

J.R. Commons on the Problem of Employment and Industrial Goodwill

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John Rogers Commons (1862-1945), one of the founders of American institutionalism, developed original ideas on economic democracy, collective bargaining, and a vision for “reasonable capitalism” in the economy of the changing American society of the first half of the 20th century. The purpose of this paper is to examine Commons’s design for institutions able to function effectively not only amid the changing relationships between employer and employee, but also in the face of legal decisions made during the late 19th and early 20th century. To that end, I analyze specific issues that Commons highlighted in *Industrial Goodwill* (1919), namely, immigration, unemployment, loyalty, and insurance.

I begin by considering Commons’s point of view on unemployment and his ideas on how to relieve it and measures to prevent it. Here, I focus on why “goodwill” had such central importance in his thought.

Then I examine Commons’s observations on training for employment in industry offered to non-English-speaking immigrants, encouraging loyalty in industrial relations, and “social insurance,” as provided in one establishment. In late 19th and early 20th century industry, such an environment was created by only a minority of employers who thought in terms of the development of American industry. Commons’s aim was to expand the industrial goodwill that was nurtured by those few employers and made that environment possible.

In conclusion, I argue that the problem Commons took up in *Industrial Goodwill* concerned the way “goodwill” — as Commons defined it — functioned and could function within the sphere of American industry.

JEL classification numbers : B 15, J 51, J 61.