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The Stetson Company and Benevolent Feudalism

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ORAL HISTORY FEATURE

The Stetson Company and Benevolent Feudalism

by Roman A. Cybriwski
and Charles Hardy III

PHILADELPHIA, during the first three decades of the twentieth century, was known for its great industrial enterprise. The city called itself the World's Greatest Workshop and was a leader in the manufacture of more than 200 different items. It ranked first in the nation in the production of hosiery and knit goods, carpets and rugs, locomotives, street railway cars, saws, surgical appliances and artificial limbs, oil cloth and linoleum, certain sporting equipment and numerous other goods. By one count taken in 1917, Philadelphia had 8,379 manufacturing plants with a total employment of some 250,000

One specific industry which typified the enterprise of turn-of-the-century Philadelphia was the manufacture of men's hats. In 1917 there were approximately 40 hat-making establishments in the city, turning out nearly 25,000 units every working day. This was more than one-half of the total hat production in the United States and generated slightly more than the revenue received from hat manufacturing in all of Great Britain.

By far the largest and best known of Philadelphia's hat manufacturers was the John B. Stetson Company. Founded in 1865, the firm grew quickly to become the undisputed world leader in the field some twenty years later and eventually became so dominant in the industry that the very name "Stetson" came to be synonymous with the latest in fashion in men's hats. The company's success was reflected in its smug promotional boast from early in the twentieth century: "Nearly every civilized man wears a hat, and to most men the word 'hat' means 'Stetson'."

At its peak early in the twentieth century, Stetson was one of the largest employers in the city, with over 5,000 workers. The company constructed a huge plant of twenty-five buildings on a nine-acre site at Fourth and Montgomery in North Philadelphia, and provided a variety of services for its employees and their families only partly related to earning a living: health care, education, recreation, banking and others. During the boom years, which lasted roughly from 1870 through the 1920s, the company was much more than a source of jobs for immigrant workers in North Philadelphia. For them and their families, Stetson was also a way of life, and the neighborhood around the plant functioned as something of a company town.

This was a period of essentially unrestricted industrial enterprise. Individual entrepreneurs commonly stamped their companies with their own tastes and personalities and established whatever kinds of relationships with employees they desired. Labor was plentiful and unorganized and, for better or worse, such self-made men as Carnegie, Ford and other giants of industry called the shots about nearly everything that affected employees at the plant and in many aspects of their lives outside it. Their influence ranged from pay and working conditions to dictating various specifics about community life after working hours.

John B. Stetson was no exception to this trend. He took considerable personal interest in the welfare of his employees, and instituted for them a variety of services intended to improve their lives. He was motivated in part by deep religious convictions and a strong philanthropic conscience, but also apparently by the belief that satisfied workers were better and more productive. Employee benefits, he calculated, reduced labor turnover, attracted a higher quality workforce and were thus returned to the company in the form of increased profits. Consequently, from the 1870s to the 1920s the firm functioned under a labor-management system which in many ways was reminiscent of European feudalism.



From The Stetson Century

John B. Stetson

From The Stetson Century

G. Staesshafer

On and after January 1st 1906

your salary will be increased,

~~50¢~~ Dollars per week.

JOHN B. STETSON COMPANY.

Stetson worker receives a raise

Whatever the merits of the founder's personal philosophies, it was in itself an achievement that he was able to institute an efficient system of production in the hat-making trade. The industrial revolution was in full swing and trade after trade had already been transformed by the new order of large-scale production characterized by regularized work routines, time clocks, segmented assembly line tasks and various hierarchies of supervision and responsibility. Hat-making, however, lagged behind other industries, perhaps because hatters historically had the reputation of being a disorderly, unreliable bunch who could not fit into established industrial routines. They were itinerants who moved from town to town and job to job and worked only intermittently. They were said to be independent souls with eccentric personal habits which stemmed from mental defects brought on by contact with mercury used in the curing of furs. The Mad Hatter image, popularized by Lewis Carroll in *Alice in Wonderland*, reflects this stereotype. Stetson changed this by introducing into the trade his own unique blend of large-scale factory production techniques and benevolence toward workers.

Over the years Stetson developed a series of programs and services to benefit his workers. One of the most significant was the Union Mission

Hospital founded in 1887. It was built alongside the factory and grew out of the founder's own preoccupation with health and from his habit of referring employees to his personal physician. The hospital was fully equipped and had a resident nursing and medical staff. It was capable eventually of handling 20,000 patients each year and served the neighborhood as a whole, with Stetson workers receiving reduced rates.

The firm touched other aspects of workers' lives. Stetson himself organized a Sunday school and Tuesday morning prayer services at the plant. These were non-denominational and were available to the neighborhood in general as well as to employees on a voluntary basis. The Sunday school classes eventually grew to include between 500 and 700 participants each week, the largest such assemblage in Philadelphia.

A particularly important innovation was the Stetson Building and Loan Association which provided loans and mortgages to workers. The wandering hatter was thus encouraged to settle near the plant and to become part of the company's growing community. Stetson himself influenced the design of some of the houses in the area; he advised builders on ways of maximizing light and air circulation in row houses and won national recognition for his efforts in this regard.

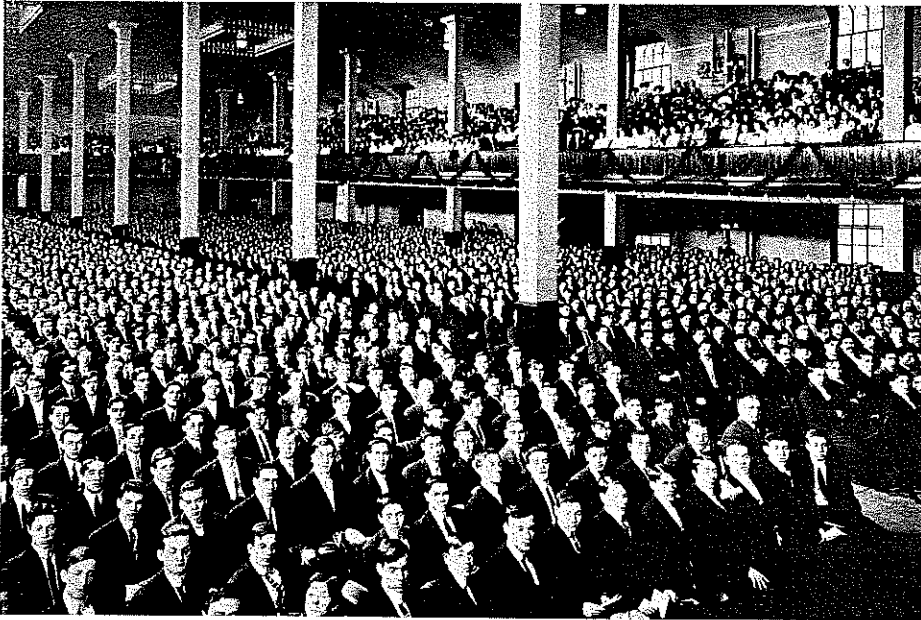
These programs culminated in 1906, the year of Stetson's death, with the completion of a new auditorium which seated 5,500 people. Over the years this was to be used for numerous activities, including concerts by the Philadelphia Orchestra and speeches by politicians and other dignitaries who visited the factory to have their hats fitted.

Stetson's successor as president of the company, J. Howell Cummings (1906-1928), continued the programs begun by the founder. After the First World War he expanded and institutionalized them into a series of diverse services that must in all regards be considered exceptional. These included a food cooperative which serviced some 1,400 members by May 1920; group insurance for all employees with the company over three months; and the Quarter Century Club, a company organization which honored employees with over twenty-five years of service. In addition, there was the Stetson Boy Scout Troop, a dental clinic, a company chorus, a cabin for outings and a company paper, *The Hat Box*, with workers as reporters. Collectively, many of these programs, as well as such now-familiar items as paid vacations, sickness and accident benefits,

From The Stetson Century



*"The Last Drop from his Stetson"—
from a famous Western poster*



1910 Christmas celebration in the auditorium Stetson built for educational and entertainment programs.

savings funds and pension benefits, were forerunners of today's typical employee benefit packages.

For the great number of immigrant employees, the firm instituted Americanization classes, consisting of seven-week courses in the English language and on American government and history. When they became eligible, workers would go to city hall in groups to be sworn in as citizens of the United States.

The company also encouraged workers to participate in athletics. There was an intramural softball league which played during working hours on Wednesday afternoons, a track team, tennis courts and an indoor jogging track for executives. Stetson also had a baseball team in the Philadelphia industrial league. On one occasion the team played the Parkersburg Brooklyn Royal Giants, a black team from the New York area, before major league baseball admitted black players. The team also played clubs from the Philadelphia suburbs and demonstration games against the Philadelphia Phillies.

There was special interest at the Stetson Company in the welfare of children who were growing up near the plant. They, after all, would become

employees of the firm in the future and needed to be socialized into the Stetson system at an early age. Thus, there were countless educational and entertainment programs for them in the company's own auditorium, as well as various sporting events at the ball field. Whenever a public celebrity would come to Stetson to be specially fitted for a hat, the company would try to put on some extravaganza for the benefit of local children. One old-timer, who grew up in the shadows of the factory and then worked there for some forty years, remembers these programs fondly:

All the elite customers of John B. Stetson had their own personal blocks and flanges. . . Tom Mix and all the Western stars. They had their names on the blocks and nobody else could have a hat shaped and finished on the block except the owner of that block. They came here to be fitted. We had a showroom. All the cowboy stars of yesteryear used to come here to order their hats. They would come in person to be showed a tour of the plant, and as far back as I can remember when I was a small child they even put on a rodeo in our ballpark for the neighborhood children when they would

come. They would bring enough equipment and horses and all to put on a small afternoon show for the neighborhood.

The heart and soul of the Stetson program was the Christmas party. In the memories of old workers, this stands out as the event which most distinguished the firm from other employers. Begun by Stetson himself, the Christmas party came to be an annual extravaganza in which all employees and their families were gathered in the auditorium for a program of speeches, prayer, musical performances and the awarding of gifts and bonuses. The company's generosity can be seen in what was distributed at the 1920 gala. The list included ten percent of one's annual income as a bonus for each worker, turkeys for married men, hats for bachelors, and gloves and candy for female employees. In addition, 425 shares in the Stetson Building and Loan Association were awarded, as were 75 shares in common stock and 5 life insurance policies worth \$5,000 each. In total, the gifts amounted to \$525,000—no mean sum in those years.

It is not surprising, therefore, that Stetson was said to be a good place to work. The company had a waiting list of applicants for jobs and preferred hiring persons whose relatives were already on the payroll. As a result, it was not uncommon for extended families—uncles, brothers, aunts, cousins, etc.—to be employed by the firm and for individuals to stick with the company until retirement once hired. As early as 1920, the firm had 208 employees with more than twenty-five years of service!

Employees felt fortunate to work there. One oldtimer recalled:

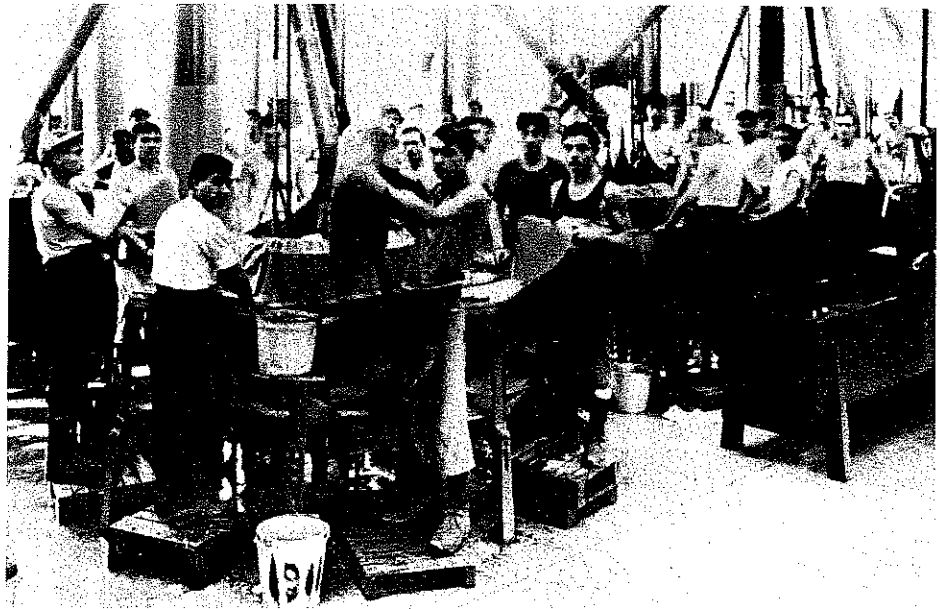
These hatters, many of whom grew up in the shadows of the Stetson factory, are sizing hat bodies.

It used to be that anybody who worked at Stetson thought they had an excellent job. Even for years and years after the union got in, Stetson was regarded as the place to work. . . . One of the factors was that none of the work was real laborious. No picks or shovels. No heavy lifting or anything like that. . . . One of the big things that gave Stetson its big reputation was the bonuses, watches, building and loan shares, and stocks. [It was] a big promotion.

How much the memories of oldtimers are clouded by nostalgia, with the hard times and less than benign policies of the company buried in forgetfulness, is an open question. To a large extent, however, many look back fondly and remember being part of the "Stetson family."

It would be wrong to assume that the company had only the employees' interests at heart or that there were no criticisms of company policy. The firm was in business, first and foremost, to make a profit, and as often happens, certain decisions made by management to increase profits were done at the expense of workers. In fact, criticism of the firm was sometimes severe and often hit directly at the array of services that the company provided its employees. It was said by critics that these were no more than calculated tactics by management to tie workers to the firm and, in reality, simply cost them wages. In 1916, for example, organizers from the American Federation of Labor had this to say about the Stetson system:

The John B. Stetson Company organized what it declared to be a "model factory" and made it one of the show places of Philadelphia. It declared that it had solved the labor problem. This



solution consisted of substituting for fair wages Christmas gifts, annual premiums. . . [and,] bronze medals for efficiency and valuable service to the firm. Every device and regulation was instituted to generate the spirit of feudalism and to drive out the spirit of independence and liberty that are inseparable from organized labor.

Many workers saw clearly that Stetson's various programs were costly and were coming out of their earnings. What is important is that they acceded to the situation, an acquiescence that was based, in part, simply on loyalty to John B. Stetson. One oldtimer, offered this insight about the Christmas parties:

A bonus made it sound good. Most people were pretty wise to it though. But they were licked. They couldn't do anything about it. A lot of people were dedicated to John B. Stetson. Building and loan shares helped many people buy a home. They were naturally dedicated to the Stetson plan.

Similarly, workers saw that gifts of stock or building and loan shares amounted to little more than forced savings. One ex-worker reacted to when a prized worker was given such

an award:

They never gave out that you had to work for them until maturity before they were of any use to you. Stock had to be held a certain number of years until it gave you a dividend. You had to continue working there to retain them, to get anything out of this.

During the inter-war years, the manufacturing economy of Philadelphia as a whole suffered from a number of economic problems. In response, a series of studies by the Wharton School of Business at the University of Pennsylvania were initiated, and business leaders attempted to institute programs which enhanced worker productivity and reduced turnover. Time and motion analysis of the manufacturing process, profit-sharing plans and recreational activities were the most commonly adopted programs.

In line with this, during the 1930s the Stetson firm adopted what was known as the "Bedeux system," a "scientific" method to speed production and set pay scales. The plan was rooted in the wave of scientific management which swept the country after native Philadelphian Frederick Winslow Taylor concluded his experi-

ments on the efficiency of different manufacturing tasks at the city's Midvale Steel Company plant. Unpopular with workers from the start, the Bedeux variant of Taylorism resulted in the elimination of a number of "soft" jobs at Stetson and in the enforcement of more difficult prescribed work routines for nearly everyone else. Moreover, it established piecework as the pay system for many of the tasks related to making a hat. Workers were given so many "tickets" for every unit of a job completed, and pay would then be determined by the number of tickets that the worker accumulated.

This "scientific" approach to running the company contrasted sharply with the highly personalized style of John B. Stetson. It did much to undermine the feeling of loyalty and belonging to the firm that workers had before the changes were instituted. As a result, workers became suspicious and more calculating in their dealings with the firm. As one old employee explained:

When the Bedeux system came in everything turned to business. No more community activities . . . I would put it this way. Any system can be beaten and this was beaten by the people

and the supervisors who wanted to make their departments to look good. A lot of cheating went on—all kinds of ways in every possible operation. I know one year more boxes were made than hats made. Somebody was cheating on tickets for box making.

A second policy which strained relations between workers and the firm was the practice of laying workers off without pay during slack times. Traditionally, there were two slow periods in the hat-making industry—winter and late spring. During the early years of the Depression, the company tried to keep everyone employed, but as business continued to drop off, workers would be sent home until needed later. Frequently, employees would have no advance notice of layoffs. As one worker recalled: "They'd tell you to come in. Then, you'd work an hour and they'd tell you to go home. You couldn't even break even doing this."

The dike finally broke after Stetson's business plummeted during the Depression. Most of the employee benefit programs were ended just to keep the company afloat, and many workers were laid off permanently. The last Christmas party was held in 1930. The end of Christmas bonuses

and the abrupt change in working conditions brought on demands for unionization and, by 1934, the first collective bargaining unit was formed. Its initial demand was for a guaranteed minimum four-hour work day. In 1936, the collective joined the United Hatters, Cap and Millinery Workers International Union, an A.F.L. affiliate.

Other industries would eventually recover from the Depression and return to previous levels of production and employment, but the hat industry was changed forever. During the Depression, there began a profound change in men's fashions, a change that undermined the very foundation of Stetson's past success. Put simply, American men stopped wearing hats. While domestic consumption declined, the imposition of stiff tariff barriers at the same time made the exportation of hats economically unfeasible as well. To combat this, the company began to open plants abroad, the first licensed in Canada in 1937. Other branches were soon established in Mexico, Germany, Australia and several other countries.

The years following the Second World War brought still other changes. The Stetson plant itself was becoming old and less suited to modern production methods. New designs in factories—one floor, straight through production—were found to be more economical and cost efficient. As sales declined, the company found itself consolidating operations into fewer and fewer buildings to save on operating and maintenance costs. On top of this, the rising costs of raw materials, energy, a unionized labor force and transportation made it harder for the firm to make a profit at the Philadelphia loca-



Women were employed by Stetson to perform specific tasks, such as trimming stiff hats, as seen here.

tion. In addition, the automobile made it possible for workers to settle in neighborhoods distant from the factory, thus eliminating the Stetson community surrounding the plant.

The firm bought time by diversifying its business to include the manufacture of men's shirts, ties and other apparel, but by 1973 losses were so great that Stetson closed all operations in Philadelphia entirely. Because no buyers could be found for the sprawling plant, most buildings were razed shortly thereafter to make room for industrial redevelopment. The site is now a key element of Philadelphia's massive American Street Corridor Revitalization Plan, a publically-funded program to stimulate new jobs in an area that was once the spine of the city's industrial might. Only three of twenty-five structures were left at the site, buildings which included a landmark clock tower, the gymnasium, an old auditorium and the fitting room which so many well-known customers had visited. They were spared the wrecking ball for historic preservation purposes, a tribute to the important role that the firm had played in Philadelphia.

Thus, the Stetson Company has

gone the way of many other industries in Philadelphia during the post-war era. In many parts of the city, and indeed in many other industrial towns of Pennsylvania and the entire Northeast, the landscape is one of economic ruin—abandoned factories, vacant lots and row after row of dilapidated housing. Considerable efforts are being made to bring jobs back, but even if some day successful, a part of our heritage is gone forever. For better or worse, the age of "benevolent capitalism" is behind us. So too is the concept of community centered around the workplace. People no longer live near their jobs and, for most workers, quitting time now signals the end of an employer's involvement in their lives until the next working day.

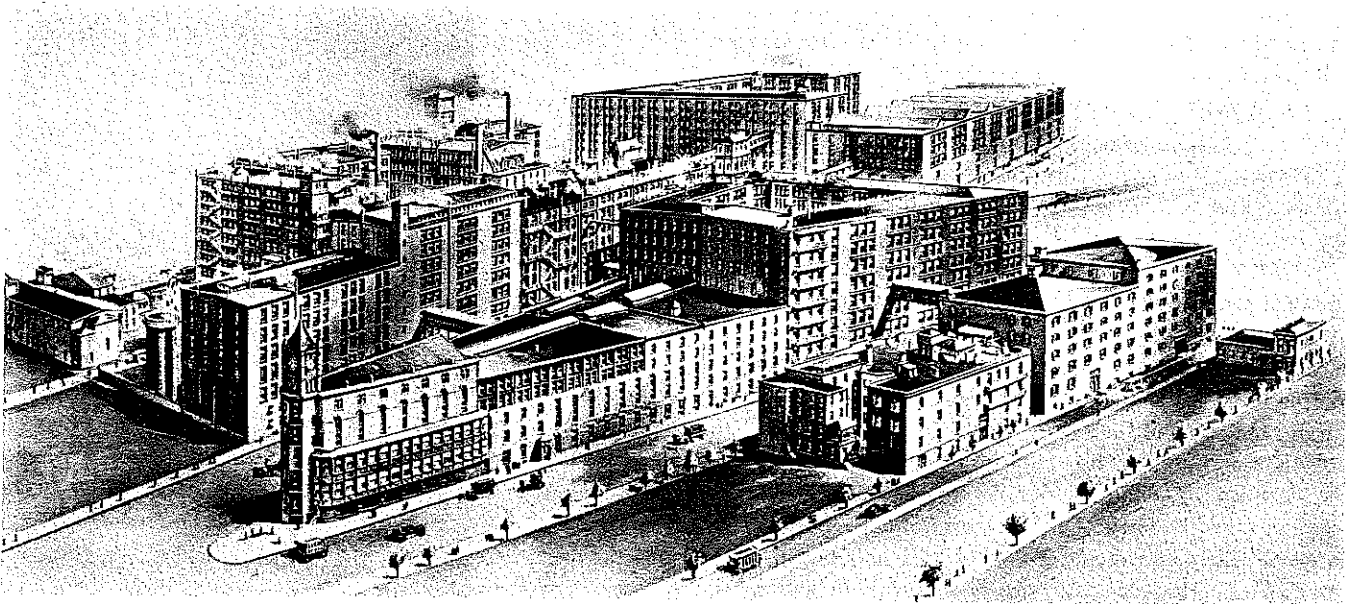
We might look back now at the glory years of places like the Stetson Hat Company and shudder at the dominant role of bosses in their employees' personal lives. But, we should remember that for a number of decades the Stetson system worked smoothly and employees who labored under it believed in its fairness and even its beneficence. One ex-worker, who was with the firm during both the good and bad times, looked back:

It was a wonderful thing, and that to me, in my mind, is gone completely from this country, from industry, from everything That feeling, that closeness of an employer and an employee is completely gone. Where the employer says "O.k., I'm making a dollar; I'm giving 50¢ back to my people." That is gone forever.

Gone now as well are the last three buildings of the Stetson complex, burned on the night of September 4, 1980 in an arson fire apparently set by vandals from the surrounding neighborhood. "That feeling, that closeness of an employer and an employee is completely gone."

Roman A. Cybriwsky is an associate professor of geography and urban studies at Temple University where he has worked since 1972. He has written a number of studies on Philadelphia and neighborhood issues.

Charles Hardy III, a Ph.D. candidate in American cultural history at Temple University, recently prepared a grant proposal for the Philadelphia Cultural Consortium for a film on the city's industrial history. Currently, he produces a radio series on the study of American popular culture for WUHY-FM, Public Radio in Philadelphia.



Not one of these buildings of the main plant of the John B. Stetson Company, Philadelphia, remains standing today.