation and transformation, which is often overlooked by the previous literature which strives to find a single framework with which all the events from the 1960s can be interpreted. Relying on John Padgett and Walter Powell’s and Connolly’s works, Berk defines a social process that defies prediction from initial social conditions as an emergent process.<sup>215</sup> Unlike Weir’s and Quadagno’s explanations, the WOP training programs gradually evolved through such emergent processes, as the importance of adult

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<sup>213</sup> Charles E. Lindblom, “The Science of “Muddling Through,”” *Public Administration Review* 19, no. 2 (Spring, 1959): 79-88, at 80-81.

<sup>214</sup> This point is further explained in the section “the Legislative Developments” that follows.

<sup>215</sup> Gerald Berk, “State Building through Mediation: The U.S. Anti-Submarine Warfare Operations Research Group in World War II,” *Polity* 51, no. 3 (July, 2019): 466-97, at 470-1.

training (neglected in the beginning of the WOP) suddenly mattered to OEO, to Health, Education and Welfare (HEW), and DOL, as CEA started to pay attention to raising skilled labor in the threat of inflation, and as the series of urban uprisings forced the Johnson administration to reconsider its early refusal to create public jobs for the unemployed.

To be specific, the WOP's training programs changed as Congress added and revised laws throughout the 1960s.<sup>216</sup> Training programs evolved as political support ebbed and flowed. While responding to the hardship in running programs for poor youth, the administrators from OEO, HEW, and DOL kept experimenting with new adult training programs in new forms. Strengthening adult training in big cities through Concentrated Employment Programs (CEPs) supervised by the DOL is an example. The administrators also extended the 1962 Manpower Development and Training Act (MDTA) on-the-job training for adults relying on EOA money to address the necessity of training nonyouth.

In a sense, such incremental change was innate in waging the war on poverty. Experimentalism in the WOP presupposed close yearly examination by Congressional committees, which forced administrators to promptly address feedback from politicians and move given financial and organizational resources from initially prioritized programs to more prospective programs as requested by powerful members of Congress. The difficulty in evaluating internal change among young enrollees of the Job Corps and the

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<sup>216</sup> See the following section "Legislative Developments."

Neighborhood Youth Corps (NYC) gradually undermined the cause of OEO's initial priority in rehabilitating the school dropouts and reinstating them to labor markets. In contrast, the administrators started paying more attention to good placement rates of the "on-the-job training" (OJT) program. The guarantee of private employers participating in the program to hire the trainees relieved Congress's concern for wasting taxpayers' money for unmarketable skills. Thus, the OJT was enlarged, assigned with 35 percent of total training funds allocated to EOA. The Department of Labor also changed its organizational structure to administer the enlarged program. Unlike Weir's view that the dominance of CEA and Keynesian economics precluded further development of active labor market policy, those who envisioned structural unemployment regained the moment of applying their policy tools.

The second and third sources of incremental change in training programs were external events. After Johnson signed the Revenue Act in February 1964, the threat of inflation arose as major concern for CEA members. While an overheated economy lowered the national unemployment rate to a significant degree in 1965, it put upward pressure on wages and prices. The lack of qualified skilled laborers in the manufacturing industry, where increased demands were met not with increased staffing but with increased product prices, led CEA economists to seek an active labor market policy. The CEA, only a few years earlier, had defeated the DOL's proposal for active labor market policy. From late 1965 to 1966 the CEA turned to structural measures to promote training to resolve "bottlenecks" in manufacturing industries and defuse the devastating inflationary pressure. Providing proper training to adults and youths suddenly became an important task for Johnson's economists. President Johnson did not want to jeopardize his

entire program with uncontrollable inflation. At the request of Johnson's economic advisers the DOL and HEW embarked on the new task, which changed the previous contour of WOP's training programs.

The third source of incremental change in the 1960s training program was urban uprisings. A series of urban uprisings, starting with Watts, California, in 1965, to Newark, New Jersey, in 1967, and Detroit, Michigan, in 1967, undermined the legitimacy of WOP programs as a whole. Why did poor neighborhoods rebel against the establishment of society despite President Johnson's effort to tackle poverty? Did the WOP programs fail to convey timely public aid to the needy and simply make them impatient with society? Or did the WOP's principle of maximum feasible participation merely incite the poor against society rather than guide them to be responsible citizens? No one could answer the questions satisfactorily at that time, which led to creation of the National Advisory Commission on Civil Disorder, also known as the Kerner Commission. What was evident to the policymakers, though, was that the effectiveness of WOP's youth training programs had to be questioned. President Johnson ordered his departments and agencies to report on how many had benefited from the programs so far and how many had become employed after training. The numbers of vacancies both in institutional and on-the-job training slots were examined to gauge the rate of program usage.<sup>217</sup>

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<sup>217</sup> Memo, W. Willard Wirtz to the President, "Use of Training Opportunities; Preliminary Report," no date, attached to Califano's memo to the President, 8/5/67, Ex LA 2, WHCF, Box 8, LBJ Library.



In addition, Martin Luther King Jr.'s letter to the president suggesting "hire now, train later" contributed to creation of pilot programs in select cities in collaboration with big businesses for jobs in ghettos.<sup>218</sup> The letter and its influence on intragovernmental deliberation on viable policy responses to it, which I retrieved from the LBJ Presidential Library, are often neglected by those who focus on such structural factors as American institutional settings for training and the timing of democratization in comparison to that of bureaucratization because King's letter is an emergent political event that is not seen from the structural approaches. The forced overhaul of the WOP's training programs after the uprisings initiated the broad change in their goals and administrative structures. Training programs, initially designed by "Opportunity Theorists" like Lloyd Ohlin from Columbia University who argued for the need to replace urban ghetto delinquency to attain peer status with new opportunities,<sup>219</sup> had to be revised to meet the urgent request for urban jobs in favor of the New Deal-style public works program. Creating such jobs for the unemployed became more urgent for policymakers facing urban uprisings than guiding the youth to reinternalize social norms.

To summarize my criticisms of the literature presented above, researchers pay little attention to state capacities in responding to unexpected political events with new programs. Various adult training programs were developed and modified under President Johnson to respond to unexpected political events as well as to skeptical Congress

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<sup>218</sup> See my subsection, "Martin Luther King's Urge to 'Hire Now, Train Later' and Public Jobs in 1967" under the section, "State Capacity to Adjust and a Recurrent Theme of Training the nondisadvantaged after 1964."

<sup>219</sup> Allen J. Matusow, *The Unraveling of America* (New York: Harper & Row, 1984), 109.

committees about the programs' effectiveness. In addition, the DOL did not remain marginalized by the CEA and OEO as inflation began threatening the viability of Johnson's domestic programs in late 1965. The DOL increased its influence on the White House after 1965 to other federal agencies' discomfort, proposing different job programs ranging from upgraded on-the-job training for the adult employed as well as the adult unemployed to Works Progress Administration (WPA)-style public works programs for those in urgent need in urban ghettos. The WOP's early emphasis on training unemployed youth was weakened in the series of events, if not completely replaced with other policy goals. Despite the fact that most of WOP's experiments failed to achieve their declared goal of eradicating poverty from the United States, it is important to see concrete policy developments in training programs to better understand the consolidation of the American liberal welfare regime.

To overcome the limits of previous research, I conducted careful archival researches relying on Gerald Berk et al.'s introductory chapter of *Political Creativity*.<sup>220</sup> First, the evolution of training programs during the 1960s cannot be properly captured by a conventional view in policy studies that often assumes that the identities, interests, and policy preferences of actors of interest are fixed. The characteristics of institutions that surround actors are frequently presupposed as constant. Once the internal qualities of the actors and the institutions are seen as fixed, then institutionalist scholars usually draw

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<sup>220</sup> Gerald Berk, Dennis C. Galvan, and Victoria Hattam, "Introduction: Beyond Dualist Social Science: The Mangle of Order and Change," in *Political Creativity: Reconfiguring Institutional Order and Change*, ed. Gerald Berk, Dennis C. Galvan, and Victoria Hattam (Philadelphia, P.A.: University of Pennsylvania Press, 2013), 1–26.

causal inferences. However, this assumption sometimes hides more than it reveals from the eyes of researchers because actors are creative in making use of their relationships with other actors and given institutional settings. Such creative use of relationships with other actors and institutional environments also affects the actors' interests, which many institutionalist scholars pick as their starting point. Thus, "how institutional features and inhabitants form relations of mutual determination and flux" should be asked in a complex history of policy development.<sup>221</sup>

From an institutionalist standpoint—especially Weir's—CEA members' preference for macroeconomic policy and its complementary program for the hardcore poor contributed to creation of WOP training programs. In addition, CEA members were concerned with DOL's fragmented structure in running nationwide training programs, which precluded previously discussed policy options for upskilling the general public. However, this view masks the historical development of manpower programs before the Economic Opportunity Act (EOA) of 1964, starting with the National Defense Education Act of 1958. The EOA was shaped not only by CEA members and other WOP programs designers' policy interests but also by the context of legislative developments as to federal manpower programs that preceded the act. The EOA changed during the WOP as well, reflecting emergent requests from society. In the "Legislative Developments" section I overview the legislative context under which the political actors of concern

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<sup>221</sup> Ibid., 6.

strategically shaped the WOP training programs and responded to emergent social requests by modifying the EOA.

Second, in the section titled “State Capacity to Adjust and a Recurrent Theme of Training the Non-disadvantaged after 1964” I reveal how such factors as federalism, underdeveloped bureaucracy, and the absence of a coordinating device for different local and state interests, which exceptionalist scholars usually regard as sources of the American state’s weakness in implementing a coherent social policy package, paradoxically helped policymakers creatively respond to emergent needs from society. It turned out that the manpower programs for poor youth were continuously revised by policymakers during the WOP period to the extent that could disprove Weir’s argument that WOP training programs failed due to an emphasis on black youths. Policymakers’ strategies ranged from “recomposition”<sup>222</sup> of a previously marginalized strategy of training as described in “Threat of Inflation of 1965 and Expansion of the On-the-Job Training,” to “layering” of new programs of the EOA as described in “Three Competing Policy Ideas in Creating Adult Work Programs in 1966,” to “entrepreneurship”<sup>223</sup> of policymakers in figuring out how to harness centrifugal forces among fragmented

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<sup>222</sup> Ibid., 3.

<sup>223</sup> Adam D. Sheingate, “Political Entrepreneurship, Institutional Change, and American Political Development,” *Studies in American Political Development* 17 (2003):185–203 at 192. Sheingate also indicates at a different work that “. . .the heterogeneity, uncertainty, and ambiguity of complex institutions provide actors with resources for creative recombination and speculative opportunities to redefine the scope of institutional authority” in explaining entrepreneurship. Adam D. Sheingate, “The Terrain of the Political Entrepreneurship” in *Formative Acts: American Politics in Making*, ed. Stephen Skowronek and Matthew Glassman (Philadelphia, P.A.: University of Pennsylvania Press, 2007), 13–31, at 15.

American institutions to pursue a novel way of providing public jobs as described in “Martin Luther King’s Urge to ‘Hire Now, Train Later’ and Public Jobs in 1967.”

### *Legislative Developments*

The legislative history of various manpower programs during the 1960s is a patchwork of improvisational responses to national and regional economic changes for which there was no blueprint. Overlaps of jurisdiction among the related laws and improvisational updates on existing laws concerning poor people were common in the patchwork of the manpower legislation. The legislative history of various manpower programs during the 1960s shows how the logic of layering and intercurrency had prevailed in shaping law in the United States.<sup>224</sup>

Administrators continuously tried to mobilize social support to guarantee their programs’ survival from hostile congressional members who were suspicious of the federal government’s expansion and the efficiency of new programs. Since American citizens as well as their legislators were quite new to these programs, federal agencies suffered from the lack of the public’s and interest groups’ support in pursuing such new programs.<sup>225</sup> One way to overcome the problem was to quickly address emergent requests

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<sup>224</sup> Karen Orren and Stephen Skowronek, “In Search of Political Development,” in *Liberal Tradition in American Politics: Reassessing the Legacy of American Liberalism*, ed. D. F. Ericson and L. B. Green (New York: Routledge, 1999), 29-41. And see Eric Schickler, *Disjointed Pluralism: Institutional Innovation and the Development of the U.S. Congress* (Princeton, N.J.: Princeton Univ. Press, 2001).

<sup>225</sup> Daniel Carpenter indicates the importance of building broad coalitions for a new program to succeed in the Progressive Era. Most successful policy reforms were done by the bureaucratic entrepreneurs who could mobilize diverse policy constituents behind the programs. Daniel P. Carpenter, *The Forging of*

from regional labor markets to cultivate new policy constituencies while carefully implementing new programs on an experimental basis, but at the cost of the programs' internal coherency. As a result, reform-minded policymakers were unable to pursue a wholesale reform in the field of the manpower policy.

Unlike Margaret Weir's view that such incoherency stemmed from the fragmented nature of federal agencies, policy incoherency was an outcome of the agencies' adaptive strategy to hostile political environments. The legislative history of manpower policies of the 1960s should be reviewed in this sense to reveal the multilayered characteristics of those policies.

Racism in Southern labor markets made matters more complicated. Southern states were afraid of federal agencies' meddling with their racially stratified labor markets and disrupting their racial hierarchies.<sup>226</sup> Since Southern politicians were powerful enough to prevent passage and implementation of new manpower programs, federal agencies continuously recalibrated new programs to make them less threatening to Southerners. Such a constitutive role of race and racism in the manpower policy development of the 1960s is often overlooked by Jill Quadagno because she often considers the influence of race and racism as external factors that simply thwarted equal opportunity welfare projects. Instead the goals and methods of manpower programs were

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*Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928* (Princeton, N.J.: Princeton University Press, 2001), 32-3.

<sup>226</sup> As to Southerners' efforts to maintain the Jim Crow regime in their labor markets during the New Deal, see Ira Katznelson, *When Affirmative Action was White: an Untold History of Racial Inequality in Twentieth-Century America* (New York: W. W. Norton & Company, 2005), 61-2.

continuously negotiated to reach a practical middle ground during the period. This continuous recalibration of manpower programs was also reflected in the legislative history, which is examined in the following section.

Such layering and intercurrency in the development of U.S. manpower policy necessitates a contextual understanding of the War on Poverty to better understand WOP training programs. Most training programs were created on top of previously enacted training policies or failed legislative attempts. Though it is still important to figure out what the initiators of WOP programs—that is, CEA economists and a new group of people recruited by Sargent Shriver at Johnson’s request—were trying to do, the contents of the Economic Opportunity Act of 1964 were built upon previous policy developments.

Reviewing legislative developments before the 1964 Economic Opportunity Act has major implications in reconceptualizing the period of the WOP. It reveals, first, that there was no rupture in policy development between the period before 1960 and the period after 1960. Weir and Quadagno commonly assume Johnson’s War on Poverty was an interlude to the general policy orientation in the field of manpower policy. The period of the War on Poverty is assumed by Weir to be distinctive compared to other periods when no active market policy was salient. However, for Weir the period was distinctive only because it temporarily defied the power of U.S. institutions. This perspective neglects historical developments that preceded the 1960s.

Quadagno shares with Weir the same assumption that the period of the 1960s was a rupture from the previous welfare regime. Racial issues, which had been suppressed by the New Deal coalition, became an engine that reconfigured the national politics after the WOP.

However, such perspectives do not explain the continuities between manpower legislation in the 1950s and the 1960s. The contours of the 1960s policies were incrementally changed to survive unfriendly environments briefly described at the beginning of this section.

As for the periodization of the legislative history, it is important to start with the National Defense Education Act of 1958 to trace the developments of manpower policy. For the first time following the Second World War and Korean War, the Act attempted to address manpower issues in peacetime. In revising the Act, policymakers perceived the necessity of raising skilled labor following the Cold War. They realized they could not wait for a natural workforce distribution based on merits and preferences in the labor market to meet new challenges following the Soviet Union's successful launch of Sputnik in 1957.

Before the Great Depression, state employment services that were federally financed sought to fill job orders from local companies focusing the supply side of the labor market. This practice changed after the New Deal: the federal government and state agencies started to pay attention to providing the unemployed with public jobs and work relief. The demand side of the labor market became important for policymakers. In waging the Second World War, the American labor market was short on labor regardless of skill level. In response, the federal government prepared many skilled and unskilled workers for war production, playing a more active role in the labor market out of need to



win the war. It provided training and retraining for workers for defense industries.<sup>227</sup> The attack on Pearl Harbor on December 19, 1941, led to the federalization of state employment services under the Social Security Board to prepare for war production. An executive order from President Franklin D. Roosevelt transferred the state employment services to the federal government, which enhanced the efficiency of the nationwide manpower program in wartime.<sup>228</sup>

However, the period when the federal government played an enlarged role in coordinating nationwide manpower programs was short. The federalized Employment Service was returned to the states in 1946 as President Roosevelt promised after the national emergency.<sup>229</sup> Though the Korean War broke out in 1950, no such federalizing attempt as during WWII was made in terms of manpower policy.

When the Korean War ended in 1953, U.S. policymakers became concerned with inflation from overproduction during wartime, to which policymakers responded by enshrining the principle of balanced budget and fiscal responsibility.<sup>230</sup> This policy could hinder national economic growth, however. Mangum argues that this dilemma forced the policymakers in the 1950s to reevaluate the task of raising skilled labor for higher

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<sup>227</sup> Sar A. Levitan and Garth L. Mangum, *Making Sense of Federal Manpower Policy* (Ann Arbor, M.I.: The Institute of Labor and Industrial Relations and the National Manpower Policy Task Force, 1967), 3; Garth L. Mangum, "The Why, How, and Whence of Manpower Programs," *The Annals of the American Academy of Political and Social Science* 385 (September, 1969): 50-62, at 51.

<sup>228</sup> William Harber and Daniel H. Kruger, *The Role of the United States Employment Service in a Changing Economy* (Kalamazoo, M.I.: The W.E. Upjohn Institute for Employment Research, 1964), 31-3.

<sup>229</sup> *Ibid.*, 35.

<sup>230</sup> Mangum, "The Why, How, and Whence of Manpower Programs," 52; Hebert Stein, *The Presidential Economics: The Making of Economic Policy from Roosevelt to Reagan and Beyond*, Second edition (Washington D.C.: American Enterprise Institute for Public Policy Research, 1988), 82-3, 85.

productivity.<sup>231</sup> Only with enactment of the National Defense Education Act of 1958 did policymakers start to make laws to address the task. The National Defense Education Act, though it did not encompass the general public's skill level, was the first attempt by the federal government to strategically consider active labor market policy.<sup>232</sup>

### *The National Defense Education Act of 1958*

Except for passage of the National Defense Education Act of 1958, no federal-level manpower legislation was passed during the 1950s. The Act authorized a seven-year program costing \$1 billion program to financially help students and schools.<sup>233</sup> The National Defense Education Act, aiming to finance science education, was motivated by the Soviet Union's launch of Sputnik, but its target mostly was limited to qualified students and scholars from the discipline of science. It contained no programs for the general public.

However, the law started to change policymakers' views on manpower policy. The enactment of the National Defense Education Act, though limiting its application to science education for the purpose of the arms race against the Soviet Union, opened a new arena for the federal government to be active. As the preceding chapter elaborates, the passage of the National Defense Act of 1958 interacted with the rise of structural

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<sup>231</sup> Mangum, "The Why, How, and Whence of Manpower Programs," 52.

<sup>232</sup> Levitan and Mangum, *Making Sense of Federal Manpower Policy*, 3.

<sup>233</sup> "Federal Education Aid Approved." In *CQ Almanac 1958*, 14th ed., 05-213-05-216. Washington, DC: Congressional Quarterly, 1959. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal58-1341294>

unemployment discourse and influenced the Democratic presidential candidate John F. Kennedy's economic platforms, further explained below.

### *The Area Redevelopment Act of 1961*

The passage of the Area Redevelopment Act (ARA) of 1961 signaled a change in this relatively lukewarm interest in U.S. manpower policy. President Eisenhower vetoed the same act twice, in 1958 and 1960, affirming his policy preference for "local responsibility" rather than expanding the federal government's role into the private sphere to address community economic problems.<sup>234</sup> Eisenhower's veto also revealed Southern politicians' interest in maintaining the status quo in wage differentials across race lines. However, the election of John F. Kennedy turned the political tide in favor of active labor market policies. Kennedy in his presidential campaign supported interventionist federal programs to address unemployment. After two futile attempts the ARA was finally enacted in 1961. Under President Kennedy's strong leadership, the administration persuaded conservative Southern members to rescind their obstruction and pass the bill. Southern Congress members started to see the bill's enormous impact on depressed rural areas in the South and perceive "political potency of the depressed area issues" in their elections.<sup>235</sup> A series of legislation ensued after the passage of the ARA:

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<sup>234</sup> Richard E. Mooney, "President Vetoes Jobless-Area Aid; Calls it Unsound," *New York Times*, September 7, 1958; no author, "Bill for Aid to Depressed Areas Vetoed," *Los Angeles Times*, May 14, 1960.

<sup>235</sup> "Congress Enacts Area Redevelopment Bill." In *CQ Almanac 1961*, 17th ed., 247-56. Washington, DC: Congressional Quarterly, 1961. <http://library.cqpress.com/cqalmanac/cqal61-1373049>

1) the Manpower Development and Training Act (MDTA) of 1962, amended in 1963, 1965 and 1966; 2) the Vocational Education Act of 1963; and 3) the Economic Opportunity Act (EOA) of 1964, amended in 1965 and 1966. Johnson's War on Poverty and its various training programs were developed in this legislative context.

The Area Redevelopment Act (ARA) of 1961 provided \$300 million to be spent over five years for depressed rural and industrial areas to modernize the areas and attract private investments. The act also funded training and retraining of the unemployed in areas with subsistence wages up to sixteen weeks at the average rate of state's unemployment compensation.<sup>236</sup> Unlike the original bill proposed by Senator Paul Douglass (D—Ill) and Representative Daniel Flood (D—PA) who wanted to limit the targeted areas to mining and industrial regions, the ARA of 1961 included rural areas to make it easy to pass the bill in both houses. As a result, the ARA's funding was too diluted to bring about immediate change to individual redevelopment areas whose redevelopment projects were approved by the Area Redevelopment Administration in the Department of Commerce.<sup>237</sup>

Once approved, daily execution of the program was monitored by the Small Business Administration, the Community Facilities Administration, Department of Agriculture, and Department of Labor. It soon created widespread disappointment with a

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<sup>236</sup> Conley H. Dillon, "Area Redevelopment Act—What Has It Accomplished?" *Challenge* 11, No. 7 (April 1963): 21-24, at 21. Also see, United States Department of Labor, "Eight Months' Training Experience Under the Area Redevelopment Act," *Monthly Labor Review* 85, No. 12 (December 1962): 1375-8, at pp. 1375-6.

<sup>237</sup> Dillon, "Area Redevelopment Act," p. 21.

bureaucratic maze for those seeking the funding. As to training and retraining of the unemployed, the Department of Labor (DOL) conflicted with the Department of Health, Education and Welfare (HEW) over the contents of vocational training and the authority to place program applicants after training.<sup>238</sup>

At its face value the fragmented nature of the American bureaucracy, to which institutionalists attribute the frustration of new manpower policies during the 1960s, was the main culprit of the ARA's unimpressive performance.<sup>239</sup> However, such bureaucratic hurdles were created intentionally by lawmakers. The ARA had to promote local initiative and responsibility in order to placate conservative Congress members concerned with the demoralizing effect of federal money on local communities in need.<sup>240</sup> The ARA required local communities to submit their proposals for local economic development and let federal agencies related to the projects evaluate them. At first, local communities in need of federal money struggled to prepare sound plans which the ARA expected. Local communities had to learn from their failures how to write strong proposals in a persuasive manner.<sup>241</sup>

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<sup>238</sup> Sar A. Levitan and Garth L. Mangum, *Making Sense of Federal Manpower Policy* (Ann Arbor, M.I.: The Institute of Labor and Industrial Relations and the National Manpower Policy Task Force, 1967), 9-12.

<sup>239</sup> A. Bruce Johnson, "Federal Aid and Area Redevelopment," *the Journal of Law & Economics*, Vol. 14, No. 1 (Apr., 1971): 275-284, at 284.

<sup>240</sup> This was the major reason for President Eisenhower to veto the Area Redevelopment Bill twice, in 1958 and 1960.

<sup>241</sup> Dillon, "Area Redevelopment Act," p. 22.

*The Manpower Development and Training Act of 1962*

The passage of the Manpower Development and Training Act (MDTA) in 1962 reveals an ongoing effort to install adult training programs in the early 1960s. For three reasons it is worth examining the MDTA and its contents. First, the MDTA was for adults, and differed from the War on Poverty's emphasis on poor youth. The policy goal of retraining adult workers, which the preceding ARA aimed to achieve, was further developed in the MDTA. The enactment of MDTA proves policy continuity regarding adult training in the early 1960s. Second, the MDTA inherited from the ARA an approach to facilitating training through private as well as public institutions, which shows a way to compensate for the undeveloped state apparatus in providing skill training. The approach remained dominant even in waging the war on poverty.<sup>242</sup> Third, the MDTA, like the ARA, was not initiated by political pressure on the federal government from the civil rights movement or the series of urban crises to address racial minorities' economic hardships. Therefore, the MDTA is important legislation which proves the ongoing currents of manpower policy in the United States of the 1960s.

The MDTA of 1962 provided the unemployed with training allowances while giving them opportunities to acquire new skills for decent jobs through private and public institutions or on-the-job training. The act, amended in 1963, 1965, and 1966, enlarged its targeted population from family heads with a past history of employment for three years or more to school dropouts below age twenty-two and to professional employees who

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<sup>242</sup> This point will be examined further in the subsection of the Economic Opportunity Act of 1964 and the development of community action programs.

were skilled but temporarily unemployed. Training allowances—or, subsistence allowances while training—also became more generous in the amendments because the average allowances of \$35 per week proved inadequate for most applicants, especially for those with financial dependents. Those who suffered from insufficient subsistence allowances tended to drop out in the middle of training for part-time jobs. Financial support for those who relied on public transportation to get to training facilities was added in the amendments.<sup>243</sup>

The budgetary issue of the Manpower Development and Training programs was also resolved in the amendments. In the original bill of 1962, the federal government was supposed to finance all expenditures for the first two years. State governments would start to share fifty percent of the expenditures in the third year. While silent on the initial budgetary plan of the bill at first, state governments soon realized that they could not take on the financial burdens after the grace period. Despite the programs' positive effects on local and regional economies, state governments generally viewed the programs as unpopular among their major constituents and thus could not prioritize them in their expenditures. The state governments pressured concerned members of Congress to extend the bill's grace period for the states and relieve them of their financial burdens. The burden on state governments was adjusted in favor of the states in the series of the amendments.<sup>244</sup> The 1963 amendments repealed the original bill's requirement that state

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<sup>243</sup> Garth L. Mangum, *MDTA: Foundation of Federal Manpower Policy* (Baltimore, M.D.: the Johns Hopkins Press, 1968), 19-33.

<sup>244</sup> *Ibid.*, 27.

governments match MDTA funds by fifty percent. Instead, the 1963 amendments required state governments to contribute one third of the whole MDTA training and training allowance programs in 1965, and one half of the full amount in 1966.<sup>245</sup> The 1966 amendments relieved state governments of the responsibility to match requirements when the federal government would spend money in research and development projects carried out under the act.<sup>246</sup>

*The Vocational Education Act of 1963 and Youth Employment Bill of 1963*

Passage of the Vocational Education Act (VEA) of 1963 and a failed attempt to pass the Youth Employment Bill (YEB) show an emerging policy concern for youth unemployment among racial minorities in 1963. The new policy concern became grafted onto previous policy developments on manpower programs. As civil rights activists brought racial inequalities to the public's attention and President Kennedy conveyed his message to the Congress on June 19, 1963, to urge the institution to tackle civil rights issues, policymakers started to seek ways in which such inequalities could be mitigated by legislation.<sup>247</sup> Congress members who had interest in promoting racial equality found the National Defense Education Act (NDEA) of 1958 as a place to add their new policy interest, called layering.

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<sup>245</sup> "Manpower Training Act Amendments Passed." In *CQ Almanac 1963*, 19th ed., 522-30. Washington, DC: Congressional Quarterly, 1964. <http://library.cqpress.com/cqalmanac/cqal63-1315865>

<sup>246</sup> "Manpower Training Act Amendments Passed." In *CQ Almanac 1966*, 22nd ed., 841-43. Washington, DC: Congressional Quarterly, 1967. <http://library.cqpress.com/cqalmanac/cqal66-1300532>

<sup>247</sup> "Text of the President's Message to Congress Calling for Civil Rights Legislation," *New York Times*, June 20, 1963.



The Vocational Education Act included a one-year extension of the NDEA of 1958, which was set to expire in 1964, to financially support students and teachers working in the field of science at the college level.<sup>248</sup> The rest of the 1963 VEA attempted to modernize outmoded vocational education programs established by the Smith-Hughes Act of 1917 and George-Barden Act of 1946. While the previous acts focused on training for home economics and farming, the new act launched training for almost all types of vocations that did not require college bachelor's degrees.<sup>249</sup> The VEA would cover various programs administered by institutions such as "comprehensive high schools, specialized vocational high schools, area vocational-technical schools and institutes, junior colleges, community colleges, and four-year colleges and universities."<sup>250</sup>

After Kennedy's message urging Congress to include civil rights programs in their legislation in June, 1963, the original vocational education bill extended to job training programs for school dropouts and those who were illiterate. Most were racial minorities. The Act allowed construction of five residential schools on an experimental basis for school dropouts and youths living in harmful environments. The schools would provide them with skill training as well as basic education. These provisions were added later by the Senate Labor and Public Welfare Education Committee in October, 1963. The original bill, when discussed on the House floor in August 1963, had no provision for

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<sup>248</sup> "Vocational Schools, NDEA." In *CQ Almanac 1963*, 19th ed., 201-10. Washington, DC: Congressional Quarterly, 1964. <http://library.cqpress.com/cqalmanac/cqal63-1316888>

<sup>249</sup> M. D. Mobley, "A Review of Federal Vocational-Education Legislation 1862-1963," *Theory Into Practice* 3, no. 5 (December, 1964): 167-70, at 167-8.

<sup>250</sup> *Ibid.*, 169.

racial minorities. It was difficult for the House Education and Labor Committee to respond to Kennedy's request in June because it had already reported the bill to the House floor without provisions for racial minorities. The Kennedy administration preferred to work with the Senate Committee than to influence House floor discussion in order to add new provisions for racial minorities in the bill.<sup>251</sup>

The logic of intercurrency and layering stands out in the process. The original vocational education bill was designed to revise the outmoded contents of training programs while the preceding ARA and MDTA focused primarily on identifying troubled communities that needed special financial aid for the unemployed and incentivizing the private sector to train the unemployed. Congressional hearings held in the House of Representatives prove this point: the policy discourse of structural unemployment and shared concerns for the inimical effect of automation on employment were the main motive behind the vocational education bill.<sup>252</sup> Though the members of the General Subcommittee on Education in the House of Representatives often perceived racial segregation in vocational trainings and apprenticeships as big hurdle that hindered racial minorities from being semi-skilled and skilled laborers, the subcommittee members

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<sup>251</sup> "Vocational Schools, NDEA." In *CQ Almanac 1963*, 19th ed., 201-10. Washington, DC: Congressional Quarterly, 1964. <http://library.cqpress.com/cqalmanac/cqal63-1316888>

<sup>252</sup> For instance, see Labor Secretary W. Willard Wirtz's testimony which emphasized the structural unemployment discourse without mentioning race. U.S. Congress, House of Representatives, *Vocational Education Act of 1963: Hearings before the General Subcommittee on Education of the Committee on Education and Labor*, 88<sup>th</sup> Cong., 1<sup>st</sup> Sess., 1963, 189-91.

strategically avoided including any related provision in the bill because it would make the bill too complicated to pass.<sup>253</sup>

The preceding currents of manpower policy approach for structural unemployment became merged with the cause of the civil rights movement when the Senate Committee added new provisions for racial minorities—especially unemployed youth in urban areas—to the original vocational education bill of October 1963. They were for work-study programs and residential schools. To avoid possible blockage from racial conservatives, both House members and senators decided not to include the principle of desegregation in running the newly added programs in the bill.<sup>254</sup> The Commissioner of Education, with “approval of the appropriate state board,” would decide the amount of federal money to be allocated for the new programs. This allowed passage of the bill in both Houses but without any legal guarantee of desegregation.<sup>255</sup>

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<sup>253</sup> In this regard, the conversation in the House hearings between Clarence Mitchell (Director of Washington Bureau, National Association for the Advancement of Colored People) and Thomas P. Gill (D—HI) is revealing. When Mitchell from NAACP requested strong federal monitoring of the quality and type of training to prevent segregation, Rep. Thomas Gill answered that it would make it impossible to pass the bill. It’s because the bill had already been accused of the federal government’s “interference with the local school administration.” When the committee members added provisions to prevent segregation, Gill believed, it would fail to forge a coalition to pass the bill. *Ibid.*, 616-19.

<sup>254</sup> Because of strategic decision made by Acting Chairman of House Education and Labor Committee Carl D. Perkins (D—KY) to exclude any rider that would deny federal funding for segregated programs, and because of the passionate opposition of Augustus F. Hawkins (D—CA), a freshman black House representative, to any rider that would kill the bill, the bill was enacted without amendment. The only opposition that delayed the conference report was GOP members’ concern for the federal government’s strong control of schools. When House leadership reaffirmed that there would be no provision for federal control of the schools, the opposition resolved. See “Vocational Schools, NDEA.” In *CQ Almanac 1963*, 19th ed., 201-10. Washington, DC: Congressional Quarterly, 1964. <http://library.cqpress.com/cqalmanac/cqal63-1316888> Also, see C. P. Trussell, “Congress Votes Vocational Aid: Also Passes Manpower and Training Expansion Bill,” *New York Times*, December 14, 1963.

<sup>255</sup> “Vocational Schools, NDEA.” In *CQ Almanac 1963*, 19th ed., 201-10. Washington, DC: Congressional Quarterly, 1964. <http://library.cqpress.com/cqalmanac/cqal63-1316888>.

The new act—an outcome of layering where different orders coexisted—would serve, for the first time in U.S. legislative history of vocational education, the disadvantaged and racial minorities who suffered from the lack of education and had no choice but to apply for low-skilled jobs. The new act aimed to address high unemployment rates among the disadvantaged with updated vocational education.<sup>256</sup> Assistant Commissioner of Education for Vocational and Technical Education Walter Arnold evaluated the VEA as a systemic attempt to connect demands in local, regional, and national labor markets with vocational training programs.<sup>257</sup> Meeting such demands from local labor markets, Commissioner of Education Francis Keppel believed, was closely connected to Kennedy administration’s policy goal of addressing the hardships of African Americans in urban areas.<sup>258</sup> However, as explained above, the principle of desegregation as a condition for federal aid was not installed in the Act. Through the VEA, the preceding manpower policy developments in the United States became merged with a political cause of the civil rights movement.

Senator Herbert Humphrey (D—MN) introduced the Youth Employment Bill in 1963. Humphrey, who had proposed the same bill two times in 1959 and 1961, was strongly supported by President Kennedy in 1963 because the nationwide unemployment rates declined while the unemployment issue among youth—mainly school dropouts—

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<sup>256</sup> Walter M. Arnold, “Vocational Education: Its Role Today,” *Theory Into Practice* 3, no. 5 (December, 1964): 163-166, at 165.

<sup>257</sup> *Ibid.*

<sup>258</sup> Fred M. Hechinger, “Jobs and School: Money, Modernization Demanded for Vocational Course Reforms,” *New York Times*, June 30, 1963.

persisted in 1963. Humphrey's bill, which introduced a Youth Conservation Corps and other youth employment programs at the state and community levels for youth aged between 16 and 21 to teach them a work ethic and basic skills for future job training, passed the Senate but got stuck in the House Rules Committee in 1963. Although Representative Carl Elliott (D—AL) of the House Rules Committee, was strongly supportive of the Kennedy administration and could have pressured the Committee in favor of the bill, decided to be inactive for fear of losing the upcoming election due to racial issues within the bill. The bill was widely perceived to benefit African Americans in his district by funneling taxpayers' money to the "undeserved poor"—mostly racial minorities in the eyes of white constituents in Alabama.<sup>259</sup>

Those opposing the Youth Employment bill took the same strategy as they did in the VEA in both Houses. They attempted to add an antidiscrimination clause to the bill to make it impossible for the bill to survive. Their attempt to amend the bill failed by party line votes both in the House Education and Labor Committee and Senate Labor and Public Welfare Committee.<sup>260</sup> Nevertheless, members of Congress confirmed the Kennedy administration's will to run the youth conservation camps in an integrated manner if the bill became enacted even without an antidiscrimination clause. In Senate

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<sup>259</sup> "House Rules Committee Blocks Youth Employment Bill." In *CQ Almanac 1963*, 19th ed., 514-19. Washington, DC: Congressional Quarterly, 1964. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal63-1315837> Also see, Mangum, *MDTA: Foundation of Federal Manpower Policy*, 20.

<sup>260</sup> "House Rules Committee Blocks Youth Employment Bill." In *CQ Almanac 1963*, 19th ed., 514-19. Washington, DC: Congressional Quarterly, 1964. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal63-1315837>

hearings both Attorney General Robert Kennedy and Labor Secretary W. Willard Wirtz promised Senator Winston L. Prouty (R—VT), who was suspicious of the impact of the suggested bill on discriminatory training practices, that the administration would take action against any type of discrimination in running conservation camps.<sup>261</sup>

Unsurprisingly, conservative members of the House Rules Committee had heeded the possible installment of racially integrated conservation camps in their home states even without the antidiscrimination clause. It would encroach on states' rights to leave education facilities segregated. They did not let the bill out of the House Rules Committee.

When the prospect of Humphrey's bill turned dim, the Kennedy administration considered expanding "the Youth Component of MDTA."<sup>262</sup> The long-drifting Youth Employment Bill of 1963 was finally absorbed by the Johnson administration's Economic Opportunity Act of 1964 when Lyndon Johnson started to synthesize the Kennedy administration's legislative tasks into a single grandiose bill.

At a glance, it seemed a politically reasonable response for the Kennedy administration to expand the MDTA and include failed Youth Employment programs in it. However, the episode is worth scholarly attention because the Kennedy administration's decision to enlarge the MDTA had created a completely new hybrid policy discourse by merging two different policy ideas. Antipoverty policy was quite

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<sup>261</sup> U.S. Congress, Senate, Youth Employment Act: Hearings before the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, 88<sup>th</sup> Cong., 1<sup>st</sup> Sess., 1963, 136-8; 480.

<sup>262</sup> Levitan and Mangum, *Making Sense of Federal Manpower Policy*, 7.

different from the manpower policy in their goals. The former aimed to raise the level of income among the poor while the latter aimed to achieve maximum employment rates among employable citizens. When an antipoverty program struggled to pull the poor out of the poverty line with public aid and rehabilitation, a manpower program aimed to devise an effective program to increase the possibility of unemployed workers being hired in the near future. This difference became blurred in the expansion of the MDTA to compensate for the failure of the Youth Employment Bill of 1963.

An effort to merge the manpower discourse with antipoverty programs appeared in discussing the Youth Employment Bill. Secretary of Labor Wirtz articulated a structural unemployment discourse with the antipoverty program for poor youth in the Senate hearings. He emphasized the paucity of available jobs for school dropouts. Previously, those who dropped out of schools could get unskilled jobs and gradually acquire a means to learn new skills if they wished. Structural industrial changes and automation had deprived school dropouts of such opportunities. They would be given no opportunities to climb the ladder of skills, and worse, they could not survive financially.<sup>263</sup> However, Wirtz argued, it would be unwise to “take Peter’s job and give it to Paul’s son” to address youth unemployment.<sup>264</sup> Setting up new trades or apprenticeships only for school dropouts would harm existent organized interests, especially when school dropouts were mostly black. Instead, the bill prioritized providing

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<sup>263</sup> U.S. Congress, Senate, Youth Employment Act: Hearings before the Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, 88<sup>th</sup> Cong., 1<sup>st</sup> Sess., 1963, 93.

<sup>264</sup> *Ibid.*, 94.

public aid to impoverished youth without considering what marketable skills the federal government would teach them. For this reason, the Youth Employment Bill could not specify the sorts of trades or apprenticeships the federal government would provide in the conservation corps.

As a result, the Youth Employment bill did not provide any effective program to prepare poor and mostly African American youths for real jobs in the labor markets. Conservative politicians in both chambers did not miss this point. They soon pointed their fingers at the lack of efficiency in getting the corpsmen to acquire marketable skills as their reasons for disapproval when their strategy of obstructing the bill with the antidiscrimination clause failed.<sup>265</sup> Conservatives also wanted to isolate the civil rights cause hidden in the bill and show their opposition to providing public aid to black youth for free.

However, this process did not replace a manpower policy idea by Kennedy's civil rights cause, as often believed by institutionalists. For instance, Margaret Weir sees identification of the War on Poverty with public aid to African Americans as the main culprit in the failure of the Kennedy and Johnson administrations to implement previously discussed manpower programs.<sup>266</sup> The new logic of helping poor youth was instead layered on the previous manpower discourse. As seen in the Labor Secretary's effort above, a policy goal of helping school dropouts was carefully explained through

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<sup>265</sup> "House Rules Committee Blocks Youth Employment Bill." In *CQ Almanac 1963*, 19th ed., 514-19. Washington, DC: Congressional Quarterly, 1964.

<sup>266</sup> See my subsection, "Margaret Weir: U.S. Labor Market Reforms in the 1960s that Failed."



the viewpoint of structural unemployment discourse that the DOL had been championing for a decade. In the intercurrent combination of ideas associated with different orders within a single bill, those who opposed the Youth Employment bill found it easy to question the practicality of the programs and kill the bill.

A policy discourse on antipoverty programs without consideration of race was also developed in the Kennedy administration. Inspired by a series of articles from various media, Kennedy created the President's Appalachian Regional Commission on April 9, 1963, to address the concentrated poverty in the region.<sup>267</sup> The Commission collected data that showed dire situations of people living in economically depressed rural areas. Kennedy ordered Undersecretary of Commerce Franklin D. Roosevelt, Jr. to create a comprehensive program to relieve poverty in East Kentucky. The administrative history written by the Office of Economic Opportunity officers at the end of Johnson's presidency evaluated this moment as the period of devising "an action model for future thinking about organization and implementation" in fighting the war on poverty.<sup>268</sup>

In fact, the problem of unemployed youth was not new to policymakers in the Kennedy administration. In addition to the Juvenile Delinquency and Youth Offenses Control Act signed by Kennedy in 1961, the MDTA of 1962 had revealed the problem of youth unemployment since its enactment. The original MDTA bill targeted those who were in the labor market but lost their jobs due to automation. In reviewing how the law was executed in 1963, Congress found that the program was not addressing the hardships

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<sup>267</sup> Administrative History of the Office of Economic Opportunity, Vol. I, pp. 11-12, Box 1, LBJ Library.

<sup>268</sup> *Ibid.*, 14.

of those having no experience in the labor market, including school dropouts. State and local bureaucrats—for instance, state employment services officers—who took charge of referring the unemployed to training programs under the MDTA also tended to screen out the least educated for fear of unsatisfactory placement after training. This tendency, so-called “creaming,” was widely criticized by the members of Congress and brought public attention to the issue of youth unemployment.<sup>269</sup>

In sum, the rise of a new hybrid policy discourse for antipoverty-manpower programs was an outcome of the success of the Vocational Educational Act, the failure of the Youth Employment Bill, the Kennedy administration’s decision to embrace antipoverty programs, and the civil rights cause. The logic of layering and intercurrency determined the hybrid nature of the new policy discourse, which will shed a new analytical light on the evolution of the WOP programs.

#### *The Economic Opportunity Act of 1964*

The idea of creating an umbrella bill addressing poverty stemmed from Walter Heller, Chair of the Council of Economic Advisers (CEA), when he was asked to devise programs for something that could “go beyond the things that have already been accomplished” by President Kennedy in December 1962.<sup>270</sup> This seems to show how Kennedy’s ambition to go beyond “New Frontiers” seeded War on Poverty programs that

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<sup>269</sup> Mangum, *MDTA: Foundation of Federal Manpower Policy*, 20-1.

<sup>270</sup> James L. Sundquist, “Origins of the War on Poverty,” in *On Fighting Poverty: Perspective From Experience*, ed. James L. Sundquist (New York: Basic Books, Inc., Publishers, 1969), 6-33, at 7.

were implemented by his successor, President Johnson. Also, when facing the 1964 presidential election, Kennedy planned his return to his 1960 campaign promise to alleviate poverty.

Walter Heller briefed Johnson in November 23, 1963, a day after Kennedy's assassination, which the CEA had prepared for a package of antipoverty programs. Johnson, desperate to prove to the American public that he could be a legitimate successor of the slain hero, was passionate in embracing the idea of making a comprehensive antipoverty bill, even though Heller's briefing did not provide any detail on the individual programs in the package. Johnson persuaded Heller to remain in the CEA to help the new administration legislate the programs in 1964.<sup>271</sup>

In addition to the role of the CEA and its Chair, Walter Heller, in bridging the Kennedy and Johnson administrations, consensus emerged within the Kennedy administration in 1963 on the need for "a comprehensive structural counterpart" to the suggested tax reduction of 1963.<sup>272</sup> Signed into law by President Johnson in February 1964, the tax reduction was to promote aggregate demands of the national economy. Such macroeconomic measures did not directly address the economic hardships of the poor and the unemployed because theoretically the promoted aggregate demands by tax cuts would not immediately result in increased job opportunities for the unemployed. The

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<sup>271</sup> Administrative History of the Office of Economic Opportunity, Vol. I, p. 19, Box 1, LBJ Library. Also see, John A. Andrew III, *Lyndon Johnson and the Great Society* (Chicago: American Ways, 1998), 56; Robert Dallek, *Flawed Giant: Lyndon Johnson and his Times, 1961-1973* (New York: Oxford University Press, 1998), 60-61.

<sup>272</sup> Arthur H. Schlesinger, Jr., *A Thousand Days* (Boston, M.A.: Houghton Mifflin, 1965), 1009, quoted in James L. Sundquist, "Origins of the War on Poverty," 7.

underemployed or unemployed tended to remain out of the labor markets even in an economic upturn due to their lack of marketable skills.<sup>273</sup> Policymakers were aware of this shortcoming of the macroeconomic measure and wanted to implement supplementary social policies, including the Youth Unemployment Act of 1963.

The Economic Opportunity Act (EOA), signed into law on August 20, 1964, was the first legislation that started to fight the War on Poverty (WOP) declared by Johnson in his State of Union address on January 8, 1964. The EOA was an omnibus bill having several antipoverty programs that had previously been discussed in Congress but failed to become laws. The EOA authorized those antipoverty programs for three years from 1965 to 1967. The EOA is divided into three functional parts: the first part addresses individual programs targeting different impoverished groups; the second part addresses the concept of community; the third part addresses the Office of Economic Opportunity, which monitors and coordinates all programs under the EOA.<sup>274</sup>

The issue of youth poverty and youth unemployment stood out in the first part that introduced the contents of the individual programs. Title I of the act introduced three programs that helped school dropouts and other poor youths get another opportunity for decent jobs. At a cost of \$190 million, the Job Corps program provided youth with residential centers away from their allegedly harmful living environments, which reflected the Youth Employment Bill of 1963 that Senator Humphrey suggested. While

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<sup>273</sup> Allen J. Matusow, *The Unraveling of America* (New York: Harper & Row, 1984), 59.

<sup>274</sup> "President's 'War on Poverty' Approved." In *CQ Almanac 1964*, 20th ed., 208-29. Washington, DC: Congressional Quarterly, 1965. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal64-1304191>

the Youth Employment Bill of 1963 did not include an antidiscrimination clause, making it easier to pass in both chambers, the EOA included the clause for the Job Corps and Community Action programs. This shows how the hybrid discourse of antipoverty-manpower programs became more settled in a new political environment that the civil right movement, the sudden death of John F. Kennedy, and Lyndon Johnson's succession had cultivated. The principle of desegregation in running accommodations for the youth did not have to be compromised for the sake of the bill's passage.

In rural areas the Job Corps set up conservation camps on federal lands, such as deserted air bases, to give work experience to the youth, while in urban areas it created training centers to teach them specific skills for employment. The Work-Training program, the second program for youth in Title I, created the Neighborhood Youth Corps (NYC), at the cost of \$150 million, to give underprivileged youths an opportunity to learn skills for jobs in their own communities. Different from the Job Corps, the NYC did not provide accommodations to enrollees. The third youth program in Title I of the EOA was financial aid to college students who had no financial support from their families. The amount of \$72.5 million was assigned for part-time work either on or off the campus for these college students.<sup>275</sup>

The rest of the individual programs under the EOA addressed other disadvantaged groups in society. The programs included pilot projects for educating illiterate adults with \$25 million; loans up to \$2,500 to poor farmers to finance their

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<sup>275</sup> Ibid.

enterprises; authority given to the director of the Office of Economic Opportunity (OEO) to develop programs for migrant workers; loans to small business owners; and authority to the OEO director to transfer funds to the Secretary of Health, Education and Welfare for pilot projects to train and employ recipients of the Aid to Families with Dependent Children program (AFDC). In addition, the EOA installed the Volunteers in Service to America (VISTA) to help Native Americans, migrant workers, the mentally ill and those with mental disabilities. The VISTA program was a domestic counterpart to the Peace Corps which was popular and successful abroad.<sup>276</sup>

From the first part of the EOA it became evident that the Kennedy-Johnson administrations were paying increased attention to the antipoverty aspect from the hybrid discourse of antipoverty-manpower programs. Individual programs besides the Job Corps and NYC were mainly for welfare recipients, which the previous manpower discourse and its institutional champion DOL overlooked.

The second part of the EOA addressed the concept of community action. Maximum feasible participation of local residents was the principle of running the individual programs. The purpose of community action was to involve as many residents as possible in making decisions on where and how to use the federal financial supports and technical assistance under the EOA.<sup>277</sup> Individual antipoverty programs could become community action programs (CAPs) on request from local communities, and would be run by state or local public and private nonprofit agencies where the poor

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<sup>276</sup> Ibid.

<sup>277</sup> Ibid.

themselves or their spokespersons played an active role in shaping the programs.<sup>278</sup> The amount of \$315 million in the first year was assigned to the community action programs, with 2 percent for Puerto Rico and the territories, and 20 percent at the discretion of the Director of Office of Economic Opportunity (OEO). Of the remaining 78 percent of the total budget, one third would be allocated proportionately to states based on the number of public assistance recipients per state. The next third would be allocated proportionately to states based on the annual average number of unemployed. The last third would be proportionately allocated to states based on the number of children under 18 living in families with less than \$1000 in annual income.<sup>279</sup>

The formula for allocating the community action budget reveals what the hybrid policy discourse of antipoverty-manpower programs prioritized among various programs at the beginning of the WOP. For the unemployed nationwide, whom the previous manpower policy discourse or structural unemployment discourse targeted to address, one third of 78 percent of the total budget was allocated. The rest went to welfare recipients and poor families with children. Unlike Margaret Weir's assumption that the antipoverty programs took the place of the structural unemployment policy programs, the policy goal of addressing the unemployed remained in the fight against poverty, even though the goal was marginalized in the new package of antipoverty-manpower programs.

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<sup>278</sup> Levitan and Mangum, *Making Sense of Federal Manpower Policy*, 7-8.

<sup>279</sup> "President's 'War on Poverty' Approved." In *CQ Almanac 1964*, 20th ed., 208-29. Washington, DC: Congressional Quarterly, 1965. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal64-1304191>

Community action was intended to create local control towers in conducting individual CAPs and to funnel federal money directly to local communities without being interrupted by possible jurisdictional conflicts. Most of all, the federal agencies had to admit that they had little knowledge on what should be done first to address the urgent needs of the disadvantaged.<sup>280</sup> Poverty issues differed from community to community. There was no one-size-fits-all solution to local poverty issues, to the dismay of the federal agents. In addition, those planning for the grandiose omnibus bill in late 1963—mostly CEA members and Bureau of Budget (BoB) staff—did not know who should be in charge of such comprehensive programs in the maze of bureaucratic jurisdictions within the executive branch. EOA programs included basic education, training skills, counseling, rehabilitation, other public aid, loans to farmers and small businesses overseen by a number of bureaus and offices, from the HEW, Departments of Labor,

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<sup>280</sup> The role of a community was newly highlighted in addressing the delinquent youth in 1960. Previously, youth delinquency was perceived as individual “pathology,” which was believed to be effectively met by the enlarged federal funding for the “sick” people. However, the rapidly increasing numbers of public welfare recipients, despite the continuous federal support to cure “sick” people during the 1950s, made prudent policymakers like Governor of Connecticut and later Secretary of HEW under Kennedy Abraham Ribicoff dubious about the effectiveness of the previous approach. It led the policymakers to reconsider the youth delinquency and broad poverty issues in an entirely new way. The HEW under Ribicoff created an Ad Hoc Committee on Public Welfare to examine the growing fiscal burdens from public welfare at the federal and local levels. The committee found it necessary to provide the poor with rehabilitative services based on deep understanding of the systemic problems of local communities. The publication of *Delinquency and Opportunity* written by Richard Cloward and Lloyd Ohlin was timely in shifting the previous perspective on individual behaviors. Cloward and Ohlin argued it was the social system that produced individual delinquency. A new task for the federal government was to attain contextual knowledge of local communities so as to come up with right solutions for poverty and youth delinquency. See Sundquist, “Origins of the War on Poverty,” 9-12, 14-5.



Commerce and Interior, and state and local governments. The issue of coordinating such various programs loomed large in designing the EOA in late 1963.<sup>281</sup>

In the eyes of CEA members and Budget Bureau staff, the concept of community action seemed to solve these governance issues between the federal and local communities all at once. David Hackett from the President's Committee on Juvenile Delinquency and Richard Boone who planned a National Service Corps—a prototype of VISTA—under Attorney General Robert Kennedy in 1962 suggested the idea of community action to those who prepared Johnson's first message to Congress, emphasizing the concept's merit in addressing the sort of governance problems in terms of "knowledge, bureaucracy, and money."<sup>282</sup> By allowing communities to research their own problems and ask the federal government represented by the Office of Economic Opportunity (OEO) for money to address them, the community action programs would relieve federal agencies of the responsibility of defining the problems of concern. By delegating the responsibility of running individual antipoverty programs to the poor or their spokespersons, the existing federal and state bureaucracy could step aside and play just a supportive role in providing services asked by the local communities. Since Hackett and Boone suggested the community action programs for a few areas on an experimental

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<sup>281</sup> Concerning CEA Chair Walter Heller and his staff's difficulty in planning antipoverty programs at the request of President Kennedy, see Allen Matusow, *The Unraveling of America: A History of Liberalism in the 1960s*, 120. Matusow describes the difficulty in three terms: knowledge, bureaucracy, and money. Also see, Sundquist, "Origins of the War on Poverty," 23-4.

<sup>282</sup> Matusow, *The Unraveling of America*, 120.

basis, the idea of community action seemed to help the Johnson administration start the War on Poverty at low cost.

With no time to digest the concept of community action in the late 1963, CEA members and BoB staff overlooked its subversive nature to the existing political system.<sup>283</sup> The period between Kennedy's assassination in November 1963 and Johnson's State of the Union Address in January 1964 was too short for CEA members and BoB staff to review the negative aspects of the experimental programs for juvenile delinquency conducted by Hackett. When the poor or local activists were allowed to directly propose almost any program to an independent federal agency under the president, executive departments as well as state and local bureaucrats could become marginalized in shaping the programs and lose their political influence on the poor.<sup>284</sup> The existence of gubernatorial veto power on community action projects was inconvenient to most of the governors because the political cost of using it seemed quite high for the majority of them. When President Johnson, anxious to achieve something grandiose in his presidency, wanted to enlarge the scope of community action programs from a few carefully selected regions to all states to overcome possible obstruction from Congress in his meeting of Walter Heller from CEA and Kermit Gordon from BoB in late

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<sup>283</sup> Matusow, *The Unraveling of America*, 122.

<sup>284</sup> Labor Secretary Wirtz's opposition to the War on Poverty's emphasis on health and education was effectively silenced during the design of the Economic Opportunity Act of 1964. Wirtz believed that the antipoverty programs, without an effort to create real jobs for the unemployed would be ineffective in solving structural unemployment and chronic poverty. But Johnson's support of the idea of placing the antipoverty control tower outside of the executive departments made any meddling from standing executive departments difficult, if not impossible. See Sundquist, "Origins of the War on Poverty," 24; Dallek, *Flawed Giant: Lyndon Johnson and His Times, 1961-1973*, 79, Kindle edition.

December 1963, the explosive power innate in the concept of community action was destined to spread out nationally.<sup>285</sup>

The last part of the EOA bill was creation of the Office of Economic Opportunity (OEO) to coordinate all programs under the EOA. But the role of OEO was not limited to coordination. It administered the community action programs, Job Corps, and VISTA. This made the OEO too busy to play a coordinating role under the act in the years to come.<sup>286</sup> While the EOA ordered the standing executive agencies to cooperate with the Director of OEO and give priority to assisting community action programs, no detail was provided about how the departments should work with the OEO in its provisions. The Director of OEO was simply empowered to develop guidelines and criteria for the EOA programs.<sup>287</sup>

The EOA was composed of various programs serving two connected but different goals simultaneously: decreasing the number of unemployed individuals and decreasing the number of welfare recipients. No plan was in place to administer those programs as a whole at the beginning of the WOP programs. For instance, the Office of Economic Opportunity had no master plan to lead unskilled youth to adult training programs which were outside of OEO's jurisdiction and the DOL's responsibility. When the EOA allowed local communities to apply for funding directly to the OEO, the

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<sup>285</sup> Matusow, *The Unraveling of America*, 123.

<sup>286</sup> James Sundquist, "Co-ordinating the War on Poverty," *The Annals of the American Academy of Political and Social Science* 385 (September 1969): 41-49, at 43.

<sup>287</sup> "President's 'War on Poverty' Approved." In *CQ Almanac 1964*, 20th ed., 208-29. Washington, DC: Congressional Quarterly, 1965. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal64-1304191>

communication between local communities and state governments was discouraged, further worsening the coordination problem in running antipoverty programs at the local and state levels.

This lack of coordinating capability in the OEO looks like a typical institutionalist account concerning the American state's exceptional quality in comparison to European governments. However, this was not the case when considering how a new hybrid policy idea for antipoverty-manpower programs arose.<sup>288</sup> The lack of coordination was a policy effect of the layering of the policy package of antipoverty programs on the previous manpower policy package. As explained in the previous subsection, a new policy discourse for antipoverty programs was strengthened by such factors as the rise of the civil rights movement and Kennedy's embrace of its cause in 1963, a dynamic caused by the failure of Youth Employment Bill of 1963. Two different orders merged together under the WOP, leaving the Johnson administration unprepared to coordinate various programs.

The conflict—or, temporary failures—in coordinating various WOP programs at the early stage of WOP would be part of the process of change in ways of connecting different institutions.<sup>289</sup> The episodes of failing coordination during the WOP informs a researcher of the policy venues to examine to see which orders were in conflict and how

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<sup>288</sup> See the previous subsection on the Vocational Education Act of 1963 and the Youth Employment Bill of 1963.

<sup>289</sup> "...States change (or fail to change) through political struggles rooted in and mediated by preestablished institutional arrangements." Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (New York: Cambridge University Press, 1982), ix.

such conflict had changed (or failed to change) the previous configuration of American state institutions. Thus, an institutionalist account that regards failures in coordination as proof of the innate and unchanging characteristics of the American political system that prevents a comprehensive package of manpower programs from developing tends to misrepresent the WOP, because the account regards a few snapshots as an overview of the complex WOP programs.<sup>290</sup> In contrast, the WOP programs evolved through continuous conflicts between old and new policy orders.

In order to trace the WOP's change in the intercurrency of different policy orders, it's important to trace where such coordination problems occurred and how they promoted new ways of connecting previous policies and federal agencies. The following historiography, in contrast to Skowronek and Orren's view on the outcome of intercurrency,<sup>291</sup> shows how confusion and uncertainty resulting from intercurrency could lead to a new way of coordinating various programs.

The EOA's initial coordination problem was evident in the authority given to governors to run the WOP programs. Governors had only a negative power on the communities' suggestions. The EOA of 1964 gave governors a veto right to disapprove proposed Job Corps, community action, VISTA, and other training programs by

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<sup>290</sup> As for criticism of "freezing history" to extract "variables" from it, see William H. Sewell Jr, *Logics of History: Social Theory and Social Transformation* (Chicago, I.L.: University of Chicago Press, 2005), 94-5.

<sup>291</sup> Orren and Skowronek perceive the outcome of intercurrency in a negative way. Because of multiple orders and intercurrency, "political reform is often incomplete," "adverse principles and methods of operation remain in place." Therefore, "the normal condition of the policy will be that of multiple, incongruous authorities operating simultaneously." Karen Orren and Stephen Skowronek, *The Search for American Political Development* (New York: Cambridge University Press, 2004), 108.

communities when the governors thought the proposed plans would not be beneficial to their states, especially in terms of their racial order. The principle of desegregation in training facilities sponsored by federal funding upset many Southerners. Conversely, governors' right to veto was regarded as a major concession to Southern Democrats in order to pass the bill in 1964.<sup>292</sup> However, when the election of 1964 drove the Congress in a more liberal direction, Congress passed the 1965 amendments that limited governors' veto right further under the EOA. In the 1965 amendments, after a furious fight between conservatives and liberals, the Director of OEO was given power to overrule the governors' veto in three out of five programs: community action, work-training program (or the Neighborhood Youth Corps), and adult basic education. This action enhanced the power of the federal government vis-à-vis state governments to a great extent, but it could not restrain governors' power to disapprove Job Corps and volunteer programs (VISTA).<sup>293</sup>

The fact that the 1965 Amendments allowed OEO Director Shriver to override a governor's veto only selectively reveals the uneven nature of the new policy discourse for antipoverty-manpower programs in the WOP. For Southern Democrats and conservative Republicans, the presence of African Americans in their communities through Job Corps and possible meddling with their states' affairs by VISTA volunteers were the last thing

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<sup>292</sup> "President's 'War on Poverty' Approved." In *CQ Almanac 1964*, 20th ed., 208-29. Washington, DC: Congressional Quarterly, 1965. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal64-1304191>

<sup>293</sup> "Antipoverty Program Funds Doubled." In *CQ Almanac 1965*, 21st ed., 405-20. Washington, DC: Congressional Quarterly, 1966. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal65-1259400>

they wanted. Even though the political stakes of consolidating the principle of desegregation were high for the Johnson administration and liberal congress members in revising the EOA, these remaining old orders were hard to quell. In contrast, the OEO Director could lift the governors' veto over approved community action programs where many antipoverty-manpower policy experiments occurred. In fact, when Mississippi Governor Paul B. Johnson refused to accept \$730,000 in Head Start preschool funding (a community action program) in southern Mississippi for fear of civil rights activists' influence on the project, Shriver overrode it without damaging OEO's legitimacy.<sup>294</sup>

According to institutionalists' account, the fragmented structure of the government had determined the scope of WOP programs during the 1960s.<sup>295</sup> However, the influence of federalism on shaping the antipoverty-manpower programs differed as different orders collided at different programs. The case of governors' veto in the 1965 Amendments shows the asymmetrical effect of the principle of federalism on various WOP programs.

The coordination problem was also found in financing various programs under different laws. Even among the federal bureaus, the coordination problem became serious in running the programs on a daily basis. Those who were eligible for an antipoverty

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<sup>294</sup> Joseph A. Loftus, "Shriver Rejects Mississippi Veto: 2 States to Get Poverty Aid Unwanted by Governors," *New York Times*, November 17, 1966.

<sup>295</sup> Margaret Weir, for instance, argues that the adversarial relationship between the federal and state governments over desegregation had deteriorated the prospect of coordination at both federal and state levels. Margaret Weir, "The Federal Government and Unemployment: The Frustration of Policy Innovation from the New Deal to the Great Society," in *The Politics of Social Policy in the United States*, ed., Margaret Weir, Ann Shola Orloff, and Theda Skocpol (Princeton, N.J.: Princeton University Press, 1988), 149–90, at 187-8.

skills training program were often eligible for another program administered by a different agency. Thus, antipoverty program agencies at different levels could compete with each other for the same client.<sup>296</sup> In addition, to prevent training allowances or subsistence allowances from being exploited by an applicant, the administrators across agencies needed to work together to screen out those applying for their training programs just for the money. Though tracing the trainees in the labor market after training was critical in evaluating the effectiveness of the programs, it was not easy to do that in a scientifically persuasive manner without a proper institutional structure that could promote communication among the related federal and state agencies and accumulate comprehensive data on program enrollees. Those who did not seek jobs right after training were hard to trace in the system even though President Johnson wanted every federal agency to apply a Planning, Programming, Budgeting System (PPBS) and evaluate its program's effectiveness in a systemic way in October 1965.<sup>297</sup>

Indeed, when Senator Clark drafted the Manpower Development and Training Act in 1961, he foresaw such difficulty in administering different manpower programs. He addressed the concern for coordination by creating the Council of Manpower Advisers in his original bill. The role of the Council of Manpower Advisers was similar to that of the Council of Economic Advisers (CEA) in giving coherent long-term policy advice to the president. Clark also suggested that the executive branch publish an Annual

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<sup>296</sup> Levitan and Mangum, *Making Sense of Federal Manpower Policy*, 13.

<sup>297</sup> Andrew III, *Lyndon Johnson and the Great Society*, 82. The Planning, Programming, Budgeting System was modeled after the Department of Defense's system that Secretary McNamara designed in streamlining DOD's programs.



Manpower Report of the President. The Annual Manpower Report would be analogous to the Economic Report of the President published annually. It aimed to give further coherency to the national manpower policy along with an analysis of national manpower status. Unsurprisingly, CEA members strongly opposed the idea of creating a rival organization that would diminish their significance in shaping the administration's long-term economic goal. Most of all, CEA members did not like Senator Clark's assumption that there was a manpower issue that should be addressed separately from CEA's macroeconomic approach.<sup>298</sup> After negotiating over the contents of the bill inside and outside the Kennedy administration, the MDTA of 1962 installed a National Manpower Advisory Committee chaired by the Labor Secretary, substituting for Clark's suggestion to make a more powerful council on manpower policy under the president. The National Manpower Advisory Committee aimed to coordinate different programs at the federal level. The creation of state and regional advisory committees, following the model of the national committee, was recommended but not forced under the MDTA. The publication of the Annual Manpower Report was also codified by the law, under the charge of Labor Secretary.

Senator Clark's effort to install a powerful equivalent to the CEA for manpower policy turned out to be critical for the Johnson administration to design a new institution outside of standing federal bureaus for the coordination of WOP programs. It also helped the Labor Secretary and his department, once marginalized in running the WOP

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<sup>298</sup> Mangum, *MDTA: Foundation of Federal Manpower Policy*, 13-4.

programs, to legitimately reassert partial authority over training. However, it took time for the Johnson administration to make use of the legacy of Senator Clark's compromise in installing a powerful coordinating agency.

The Labor Department's new role in a complex of agencies responsible for training can also be seen in the President's Committee on Manpower. Two separate policy goals—training youth and training adults—seemed to merge through the committee. The Committee on Manpower was created in April 1964, almost two years after passage of MDTA of 1962, to comply with the law's provision to create the National Manpower Advisory Committee.<sup>299</sup> The Committee was a coordination mechanism among federal agencies for training programs, consisting of 14 cabinet members and a few independent agency heads. The Secretary of Labor was designated to chair the Committee even though many training programs were administered by the Secretary of HEW.<sup>300</sup>

When the idea of creating the President's Committee on Manpower was circulated inside the Johnson administration early in 1964, it was also informally shared by cabinet members that the OEO Director would be invited to the Committee once the

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<sup>299</sup> Executive Order 1152, Establishing the President's Committee on Manpower, signed on April 15, 1964. Also see, "Remarks of the President at Signing of Executive Order on Setting Up President's Committee on Manpower," 4/15/1964, FG 722, WHCF, Box 399, LBJ Library.

<sup>300</sup> Levitan and Mangum, *Making Sense of Federal Manpower Policy*, 16-7.

EOA was enacted.<sup>301</sup> The Johnson administration intended to install an ad hoc institution to coordinate training programs before passage of EOA.

However, the President's Committee on Manpower remained dormant for a while. It appeared that nobody knew exactly what the Office of Economic Opportunity, an institution created to administer War on Poverty programs, could do to promote coordination of a maze of training programs across jurisdictions, discouraging the Secretary of Labor from intervening in OEO's activities and taking the coordinating role.

When the 1966 Amendments to the EOA redefined the role of the President's Committee on Manpower in promoting coordination among "all programs and activities within the executive branch of the Government relating to the training of individuals for the purpose of improving or restoring employability," the EOA became intertwined with the previous training programs of the federal government.<sup>302</sup> The EOA, focusing on enhancing the employability among poor youth, became connected with the MDTA through the President's Committee on Manpower.

It appeared that two different sets of "principles and methods of operations" in Orren and Skowronek's sense merged through the President's Committee in 1966.<sup>303</sup> Weir's and Quadagno's analyses which commonly assume a policy preference in WOP

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<sup>301</sup> Letter, Norbert A. Schlei (Assistant Attorney General) to the President, 4/1/1964, FG 722, WHCF, Box 399, LBJ Library.

<sup>302</sup> "An Act to provide for continued progress in the Nations war on poverty" (PL 89-794, November 8 1966), 80 *United States Statutes at Large*, pp. 1451-1477, at p. 1470. Available at: <https://www.govinfo.gov/app/details/STATUTE-80/STATUTE-80-Pg1451/summary>

<sup>303</sup> Karen Orren and Stephen Skowronek, *The Search for American Political Development* (New York: Cambridge University Press, 2004), 108.

programs for black youth neglect to see that the logic of intercurrency, or simultaneous operation of different political orders,<sup>304</sup> had determined the policy development in the WOP training programs.

### *Implications of the Legislative Developments*

To summarize, the legislative history concerning training programs during the 1960s reveals that training programs were intertwined. A training program from the Manpower Development and Training Act, for instance, was developed in tandem with other training programs like Area Redevelopment Act during the period. When the latter expired, the former included some parts of the latter in its amendments. The declaration of War on Poverty by Johnson in 1964 was not a complete departure from the past policy in the same vein; rather it was another attempt to synthesize previous fragmented attempts to address unemployment and youth delinquency. Unlike Quadagno's assumption that there was a policy rupture between the New Deal welfare regime and the equal opportunity welfare regime, policy debates over the series of legislation as to training continued from the 1950s to the 1960s. Especially, Humphrey's repetitive failure in enacting the bill for youth unemployment created a new policy process that was not foreseen when President Kennedy embraced the political cause of the Youth Employment Bill and ordered to enlarge the youth component of MDTA. Even though Kennedy appeared to keep a distance from civil rights, to the liberals' disappointment, and showed

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<sup>304</sup> Ibid., 17.

lukewarm support for the movement after his inauguration, his endorsement of the Juvenile Delinquency and Youth Offenses Control Act in 1961 and his effort to absorb some components of Humphrey's bill forced the Congress to confront racial inequality through the issue of youth unemployment.

In a sense, addressing youth unemployment became a litmus test for political support for 1960s liberalism. This point is overlooked in Weir's viewpoint that the CEA chair Walter Heller and his staffers established the issue of poor youth unilaterally in designing the War on Poverty. The CEA, Weir argues, had more institutional power over the DOL in determining the contents of the WOP.<sup>305</sup> However, Senator Humphrey's bill for youth unemployment became a major part of the Economic Opportunity Act. Job Corps centers in article I of the EOA undergirded the point that for a decade there were continuous legislative developments before the Economic Opportunity Act of 1964.

Therefore, Weir's account that the DOL's attempt to install a Nordic-style active labor market policy of training and retraining to address late 1950s unemployment had stalled due to Johnson's abrupt turn to unemployed youth should be reconsidered. Weir provides an institutionalist argument that focuses on a conjuncture where more than two structural factors meet in deciding the following path. She argues that the series of events such as Johnson's unexpected succession to the presidency which led him to pursue something very ambitious for the sake of legitimacy, and the rise of the civil rights movement in the South became intertwined with the institutional factors that had

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<sup>305</sup> See the section, "Margaret Weir: U.S. Labor Market Reforms in the 1960s that failed."

hindered the development of coordinating capacities for active labor market policy in the federal government. However, when it comes to the legislative developments before the EOA, training programs in the Kennedy and Johnson administrations were not fully determined by such conjuncture. Instead, as shown above, the training programs had evolved in continuous policy debates and discussions both within and outside the administrations.

In addition, an emergent political process that was created by congressional discussion of the Youth Employment Bill of 1963 forced the Kennedy administration to perceive that its stakes were high in addressing racial inequality in the labor market. In Humphrey's attempt to pass the Youth Employment Bill, the principle of desegregation in building the Youth Conservation Corps turned out to be the key issue that drove a wedge between liberals and Southerners and finally killed the bill in Congress. When Walter Heller, chair of the CEA, suggested a package of social policies for poor youth first to Kennedy and later to Johnson, his idea of prioritizing youth unemployment actually reflected policy developments that preceded 1964. He could find the idea of addressing poor youth rather than the adult employed more appropriate to his policy preference for macroeconomic stimulus, which seemed to lead him to suggest a package of antipoverty programs.

I find here the logic of intercurrency in social policy where different considerations, such as the civil rights movement, economic necessity (from Heller and the CEA), personal ambition (Johnson), previously developed structural unemployment discourse, and newly developed antipoverty policy discourse, met at a historical point and forged a new form of social policy by creatively reworking previous legislative

developments. This model for change is incremental because it does not presume an appearance of new interest, new institution, or abrupt discontinuity of order that governs the previous condition. Instead, continuous interactions among different considerations or orders within a new policy package were able to bring further change to policy and polity. As Orren and Skowronek write, previous orders are not completely replaced with the new ones. Rather, a policy change is more like the rise of another patchwork of multiple orders because a new policy element is usually added on top of the previous ones, as seen in the legislative developments above, which is also described as layering by Schickler or Mahoney and Thelen.<sup>306</sup>

Furthermore, the 1966 Amendments to the EOA reactivated the President's Committee on Manpower, created in 1962 but dormant, in order to coordinate training programs among federal agencies during the WOP. Counter to Weir's perspective that the DOL—the institutional site of active labor market policy for adults—became marginalized at first by the CEA and later by the OEO in waging the war on poverty, the DOL retained some control over federal training programs through the President's Committee on Manpower, as DOL Secretary Wirtz became its chair. This does not mean that the U.S. government had attained a very effective coordinating tool for numerous training programs since the creation of the President's Committee. Rather, the creation of the President's Committee allowed multiple orders and principles that govern different training programs to coexist with WOP's initial emphasis on rehabilitating poor youth.

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<sup>306</sup> See fn 179 for intercurrency and layering.

Put another way, the logic of intercurrency had been shaping the contours of WOP programs, which had provided sources of continuous adaptations to the fragmented structure of the American state. Institutionalists like Weir and Quadagno tend to neglect this point.

Therefore, what deserves due scholarly attention is whether there was no meaningful adult training program during the War on Poverty, and if any programs existed, why they remained marginalized in the process of policymaking. In addition, how racism in the labor market and urban uprisings in major cities influenced the directions of training programs development during the 1960s should be addressed in order to know the possibility as well as the limits of the War on Poverty. The following section addresses these concerns.

*State Capacity to Adjust and a Recurrent Theme of Training the Nondisadvantaged after 1964*

The theme of training adults did not disappear in the Johnson administration. The failure of the tripartite attempt through the LMAC to moderate the intractable industrial conflicts of the 1950s seemed to significantly undermine the policy position of the Department of Labor (DOL). Moreover, Johnson's obsession with grandiose programs to persuade the American public that he was a legitimate successor of the slain reformist president left little room for the DOL's goal of upgrading skills among the general workforce to meet structural unemployment, and restructuring market institutions in the process. The idea of retraining the unemployed was not fresh enough to bring the American public's attention to Johnson's standpoint. When the Johnson administration



immediately embarked on antipoverty programs which at first targeted poor youths in urban and rural areas, the DOL's policy goal seemed marginalized. However, this approach which many scholars of 1960s American politics share turns out to be inconsistent with the development of many work experience and training programs in the latter part of the War on Poverty.

Most of the previous scholarship on the War on Poverty presumes that the Johnson administration clung to its initial goal of addressing the poor. Implicit in such an approach was the assumption that federal, state, and local governments had no interest in reforming themselves and adjusting to emergent policy needs of the time, out of their lack of capacity to do so or their intention to stick to the initially declared goal to fight poverty by addressing poor youth. Following the State of the Union Address of January 1964, the conventional view assumes that the Johnson administration's policy goal in administering antipoverty programs was not likely to change even though those programs were not successful in achieving the goal.

However, as described in the previous section, the legislative history of the 1960s on federal and state training programs had evolved to accommodate emergent social problems and to meet changing economic conditions and—crucially—political conditions. The Johnson administration's training programs under the WOP followed suit.

The Johnson administration changed its position on manpower policy, maintaining at face value its emphasis on youth unemployment, especially for those living in urban ghettos, yet simultaneously the administration discussed how to update training programs, including those provided by the MDTA and the EOA. Three moments

drove the administration to consider change in its policy emphasis on youth unemployment to meet emergent societal needs. Administrators' experience in running the training programs after enactment of the EOA in 1964 also led them to consider revising the existing programs. The first moment was late 1965 when a threat of inflation due to a shortage of qualified workers concerned Johnson's economic advisers and led them to modify their previous preference for macroeconomic fiscal policy. The second moment was late 1966 when cabinet heads related to federal manpower programs were asked to submit their opinions about amending the MDTA, opening room to discuss different policy approaches to labor markets. The third moment was the summer of 1967 when Martin Luther King Jr. asked President Johnson to create jobs in the public sector for urban ghetto dwellers, which also stirred the administration with a policy idea for public employment. These moments led the Johnson administration to reconsider its own policy position as to manpower programs, which are elaborated below in chronological order.

#### *The Threat of Inflation and Expansion of the On-the-Job Training*

The first moment in reconsidering the strategy to address unskilled hardcore unemployed came in November 1965. Labor Secretary W. Willard Wirtz, who had adjusted to President Johnson's emphasis on youth poverty since the State of Union Address of 1964, floated a policy idea of setting up a Human Resources Development Program on November 3, 1965, at the Mayor's Conference on Employment in Chicago. The program was to conduct a public relations campaign in major cities to encourage the unemployed to voluntarily register as unemployed and let city governments counsel them

individually and provide tailored employment services to them. The Department of Labor provided those enrolled with remedial education, skill training, and other services in support of city governments.<sup>307</sup> This plan was in line with Johnson's antipoverty programs, embracing WOP's priority in addressing the unskilled poor.

Despite its consistency with other major antipoverty programs, Charles L. Schultze, the Director of the Bureau of the Budget (BoB), opposed Wirtz's suggestion for fear of repetition and high costs. According to Schultze, Wirtz's plan was unnecessary because the Department of HEW already had a long list of welfare recipients, most of whom would be on the roster of the Human Resources Development Program. The efforts to get the unemployed to voluntarily register on the new program's list could also inflict unnecessary costs on already overburdened welfare offices in city governments.<sup>308</sup> Considering the BoB's constant concern for balanced budgets, Schultze's refusal to endorse Wirtz's new program seemed normal.

However, CEA Chair Gardner Ackley's letter to the President changed the mundane exchanges between federal bureaus. Ackley's memo of November 29, 1965 to Joseph Califano, Special Assistant to the President, revealed that the CEA staff started to be concerned with the possibility of prices rises in the coming months.<sup>309</sup> Thus, the CEA advised the President to immediately expand the MDTA to meet increased demand for

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<sup>307</sup> News Release, Address by Secretary of Labor W. Willard Wirtz before the Mayor's Conference on Employment, 11/3/65, attached to Charles L. Schultze's memo to Califano, 11/16/65, Ex LA 2, WHCF, Box 7, LBJ Library.

<sup>308</sup> Memo, Charles L. Schultze to Califano, 11/16/65, Ex LA 2, WHCF, Box 7, LBJ Library.

<sup>309</sup> Memo, Gardner Ackley to Joseph Califano, 11/29/65, attached to Califano's memo to W. Willard Wirtz, 12/3/65, Ex LA 2, WHCF, Box 7, LBJ Library.

skilled workers in key manufacturing industries. If the heightened demand of production in the manufacturing industries was unmet with the timely supply of skilled labor, wage increases would ensue and accelerate inflation, which would jeopardize the public's shared sense of material affluence—a basis of public support for WOP programs. Ackley's memo was forwarded by President Johnson to his Secretary Labor to create a concrete plan to expand the MDTA.

In fact, the CEA unexpectedly faced the possibility of inflation in late 1965. Relying on the administration's guidepost for prices and wages, the CEA at first believed that it could contain the inflationary pressure successfully, despite the possible increase in production of war resources in the escalation of war in Vietnam. Federal Reserve Chair William McChesney Martin insisted on higher interest rates to slow down the economy in the autumn of 1965. But the CEA did not consider it necessary, based on their confidence in the effectiveness of their guideposts to curb wage and price increases. The relative calmness of macroeconomic indexes by the autumn of 1965 seemed to support the CEA's judgement.<sup>310</sup> However, the CEA figured out from the Commerce Department's survey in late November that the private sector planned to increase its investments to a significant degree for the next year to meet increased demands from the war, which would promote inflation. To the CEA, "for the first time the danger was now viewed as one of too much expansion rather than of too little."<sup>311</sup> The CEA took steps to prevent inflation, which

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<sup>310</sup> Matusow, *The Unraveling of America*, 159-60.

<sup>311</sup> Administrative History of the Council of Economic Advisers, Vol. I, Chapter 2, p. 15, Box 1, LBJ Library.

included suggesting tax increases in the following year and suggesting that the Department of Labor raise skilled labor more quickly.

In response, Labor Secretary Wirtz set up a “special inter-departmental group” consisting of representatives from the Departments of Defense, Commerce, and CEA to research the skill shortages in December 1965. The group was under the chairmanship of the Commissioner of Labor Statistics, Arthur Ross.<sup>312</sup> The Commissioner reported at the end of December that several geographical areas such as Detroit, Milwaukee, Cleveland, Cincinnati, and Seattle had started to experience tightening up of labor supplies. Commissioner Ross also reported that the shortages of skilled workers concerned industries such as communication equipment, basic steel, iron and steel foundries, and farm machinery. Labor shortages in these industries would put upward pressure on wages within the coming months.<sup>313</sup> Secretary of Labor Wirtz, after receiving the dire report from the Commissioner, informed the President that there would be “acute and fairly general shortages” in manpower in four to six months.<sup>314</sup>

In February 1966, Labor Statistics Commissioner Ross expressed a similar concern for labor shortages nationwide as before in his second report to the Secretary of Labor. He warned that the problem of labor shortages had worsened even though the private sector experimented with improvisational ways to mitigate it. Ross indicated that

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<sup>312</sup> Letter, W. Willard Wirtz to the President, 12/15/65, attached to Califano’s memo to the President, 12/17/65, Ex LA 2, WHCF, Box 7, LBJ Library.

<sup>313</sup> Memo, Arthur M. Ross to W. Willard Wirtz, 12/30/65, attached to Califano’s memo to Gardner Ackley, 1/7/66, Ex LA 2, WHCF, Box 7, LBJ Library.

<sup>314</sup> Memo, W. Willard Wirtz to President, 1/3/1966, attached to Califano’s memo to Gardner Ackley, 1/7/66, Ex LA 2, WHCF, Box 7, LBJ Library.

training activities under MDTA programs started to prioritize addressing the occupations in short supply, which slowed down the rising labor shortages in the industries experiencing them. Major manufacturing industries were reported to hire graduates from local MDTA programs to solve their labor shortages, which inspired the Secretary. Ross also found that employers were seeking new ways to overcome labor shortages such as “scheduling longer workweeks, removing age barriers, and lowering educational and experience requirements,”<sup>315</sup> all of which helped individual companies to lessen the intensity of damage from general skill shortages.

Labor Secretary Wirtz grasped this opportunity to enhance the Department of Labor’s bureaucratic capacity to monitor and coordinate existing training programs by creating an Assistant Secretary of Labor for Manpower who would be in charge of the tasks.<sup>316</sup> Wirtz’s effort was summarized in the President’s Manpower Report which was submitted to Congress in March 1966. The Manpower Report suggested the establishment of the office of Assistant Secretary of Labor. The Report also promised to make full use of MDTA to meet prospective manpower shortages through on-the-job training, which had been underused compared to MDTA’s institutional training programs.<sup>317</sup>

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<sup>315</sup> Memo, Arthur M. Ross to W. Willard Wirtz, 2/9/66, Ex LA 2, WHCF, Box 7, LBJ Library.

<sup>316</sup> Memo, W. Willard Wirtz to the President, 2/14/66, attached to Califano memo to Gardner Ackley, 2/15/66, Ex LA 2, WHCF, Box 7, LBJ Library.

<sup>317</sup> Memo, Joe Califano memo to the President, 3/7/66 with attachment of a draft of the Manpower Report of the President of 1966, Ex LA 2, WHCF, Box 7, LBJ Library.

Previously, on-the-job (OJT) training programs under the MDTA were underused for a political reason. The Bureau of Apprenticeship and Training (BAT) in the DOL, which was assigned to oversee of OJT programs, seemed captured by special interests such as the building trades. The rest of the Labor Department, doubtful of BAT's ability to run the program impartially, was not cooperating with the Bureau and allocated no additional Bureau staff for the OJT programs.<sup>318</sup> In addition, private employers were reluctant to participate in the OJT programs because of low returns. MDTA's allowances for trainees could not be used to subsidize wages because of union opposition and union laws which banned paying trainees at a different rate. Labor unions were afraid of the possibility that trainees could be used to quell union members in the workplace by hiring cheaper trainees in case of strikes or other labor disputes.<sup>319</sup> Thus, OJT program enrollees were paid wages equal to those normally paid at industry entry level. The MDTA could reimburse private employers only for training costs at the average rate of \$25 per week, while employers had to risk inefficiency in production during the training.<sup>320</sup>

The labor shortages starting from the end of 1965 had changed the situation. Employers' lukewarm attitude toward MDTA's OJT programs had changed due to employers' need to hire more workers. This change in attitude among employers was not

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<sup>318</sup> Mangum, *MDTA: Foundation of Federal Manpower Policy*, 46.

<sup>319</sup> As to the restraints on U.S. training programs, including rigid regulations on wages, see Bureau of Labor Statistics, U.S. Department of Labor, *On-the-Job Training and Wage-Hour Standards in Foreign Countries*, Bulletin No. 1610 (Washington D.C.: U.S. Government Printing Office, 1968), 5.

<sup>320</sup> Mangum, *MDTA: Foundation of Federal Manpower Policy*, 62.

overlooked by the officials on the DOL's Federal Committee on Apprenticeship. DOL officials started to contract with trade associations or industrial organizations like the National Tool, Die, and Precision Machining Association at the national level and let them fill local OJT positions with their member firms.<sup>321</sup> This form of subcontracting local OJT positions greatly decreased the cost of running the OJT programs by the federal agency. The DOL would have had difficulty in finding ways to persuade reluctant individual employers to participate in OJT programs without the subcontracting.

However, the expansion of OJT programs through subcontracting created a new problem. Not only trade associations but also state apprenticeship agencies or nongovernmental organizations like the Urban League could be prime contractors in the national contract with the BAT. The number of prime contractors had increased significantly, which in turn increased the cost of monitoring numerous subcontracts for local OJT positions with the limited number of BAT staff.<sup>322</sup> In the situation, some employers could get subsidized under the MDTA- OJT program for training their own employees whom they would have trained even without the OJT program. MDTA-OJT contractors were also known to bid against one another to get a contract with the same individual employer, which deepened the monitoring problem in individual OJT contracts.<sup>323</sup> The problem was unsolved during Johnson's presidency.

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<sup>321</sup> Ibid., 63.

<sup>322</sup> Ibid., 65.

<sup>323</sup> Levitan and Mangum, *Making Sense of Federal Manpower Policy*, 13.



The MDTA-OJT programs expanded to consume 35 percent of the total budget allocated to the MDTA while the remaining 65 percent was spent on training the disadvantaged.<sup>324</sup> Despite the difficulty in running OJT programs, expansion of the MDTA-OJT programs shows that the War on Poverty period was not devoted exclusively to helping the unskilled young. This was also proved by President Johnson's memo in 1966 to Labor Secretary Wirtz, which emphasized dual goals of the administration's manpower policy. Johnson suggested to Labor Secretary Wirtz, who was the chair of the President's Committee on Manpower, that "full recognition be given both to the special problems of the disadvantaged and to the manpower shortage situations which are developing in some parts of the country and in certain occupations."<sup>325</sup>

The episode described here has significant implications in theorizing the War on Poverty. First, the CEA's preference for macroeconomic measures over interventionist labor market policies did not remain unchanged throughout the War on Poverty, which runs counter to Weir's perspective which assumed the policy preferences of federal agencies as quite fixed. The CEA had the upper hand in shaping WOP training programs and preferred its macroeconomic approach to the general unemployment issue. Keynesians in the CEA thought the active labor market policy unnecessary in addressing the creeping unemployment rates in the early 1960s because they believed that aggregate

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<sup>324</sup> Report on Manpower Requirements and Supply – May 1966, Arthur Ross, p. 7, attached to Wirtz's memo to Califano, 5/27/66, Ex LA 2, WHCF, Box 7, LBJ Library.

<sup>325</sup> Memo, The President to W. Willard Wirtz, no date, attached to Califano's memo to Charles Schultze, 7/1/66, Ex LA 2, WHCF, Box 7, LBJ Library.

economic growth would solve the problem without creating new programs.<sup>326</sup> Without giving any chance for the DOL to implement active labor market policies through new training programs and public jobs, the CEA had limited the DOL's role to that of running the Job Corps at the beginning of the WOP. Weir is correct as long as her snapshot-like explanation is related to the initiation and early period of the WOP. However, the situation changed as the threat of inflation became a major concern for policymakers in late 1965. The CEA, adjusting to the economic contingency, started to argue for the necessity of on-the-job training to address manpower "bottlenecks" that would intensify the inflationary pressure on wages. The CEA's policy preference changed and returned the DOL to the center of WOP training programs.

When faced with the threat of inflation, the CEA could reactivate the DOL's dormant policy capabilities and guide them to train the broader population to solve the shortage of skilled labor because the DOL retained capacity, despite the WOP's emphasis on youth poverty. In this sense, the logic of intercurrency or layering reemerged. This episode shows how multiple orders can provide resources for policy entrepreneurs to solve emergent problems. The CEA's entrepreneurship in recomposing resources to address a new task reveals that intercurrency can promote policy innovation.<sup>327</sup>

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<sup>326</sup> Notice that the Kennedy administration tried to woo the business community with its proposal for tax cuts.

<sup>327</sup> "When we deliberate, we work in effect as Levi-Straus's bricoleur (1966), rummaging through the available resources of partially relevant habits, whole and broken, as well as salient impulses, to cobble together a new solution, in Dewey's terms, a "path of action.'" Gerald Berk and Dennis Galvan, "How People Experience and Change Institutions: A Field Guide to Creative Syncretism," *Theory and Society* 38, no. 6 (November 2009): 543–80, at 554.

Second, the fragmented nature of the American state turned out to be functional in helping federal agencies to seek together a new solution for the possible inflation. The dominance of the CEA over other federal agencies at the beginning of the Johnson administration unexpectedly revealed the weakness and limitation of the Keynesian approach. Without a fragmented and nonhierarchically organized bureaucracy, the first-round competition between the CEA and DOL over Johnson's economic policy and the former's victory would have resulted in significant loss in accumulated expertise by the DOL in addressing structural unemployment. However, the DOL remained quite intact, retaining its expertise on labor market policy thanks to the less centralized structure of the federal government which is often highlighted by institutionalists as a source of failure in implementing social policy. When the possible inflation of 1965 threatened the CEA's ultimate goal of achieving stable economic growth, the CEA could turn to the DOL for its expertise in labor market policy. This situation confounds researchers who study how the War on poverty was waged during the 1960s and why it failed for institutional reasons. What promoted collaboration among federal agencies and between BAT and numerous subcontractors like trades associations, state apprenticeship agencies, and nongovernmental organizations was an emergent process initiated by the threat of inflation or by the CEA's failure in predicting private investments in late 1965.<sup>328</sup>

In the emergent situation the roles of federal agencies and their capacities to address the situation are adjusted in an entrepreneurial effort to reactivate dormant

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<sup>328</sup> No federal agency anticipated the threat of inflation in late 1965 and the shortage of skills that inflation would accompany. In the sense, the process of responding to it and creating a new form of collaboration among federal agencies is "emergent" in Padgett and Powell's, Connally's and Berk's sense. See fn 215.

elements—for example, a previous manpower policy, inactive bureaucratic offices like BAT—or sometimes to borrow a new form of coordination from somewhere, such as a subcontracting practice among companies, which this subsection attempts to analyze. In this regard, whether the fragmentation of the American state hinders the United States from meeting emergent problems or not must be an empirical question. The answer will differ case by case based on the process and way of reorganizing intercurrent governing capacities to address a given emergent task by an entrepreneur or an entrepreneurial group of policymakers.

Third, the emergent process initiated by the threat of inflation did not result in the creation of permanent coordination mechanisms for OJT, which is congruent with institutionalists' conclusion. But this outcome was not simply due to no coordinating institution in the American political economy, which the institutionalist perspective often indicates as a prime source of problems in liberal market economies. Rather, the expansion of OJT through subcontracting created another problem that greatly increased the cost of monitoring individual contracts by a federal agency. The failure of OJT programs after 1965 is better explained by delving into continuous responses to new tasks, which also created new emergent processes where previous interests and preferences were articulated in a new manner.

### *Three Competing Policy Ideas in Creating Adult Work Programs in 1966*

The Johnson administration started to pay attention to the issue of unemployed adults in 1965. A Task Force on Adult Work Programs was created at President Johnson's request to develop community work programs that address chronically poor

adults in local communities in 1965. The Task Force worked out of public view, which in a sense explains why previous scholars like Weir and Quadagno failed to notice it.

When realizing that the unemployed remained even in economic upturns, Johnson asked his cabinet members for additional programs for unemployed adults.<sup>329</sup> The Task Force on Adult Programs, chaired by Elmer B. Staats from the Bureau of the Budget, came up with three proposals in November 1965, representing respectively the policy positions of HEW, DOL, and OEO on unemployed adults. The contents of the three proposals and the way of discussing them within the administration show that different approaches to unemployment had competed with one another in the Johnson administration regardless of the administration's initial priority of addressing youth poverty in 1964.

The first proposal came from the Department of Health, Education, and Welfare (HEW). HEW suggested providing work experience to Aid to Families with Dependent Children (AFDC) mothers in public or nonprofit jobs.<sup>330</sup> Such programs were possible without any legislative change because Title V of the Economic Opportunity Act had already directed OEO Director to delegate the Secretary of HEW to embark on pilot projects to employ and train heads of families receiving help under the AFDC program. Enlarging Title V of EOA would just suffice to fulfill HEW's suggestion, which also shows the merit of the strategy of layering in bringing meaningful policy change.

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<sup>329</sup> Memo, the Bureau of the Budget to Joseph Califano, 12/3/65, C.F. JL, WHCF, Box 60, LBJ Library.

<sup>330</sup> "Adult Work and Training Programs: Discussion Paper," the Task Force on Adult Work Programs, no date, attached to the Bureau of the Budget's memo to Joseph Califano, 12/3/65, C.F. JL, WHCF, Box 60, LBJ Library.

The Task Force members all agreed on the proposal of the HEW, which proved a consensus on the importance of decreasing welfare dependence without allocating extra money to the programs. Giving an opportunity for welfare recipients to learn skills for jobs provided by local public or nonprofit institutions seemed to conform to the principle of “individual liberalism” which President Johnson personally championed to counter welfare dependence.<sup>331</sup> HEW’s approach to the adult unemployed focused on rehabilitating welfare recipients and returning them to the labor market with an ability to stand on their feet.

While the Task Force on Adult Work Programs agreed to HEW’s suggestion, it disagreed on choosing between proposals from the Department of Labor and the Office of Economic Opportunity.<sup>332</sup> The White House was asked to make a final decision after consulting with the CEA and BoB staff. The DOL suggested enlarging MDTA training programs for the hardcore poor, while the OEO suggested creation of public jobs on a permanent basis. The DOL’s proposal was to relax the requirements of MDTA training to accommodate hardcore poor adults. In the DOL’s proposal, one could apply for the MDTA programs if unemployed for 15 weeks or more. The previous requirement of the MDTA training programs was more than two years of work experience. In the DOL’s

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<sup>331</sup> Gareth Davies, *From Opportunity to Entitlement: The Transformation and Decline of Great Society Liberalism* (Lawrence: the University Press of Kansas, 1996), 34; William S. Clayson, *Freedom is Not Enough: The War on Poverty and the Civil Rights Movement in Texas* (Austin, T.X.: University of Texas Press, 2010), 30. Also see, Anaïs Miodek Bowring, “The Ideological Boundary Conditions on Great Society Employment Policy,” *Journal of Policy History* 30, Number 4, 2018: 657-694.

<sup>332</sup> “Adult Work and Training Programs: Discussion Paper,” the Task Force on Adult Work Programs, and “Major Differences between the Two Alternatives,” the Task Force on Adult Work Programs, both documents attached to the Bureau of the Budget’s memo to Joseph Califano, 12/3/65, C.F. JL, WHCF, Box 60, LBJ Library.

proposal, those who were not actively searching for jobs could apply for the programs. The DOL's proposal also aimed to relax the previous MDTA requirement that there be reasonable expectation of employment as a condition for approval of training. The hardcore poor, if they were nonwhites, were highly unlikely to be hired in the targeted jobs even after finishing the MDTA program, and thus would not be admitted to the training program in the first place.<sup>333</sup> Overall, the DOL's proposal was consistent with its long-championed principle of using job training as a tool to make the workforce capable enough to adjust itself to new demands from the labor market. After training under the MDTA, the trainee could work for public or nonprofit entities. The DOL's program had time limits: those under 45 years of age could work for a year in the provided jobs, while those between 45 and 55 could work for two years.

The OEO's public employment program was to "create new public and semi-public jobs at the sub-professional and unskilled occupation levels."<sup>334</sup> The requirements for entering the program were meager, if any, which was intended by the OEO to address as many poor adults as possible. Program enrollees would not have to move out of the program, while the DOL's program had limits on the period being hired by public or semipublic institutions. Because of the financial burden of running unlimited jobs for the adult poor, CEA member Otto Eckstein expressed his concern about the OEO's

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<sup>333</sup> "Possible Changes in the Manpower Development and Training Program (MDTA): Bureau of Budget Staff Paper," the Bureau of Budget, no date, attached to the Bureau of the Budget's memo to Joseph Califano, 12/3/65, C.F. JL, WHCF, Box 60, LBJ Library.

<sup>334</sup> Memo, the Bureau of the Budget to Joseph Califano, 12/3/65, C.F. JL, WHCF, Box 60, LBJ Library, p. 2.

suggestion.<sup>335</sup> Also, the threat of an overheated economy concerned CEA members as well as other administrative economists in late 1965. OEO's proposal for creating jobs, if accepted, could worsen the upward pressure on prices and wages, according to the economists.

Surprisingly, all three proposals from the HEW, DOL, and OEO became reality after the Amendments of 1966 to the EOA. AFDC recipients were provided with work-training experience under the EOA's Title V, while requirements for the MDTA program's applicants were relaxed to accommodate racial minorities. The period of training under the MDTA was expanded for the most disadvantaged, providing them with basic education. OEO's proposal to create jobs at a subprofessional level also became realized. The House Democratic Study Group (DSG) supported the OEO's idea of creating public and semipublic jobs for the hardcore poor by issuing a policy proposal, which supported the OEO's policy idea. Representative James H. Scheuer (D—N.Y.) led the DSG's Full Employment Steering Committee to pressure the administration to create public jobs in January 1966.<sup>336</sup> In December 1966, the DOL was delegated to run "New Careers," the OEO's proposal for public and semipublic jobs, by the OEO.<sup>337</sup> Though the New Careers program did not create permanent jobs, it created subprofessional level jobs auxiliary to professional jobs. Those new jobs would not have been created without the

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<sup>335</sup> Memo, Otto Eckstein to Elmer B. Staats, 11/29/65, C.F. JL, WHCF, Box 60, LBJ Library.

<sup>336</sup> Frank C. Porter, "Million Jobless Asked," *The Washington Post*, January 7, 1966; "An Action Program for Full Employment," James H. Scheuer, 1/6/1966, C.F. JL, WHCF, Box 60, LBJ Library.

<sup>337</sup> Levitan and Mangum, *Making Sense of Federal Manpower Policy*, 18.



program. New Careers provided training assistance to adult unemployed for “entry-level employment opportunities in subprofessional positions that can lead to career advancement in such fields as health, education, welfare, neighborhood redevelopment, and public safety.”<sup>338</sup> Practical nurses, aides in dental offices, assistant teachers, social workers, and others were trained by the program, which began in August 1967 under the Bureau of Work-Training Programs in the Manpower Administration of the DOL. Enrollees of the New Careers program were paid \$1.60 per hour, up to 40 hours per week. During the first year of training, the Federal government would pay 90 percent of all costs. Employers would pay up to 50 percent of enrollees’ wages during the second year of training. The training provided supplementary education for entry level positions as well as on-the-job training.<sup>339</sup>

The episode of three policy alternatives developed in late 1965 to address the issue of adult unemployment reveals that no linear policy development existed, starting from a relatively fixed policy preference of a federal agency. The Task Force on Adult Work Programs struggled to come to an agreement among the three proposals that respectively represented different values in addressing poverty and unemployment. Despite the financial burdens in embarking on new programs during year two of the Vietnam War, these proposals became successful and effective programs in the following year.

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<sup>338</sup> Administrative History of the Department of Labor, Vol. 2, Part II, p. 781, Box 2, LBJ Library.

<sup>339</sup> Administrative History of the Department of Labor, Vol. 2, Part I, pp. 91-2, Box 1, LBJ Library.

The way that the three different policy ideas were discussed within the Johnson administration and chosen as parts of the Amendments of 1966 to the EOA provides us with a good reference point about how the American state, though fragmented at its face value, could work. When asked by the White House for policy proposals to address unemployed adults, HEW, DOL, and OEO submitted three proposals that respectively reflected each department's policy orientation. It shows that the discursive capacities for adult training were still present within the administration even after the passage of the EOA that allegedly prioritized training poor youth.

This is a different discursive landscape from the one depicted by Quadagno. Far from her assumption that the principle—the cause of equal opportunity—that governed the 1960s welfare regime was coherent and consistent, the Johnson administration was able to tap different principles to enlarge adult training in late 1965. In discussing the three policy proposals, policymakers within the administration competed not for the policies' principles and philosophies but for their costs and effectiveness. As a result, President Johnson could be pragmatic in eclectically choosing proper policy packages to solve the issue of adult unemployment.

It is also noteworthy that the relative power among the HEW, DOL, and OEO did not determine which proposal became part of the 1966 Amendments to the EOA. Instead, the White House embraced all the proposals after moderations undertaken by the BoB. The best strategy might be for the White House to embrace all of the proposals because it could not know which proposal would generate positive policy outcomes. Such “pluralism” in policy choice might be common in the American state which is too fragmented for a federal agency to impose a single order on the rest of the administration.

*Martin Luther King's Urge to "Hire Now, Train Later" and Public Jobs in 1967*

Martin Luther King Jr. sent a telegram to the White House on July 25, 1967. He condemned Congress's failure to stem the causes of urban uprisings by enacting progressive bills. Existing programs for the poor had been underfunded and watered down by the Congress. Many civil rights activists felt frustrated with Congress's sluggishness. Congress's inaction continued even after a series of urban uprisings before 1967. King's suggestion for solving the problem was simple: revive the Works Progress Administration (WPA) from the New Deal to create jobs immediately for those in urban ghettos. He wanted the federal government to create public sector jobs without waiting for new legislation. But those jobs should not be conditional on training, he urged. "Training [needed to] follow ... employment," King stated, because he was skeptical of the previous work-training programs that put additional hurdles in front of black employment. Blacks had often been screened out before getting the training.<sup>340</sup>

King's telegram, combined with dire situations in major cities, forced the Johnson administration to consider the creation of WPA-style jobs in urban areas. The White House, confused about the causes of the urban uprisings, wanted to do something to defuse the uprisings by all means, including symbolic gestures. Johnson desperately attempted to address the suspicion of any connection between his antipoverty programs and the factors that sowed urban uprisings, because the fate of the War on Poverty

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<sup>340</sup> Telegram, Martin Luther King Jr. to the White House, 7/25/67, Ex LA 2, WHCF, Box 8, LBJ Library.

seemed reliant on complete vindication of the antipoverty programs. To this end President Johnson ardently sought policy advice concerning urban joblessness from his cabinet members. King's diagnosis and policy suggestion in the midst of such uncertainty had a significant influence which the White House could not ignore.

Secretary of Labor Wirtz drafted a quick reply to King on July 28 by relying on DOL's "concentrated employment program" which aimed to guide local private employers to offer jobs to the urban poor. By incentivizing employers who would not have offered these available jobs otherwise, Wirtz believed that the concentrated employment program could mitigate the aimless anger of the rioters.<sup>341</sup> However, the concentrated employment program was in line with DOL's work-experience programs that accompanied training with work opportunities as in the New Careers program, from which King distinguished his proposal of public works.<sup>342</sup>

Not fully satisfied with Wirtz's idea, Johnson sought another round of policy advice from his cabinet members. In September 1967, President Johnson had two proposals for public works program before him.<sup>343</sup> One, from Labor Secretary Wirtz, suggested a billion dollar public works programs on a 75-25 percent matching basis which expected to produce about 400,000 jobs. Wirtz's proposal for asking the Congress to appropriate an extra billion dollars would leave the previous antipoverty programs

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<sup>341</sup> Draft: Wire to Martin Luther King Jr., W. Willard Wirtz to Martin Luther King Jr., no date, attached to Wirtz's memo to the President, 7/28/67, Ex LA 2, WHCF, Box 8, LBJ Library.

<sup>342</sup> As to the concentrated employment program as part of the New Careers program of the Department of Labor, see Administrative History of the Department of Labor, Vol. 2, Part I, p. 92, Box 1, LBJ Library.

<sup>343</sup> Memo, Califano to the President, 9/12/67, Ex LA 2, WHCF, Box 8, LBJ Library.

financially uncompromised. The public works programs would be added to the previous antipoverty programs. Meanwhile, Wirtz did not hide his suspicion of the necessity of such additional public works programs because he believed it would take time for the newly added antipoverty programs under the revised MDTA and EOA to have effects. Wirtz believed it was too early to embark on a new public works program despite the political urgency.<sup>344</sup>

The other proposal submitted to President Johnson was prepared by Secretary of Transportation Alan Boyd. He suggested increasing tax revenues mainly from gasoline tax increases to finance public works such as local street maintenance and repair, ghetto cleanup, beautification and repair, and school repair. He suggested the federal government take almost 100 percent of the costs because the 75-25 percent matching requirement might slow down the program to a great extent.<sup>345</sup>

Johnson remained undecided on which proposal he would choose. He was familiar with the WPA-style public works program as he had successfully brought two WPA projects to his 10th district back in his days as a member of House in 1938.<sup>346</sup> However, the liberal coalition of the Senate, under the leadership of Senator Clark (D—PA), also pursued an emergency public works program out of possible savings from Johnson's nondefense programs and wanted to add the program to the Johnson

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<sup>344</sup> Memo, W. Willard Wirtz to the President, 9/12/67, attached to Califano's memo to the President, 9/12/67, Ex LA 2, WHCF, Box 8, LBJ Library.

<sup>345</sup> Memo, Boyd to the President, 9/9/67, attached to Califano's memo to the President, 9/12/67, Ex LA 2, WHCF, Box 8, LBJ Library.

<sup>346</sup> Doris Kearns Goodwin, *Lyndon Johnson and the American Dream* (New York: Open Road Media, 2019 [1976]), Kindle Location 1547, Kindle Edition.

administration's antipoverty bill.<sup>347</sup> The administration's bill for WOP programs, initially \$2.25 billion, would cost more than \$5 billion if it included \$2.8 billion for Clark's program for ghetto jobs. This would risk the bill's passage on the Senate floor because of its swollen price tag.<sup>348</sup> Johnson took the liberal coalition's attempt as an assault on his antipoverty programs and decided not to endorse the WPA style public works programs suggested.<sup>349</sup>

Instead the Johnson administration came up with a new policy proposal to substitute the public works proposals. Califano (Special Assistant to the President), McNamara (Defense), Wirtz (Labor), Trowbridge (Commerce), Wood (HUD), Hughes (District Court Judge), and Gaither (White House Aide) worked together to devise a new program on a pilot basis that assisted big businesses to locate in the ghetto and provide training and employment for the disadvantaged. The program would provide those deciding to invest in the five cities selected on a pilot basis with "Federal assistance for manpower development and training, transportation, insurance, capital investment, technical assistance and planning, surplus property," and so on. The program promised to offer a "complete package of assistance" for the private company to focus on on-the-job training for the disadvantaged by subsidizing the training cost fully. The Small Business

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<sup>347</sup> Joseph A. Loftus, "Jobs Plan Pressed by Senate Liberals," *New York Times*, October, 4, 1967. Concerning Clark's initial proposal for a public works program in ghettos, see "\$2 Billion Ghetto Job Plan Proposed by Senator Clark," *New York Times*, August 5, 1967.

<sup>348</sup> Marjorie Hunter, "Senate Unit Votes \$2.8-Billion Plan for Ghetto Jobs," *New York Times*, August 29, 1967.

<sup>349</sup> As to Special Assistant to the President Califano's concern for the similarity between Wirtz's proposal and Senator Clark's bill, see Califano's memo to the President, 9/12/67, Ex LA 2, WHCF, Box 8, LBJ Library.

Administration under the Department of Commerce would guarantee any investment on plants and other buildings on the site. Since the suggested program required no further legislation, it could be implemented immediately within the administration's budgets.<sup>350</sup> With the program's success in bringing visible change in urban ghettos with participation of private companies at its early stage, the proposal was renamed as a Job Opportunities in the Business Sector (JOBS) program and extended to fifty cities in January 1968.<sup>351</sup>

Johnson's new program guiding big businesses to move to ghetto areas also achieved his political goal of keeping his political rival, Senator Kennedy (D—N.Y.) in check. In July 1967 Robert Kennedy introduced bills that included a proposal offering tax credits to large corporations on the condition that they would decide to move production facilities to urban ghetto areas.<sup>352</sup> Because Johnson's new program rendered Kennedy's bills redundant to some extent, the bills died in the Senate.

The episode of 1967 urban uprisings and their impact on the Johnson administration's recalibration of its manpower policy for the hardcore poor reveals the

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<sup>350</sup> Memo, Califano to the President, 9/20/67, Ex LA 2, WHCF, Box 8, LBJ Library. Also see, Memo, Califano to the President, 10/3/1967, WHCF, Box 8, LBJ Library.

<sup>351</sup> Avco Corporation (a manufacturing company for defense and aviation devices) decided to open a factory in Boston M.A. in October 1967. Joseph A. Califano, *The Triumph & Tragedy of Lyndon Johnson: the White House Years* (New York: Simon & Schuster, Inc., 2000), Kindle Locations 4512-4515, Kindle Edition. Kodak Company considered building a new plant in a slum of Rochester, N.Y. to provide slum dwellers with jobs. Paul Hofmann, "Rochester Slum May Get Factory: Kodak Considering Plant- 3D Publicity Agency Hired," *New York Times*, November 4, 1967. A New York Times article reported that about 160 companies expressed their interest in participating in the pilot project run by the Commerce Department. See no author, "160 Concerns Attracted to Slums Job Program," *New York Times*, December 15, 1967.

<sup>352</sup> "Kennedy (N.Y.) Housing Bills." In *CQ Almanac 1967*, 23rd ed., 13-501-13-503. Washington, DC: Congressional Quarterly, 1968. <http://library.cqpress.com.libproxy.uoregon.edu/cqalmanac/cqal67-1314688>

importance of political entrepreneurship in recombining existing resources beyond Johnson's and federal bureaus' policy preferences. When the Johnson administration was asked to respond to society's urgent call to address complex problems of urban ghetto areas in 1967, it could not choose, given policy proposals for public works programs for political and economic reasons. In the escalating Vietnam War, the liberals' attempt to expand the administration's antipoverty bills was overt resistance to Johnson's "guns and butter" strategy that required disciplined restraints on domestic expenditures. To fulfill Johnson's "guns and butter" strategy, the Vietnam War would have to be fought without hurting his domestic policies, which turned out to be impossible in 1968. The Johnson administration's decision to involve big employers from the private sector was an entrepreneurial strategy to avoid not only liberals' criticism of the administration's inaction but also Congress's opposition to the administration's expensive antipoverty bills. As a result, the Johnson administration refused to enact any WPA-style public works program in 1967, which cannot be explained by the perspectives that neglect the importance of emergent political factors.

In addition to the factors that forced the Johnson administration to consider WPA-style public works but reject them for political reasons, the episode shows which type of active labor market policy was acceptable to U.S. institutional and political environments. An idea of outsourcing workforce training to the private sector was hailed by liberals as well as conservatives in 1967 and 1968. This was another form of active labor market policy, which is unnoticed by most institutionalists including Weir and Quadagno. The ideal of active labor market policy presumes that the state is equipped with institutional devices to adjust training programs to the request of the labor market



and has a monitoring capability to see whether the devices work well. The American state is known for its lack of such conditions. The success of the JOBS program in 1967 and early 1968 shows that the American state can develop an active labor market policy in a different form despite the absence of strong state capacities. However, the big companies that promised publicly to partake in JOBS rescinded their oaths as the Johnson administration became helplessly enmeshed in the Vietnam War, antiwar movements, and urban uprisings. The Johnson administration's efforts to rely on the private sector to provide job training in urban areas were fully derailed.

### *Chapter Conclusion*

Policymakers, with different perspectives, at different institutional locations, moved forward in an iterative process in response to one another throughout the WOP. The results are real policies, which need to be examined and assessed on their own merits, as partial responses to evolving problems, not against an ideal set up by a particular set of reformers or another ideal regime type.

In the Legislative Developments, policymakers had developed policy discourses on the issue of youth unemployment that turned out to be critical in shaping the WOP. The Kennedy administration realized in the process that its stakes were high in dealing with the issue of youth employment, which became part of CEA chair Walter Heller's plan to address poverty. The President's Committee on Manpower, created by the 1966 Amendments to the EOA, allowed the DOL to have a voice in coordinating numerous federal training programs. This shows that the WOP training programs had evolved in a direction that allowed multiple orders and principles, for example, a policy discourse of

structural unemployment, an antipoverty policy discourse, and principle of desegregation, to coexist.

Regarding state capacity to adjust to emergent problems like inflation, adult unemployment, and urban uprisings, the state appeared not to follow a coherent policy package previously set by a federal agency or a group of reformers. Instead, as seen in the case of the threat of inflation in late 1965, the policymakers “muddled through” the policy options and expertise given by multiple federal agencies, which gives us a glimpse of how the fragmented American state can work to institutionalists’ surprise. In discussing three different approaches to the issue of unemployed adults, the Johnson administration was pragmatic in eclectically adopting necessary elements from the proposals from the HEW, DOL, and OEO, which seemed to mitigate the possible conflicts emerging from fundamental differences in views among different federal agencies.

The way the Johnson administration discussed public works in responding to Martin Luther King Jr’s letter to President Johnson and ultimately to a series of urban uprisings shows the importance of presidential politics—such as the political rivalry between President Johnson and Senator Clark. Also, the idea of outsourcing to big businesses the task of training residents of urban ghettos seemed to work well in American institutional and political environments. It questions whether the ideal of active labor market policy that presupposes prior development of nonmarket coordinating mechanisms such as peak industrial associations, a labor party, and overarching union memberships is adequate in analyzing the policy experiments conducted during the WOP period. Close collaboration between the federal agency and the private sector in running

training programs proves to be functional in the U.S. fragmented institutional environment, which scholars often overlook if starting from the ideal of institutional arrangements for successful active labor market policy.

## CHAPTER IV

### CONCLUSION

The four perspectives I have proposed in study the American state include: 1) the Weberian pessimist; 2) the Weberian optimist; 3) the non-Weberian pessimist; and 4) the non-Weberian optimist. Historical institutionalists take the Weberian pessimist approach, while scholars of American exceptionalism take the Weberian optimist approach. Some scholars of American political development (APD) focus on the dysfunctionality innate in American state building by relying on a non-Weberian pessimist perspective; other scholars of APD tend to emphasize the possibilities of implementing policy experiments successfully beyond the dysfunctional arrays of institutions, by relying a non-Weberian optimist approach.

With the non-Weberian optimist approach, I examine a series of policy experiments conducted by the Kennedy and Johnson administrations in such policy areas as industrial relationship, labor training, and welfare. In so doing, I focus exclusively on a group of policy entrepreneurs inside the administrations and their efforts to overcome given predicaments and solve newly arising problems. Compared to the other perspectives, the non-Weberian optimist perspective provides the best conceptual tool for a researcher to examine the continuous recalibration of the American state through various entrepreneurial efforts to challenge the status quo. In these closing remarks, I will explain why this is the case. I also discuss applying the non-Weberian optimist perspective to various contexts and different countries.

In contrast to the assumption of Weberian pessimists, my case studies reveal that the predicaments of institutional, cultural, and political environments in building a centralized and efficient government did not unconditionally limit the range of policy options for the policymakers of the 1960s. The predicaments sometimes provided entrepreneurs with opportunities for creative action. Well aware of the limits imposed on their policy options by the American state's structure and culture, entrepreneurs of the 1960s endeavored to enlarge their options by rediscovering previously neglected policy subjects and combining them with more agreeable policy goals. At the same time, these entrepreneurs struggled to create a new law or policy order by reinterpreting the given rules, transforming the ways in which previous laws were applied, and adding a new element to the previous array of laws.

As non-Weberian pessimists indicate, the newly added layer occasionally conflicted with the previous array of orders. Unfortunately for the policy entrepreneurs who succeeded in adding a new layer of order to attain a new jurisdictional realm for a new task, they knew little about the emerging conflict until it occurred. Even experienced policymakers could not predict fully which specific old order(s) would clash with the newly added one. In this regard, unexpected conflicts might arise between the previous and new orders in the wake of entrepreneurs' success. Orren and Skowronek describe such conflict as built-in frustration in the rise of the "policy state" in the United States.

However, such frustration was not built into the American state. My case studies of the 1960s experiments show both success and failure in policy experiments. If the entrepreneur was not poised to address emergent conflicts between old and new orders, a policy experiment failed to achieve its desired goal. If the entrepreneur could manage to

handle the emergent conflict, the experiment could survive and produce the desired outcome.

In the early 1960s tripartite experiment, Arthur Goldberg, creator of the LMAC, failed to quell the reignited labor-management conflict because he did not actively nip it in the bud during Subcommittee No. 3's recommendation for shortened work hours. Goldberg's failure to respond quickly was not predetermined by the possibility that a newly created decentralized platform for deliberation among labor, management, and public representatives could tap the ready-made discourse on the union's power monopoly. Rather, Goldberg's entrepreneurship simply could not stand up to the test.

With regard to training programs during the WOP, the Johnson administration successfully brought conflicts between old and new policy orders under control. When the Kennedy administration merged the civil rights cause with the previous manpower programs, the Council of Economic Advisers played a key role in strengthening coherence among various WOP programs. While checking the Department of Labor's policy preference for training unemployed adults and upgrading skills, the CEA also offered the rationale behind the Johnson administration's simultaneous pursuit of economic growth and antipoverty programs. According to the rationale, the administration should help only the chronic poor who lacked marketable skills because the rest of the unemployed would get jobs when the national economy accelerated. The CEA precluded the probable revolt from old policy orders by limiting DOL's influence in shaping the WOP training programs.

When the CEA realized in late 1965 that its macroeconomic approach, along with a social policy package for poor youths, had failed to curb inflation, it swiftly invited

the DOL to address the shortage of skilled labor. The CEA guided the once marginalized DOL to strengthen its on-the-job-training programs to raise skilled labor and moderate the upward pressure on wages and prices. As a result, the DOL retained some control in running federal training programs through the President's Manpower Committee, chaired by the Labor Secretary. The old policy orders for unemployed adults returned after late 1965, but in an orderly manner under the CEA's guidance.

This episode shows that the disruptive effect of conflicting orders could also be tamed by entrepreneurship. While Orren and Skowronek are correct in indicating the tendency for an entrepreneurial effort to create conflicts between old and new orders, the conflicts do not necessarily lead to frustration in reforming the American state's capacity. Whether the phenomena of layering, patchwork, and intercurrency in the entrepreneurial response to emerging problems enhance or frustrate the American state's capabilities is an empirical question that begs a close examination of what the American state actually does.

The non-Weberian optimist perspective provides us with an analytical tool to trace the unintended consequences that the tripartite experiment generated, which may not be visible with other frameworks. By tracing actual policy actions that the American state took to address policy requests in the early 1960s, the non-Weberian optimist perspective shows not only when entrepreneurship succeeded and failed, but also how conservative Keynesianism and industrial pluralism arose after Goldberg's tripartite experiment.

The non-Weberian optimist perspective can also contribute to studying other countries. The layered structure of orders is not uncommon to other countries with

different political systems. Though it is tailored to explain the American state which was founded on federalism and the principle of checks and balances, the non-Weberian perspective can provide a useful analytical tool to examine the ways in which a potential challenger or policy reformer in a different country with a less fragmented structure navigates an array of multiple orders and exploits political opportunities to add another layer onto it. At the same time, by enabling a researcher to see which specific old orders have collided with the new, the perspective can guide the researcher to see how the state's capabilities are continuously adjusted and wielded.



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