

CHAPTER XIII // *caps*THE COMING OF THE PANIC OF 1893 // *c.s.c. letter #*

The opening of the last decade of the century found an increase in the wealth of the United States over that in 1880 of nearly twenty-one billion dollars.¹ Unfortunately this did not indicate an even pace of economic advance. Agriculture had fallen back relatively. Instead of producing about twenty-six per cent of the national wealth, as in 1880, it was down to nearly twenty-one per cent. On the other hand, manufacturing, transportation, urban real estate, wealth abroad, all registered substantial gains.² It was clear that the essential elements of the national economic structure were changing shape and size and that these changes were going on without regard to the stresses and strains on the structure as a whole. Each considered only its own form, its own gain. Those who watched the process realized that a sudden shock might topple over the edifice, bring on a severe panic and depression.

¹ R. R. Doane, The Measurement of American Wealth (N. Y., 1933), 11.

² Doane, Measurement of American Wealth, 13, 44. See also A. M. Schlesinger, The Rise of the City (A History of American Life, X), 76-77.

ty/ A premonitory shock came in 1890 with the failure of the Baring Brothers of London, a banking house which handled many American securities.¹ It forced curtailments and reorganizations on business concerns the world over, so far-reaching were the Baring interests. In the United States the sudden dumping of a great number of American securities on the market precipitated a short-lived stock panic. Among the firms threatened with disaster was the George Westinghouse ³Manufacturing ²& ¹Electric Company in Pittsburgh.

Westinghouse needed a half-million dollars for his business, but when he tried to borrow the sum from local bankers, they told him that they could not give him a free hand in using the money; they had to know what he was going to do with it. Ignorant though they were of the electrical industry, they thought he spent too much on experimentation, was too liberal in buying patents. When Westinghouse refused the terms, the bankers declined to accommodate him. This assertion of a right to exercise control over a man's business was a growing function of the banking of the day. It was deeply resented by many borrowers as threatening to give the financiers too large a place in the business world. In a sense, however, it was only an expansion of the part country bankers had long played, for good or evil,

8 | ¹ J. F. Rhodes, History of the United States from Hayes to McKinley, 1877-1896 (N. Y., 1919), 368-369.

counseling the farmer about his methods, refusing loans when he was overoptimistic or spendthrift, and sometimes foreclosing for no other reason than that they might gather in the property.

Westinghouse now turned to New York, where the banking house of August Belmont formed a financial syndicate and reorganized the concern. Westinghouse fully justified Belmont's confidence. The total outstanding liability of more than \$10,000,000 with annual interest charges exceeding \$180,000, was reduced to \$9,000,000, all in stock, "thanks to a voluntary sacrifice on the part of the stockholders and the willingness of the bankers and creditors concerned to take preferred shares in an enterprise of which the success must depend almost wholly on one man."¹ Westinghouse, however, was more fortunate than many others who, caught by the Baring failure, found themselves without money or credit with which to carry on their businesses.

Iron and steel suffered sorely from the bad economic conditions which, for divers reasons, began to plague the country. Early in 1890 the price of rolled-steel products started to fall. Steel billets which had sold in Pittsburgh around thirty-five dollars a gross ton at the beginning of the year declined to twenty-five at the end and to twenty-two early in 1892.² Iron

¹F. E. Leupp, George Westinghouse; His Life and Achievements (Boston, 1918), 161.

²W. Z. Ripley, ed., Trusts, Pools and Corporations (Boston, 1905), 79.

and steel men began saying that wages would have to be cut. This was the conclusion of H. C. Frick, general manager of the Carnegie Company, as in the spring ^{of 1892} he faced the expiration of the three-year contract with the members of the Amalgamated Association of Steel and Iron Workers employed in the Carnegie plant at Homestead, near Pittsburgh. The contract followed a model which Andrew Carnegie had approved: a sliding wage-scale, going up without limit as prices rose, and falling as they fell though never below a minimum of twenty-five dollars a ton for steel billets.¹

In place of the old contract Frick offered one which lowered the minimum pay to twenty-two dollars, with a reduction in tonnage rates whenever new machinery and improvements substantially enlarged output, ~~and~~ ^{He} also changed the date for ending contracts from June 30 to December 31. The existing date, coming as it did in full season, gave labor an advantage in bargaining; the end of the year would shift the advantage to the management. In the matter of wages the men contended for a twenty-four-dollar minimum, and Frick raised his offer to twenty-three dollars but refused more.² He also refused further conference with the Amalgamated.

¹ Andrew Carnegie, Autobiography (Boston, 1920), 246-247.

² J. H. Bridge, The Inside History of the Carnegie Steel Company (N. Y., 1903), 206-208.

tr./ June was a month of growing bitterness among the laborers and citizens of Homestead. When finally Frick was hung in effigy, he closed the plant and deputy sheriffs were sworn in to guard the property. The men ordered them out of town, saying that they would themselves guard the plant. There is reason to suppose they would have done so. It was their all; the jobs were theirs, they felt, a contention in which they had always been upheld by Andrew Carnegie.

But Frick recognized no vested right of labor in industry. At midnight on July 5 he sent up the Monongahela River to Homestead two barge loads of Pinkerton detectives armed with Winchester rifles. When they attempted to take possession of the mills, the strikers, intrenched behind piles of steel billets, met them with volleys of fire, picking off the members of the invading force as rapidly as they showed their heads. The detectives made repeated efforts to land, but the defenders had the advantage of numbers, position and weapons. On the second day of the battle the workers endeavored to destroy the barges with brass cannon, planted behind breastworks of railroad ties. This attempt failing, they sprayed the barges with oil and poured barrel after barrel ^{of it} into the river above the mooring place in order to set the boats afire. After seven detectives had been killed and twenty or more wounded, the Pinkerton force surrendered. They were guaranteed safe conduct out of the

community on condition that they give up their arms and ammunition. Notwithstanding this promise the maddened mob fell upon them with fists, stones and clubs. From the sixth to the twenty-seventh of July eleven workmen and spectators were also killed and many others wounded.¹ The reestablishment of order proved too much for the (sheriff and his deputies. On the twelfth the governor of Pennsylvania sent in a force of militia, the town was placed under martial law, and the plant was reopened with a small force of nonunion workmen.

Hardly had order been restored before a new element of terror was injected. On July 31 Frick was shot and stabbed in his office, though not fatally.² The natural supposition was that the strikers were responsible, but it was soon proved that they had no connection with the assailant, who was an anarchist named Alexander Berkman, a Russian by birth. It was believed that he had been inspired to the deed by his anarchist mate, or wife so-called, Emma Goldman, also a native Russian. At the time she claimed to be innocent of any complicity though she

¹ Appletons' Annual Cyclopaedia, n.s., XVII (1892), 626-627. Other sources for the Homestead strike are Secretary of Internal Affairs of the Commonwealth of Pennsylvania, Annual Report for 1892, pt. iii; C. D. Wright, The Industrial Evolution of the United States (N. Y., 1897), chap xxv; Bridge, Inside History of Carnegie Company, 209-223; and contemporary newspapers.

² Bridge, Inside History of Carnegie Company, chap. xv.

expressed pride in Berkman's courage and his loyalty to their common cause.¹ Many years later she told the full story. When news of the lockout at Homestead first reached Emma Goldman and Berkman, then keeping a restaurant in Worcester, Massachusetts, they immediately closed up their business and went to Pittsburgh. There, sheltered by two or three comrades, they prepared, as was the anarchist custom in times of serious labor trouble, a manifesto. After this they returned East. It was the later war between the Pinkerton detectives and the workers which prompted Berkman to make his attack on Frick. The only person who knew of his intention was Miss Goldman. They had only money enough for one of them to make the trip. The greatest regret ^{Emma Goldman's} in her life evidently was that she was unable to accompany him, "all for the lack of a paltry \$50.00."² Berkman was sentenced to twenty-one years in the penitentiary for assault with intent to kill.³

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J. G. Speed, "Anarchists in New York," Harper's Wkly., XXXVI, 798-799 (Aug. 20, 1892).

2
Emma Goldman, Living My Life (N. Y., 1931), I, chaps. viii-ix. Berkman later came to regard such deeds as "harmful to the spread" of anarchist doctrines. See his Now and After (N. Y., 1929), 177.

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He was released after thirteen years' imprisonment. Frick died in December, 1919, and by a strange coincidence Berkman and Emma Goldman were deported to Soviet Russia the same month by the United States government. George Harvey, Henry Clay Frick, the Man (N. Y., 1928), 144-145. See also P. W. Slosson, The Great Crusade and After (A History of American Life, XII), 88.

John Lee

The Homestead affair was carried to the courts by both sides. ~~Arrests were made~~ ^{were arrested} On July 19 ^{of} some of the leaders of the workmen on a charge of murder. On August 3 retaliatory suits were begun against the Carnegie officials, the Pinkerton agency and five of its men on a similar charge. Frick was arrested as soon as he recovered sufficiently to be about. Later a charge of high treason was brought against the Homestead advisory committee which had conducted the strike. The grand jury returned true bills in the treason cases, and also in the charges of murder, conspiracy, and aggravated riot against the Carnegie officials and the Pinkerton detectives. Eventually all the cases were allowed to drop.¹ Meanwhile, very gradually, the Homestead plant returned to steady ^{operation.} work. It was late in November before the strike was declared off. At that time not more than eight hundred of the old employees had been reinstated.

For Andrew Carnegie, retired and busy at his castle in Scotland, but in contact with the management as befitted one who owned over half the company's capital stock of twenty-five million dollars, the upheaval was a devastating experience. To William E. Gladstone, who in September wrote him a sympathetic note, he replied:

¹ Appletons' Annual Cyclopaedia, n.s., XVII, 627; Bridge, Inside History of Carnegie Company, 243.

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This is the trial of my life (death's hand excepted). Such a foolish step — contrary to my ideas, repugnant to every feeling of my nature. Our firm offered all it could offer, even generous terms. Our other men had gratefully accepted them. They went as far as I could have wished, but the false step was made in trying to run the Homestead Works with new men.

It is a test to which workingmen should not be subjected. It is expecting too much of poor men to stand by and see their work taken by others. . . . The pain I suffer increases daily. The Works are not worth one drop of human blood. I wish they had sunk.

Reviewing the incident in his autobiography he expressed the opinion that "disputes about wages do not account for one half the disagreements between capital and labor. There is lack of due appreciation and of kind treatment of employees upon the part of the employers." ²

¹ ~~While~~ ^{Though} it is difficult to see anything but loss for the contestants in this ghastly affair, there were certain gains for public opinion, notably a deepening conviction that society had a right to demand machinery for adjusting labor disputes. What had happened at Homestead might under the existing disorganization of industry happen in any locality where large numbers of men

¹ B. J. Hendrick, The Life of Andrew Carnegie (Garden City, 1932), I, 410-411. For a somewhat different representation of Carnegie's attitude, with supporting documents, see Bridge, Inside History of Carnegie Company, 203-206.

² Carnegie, Autobiography, 253.

toiled in great manufacturing plants. In Congress the disturbance caused agitated discussion. Senator J. M. Palmer of Illinois voiced a widespread view of one practice of the employing class:

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P The army raised and commanded by the Pinkertons is as distinctly known in this country as is the regular army of the United States. . . . The commander in chief of this army, like the barons of the Middle Ages, has a force to be increased at pleasure for the service of those who would pay him or them. . . . They have been employed in New York, and have shed the blood of citizens of that State. They . . . 1 have shed the blood of citizens of Illinois.

Subsequently the Senate undertook an investigation of the use of Pinkerton detectives in labor disputes.² Palmer was no less emphatic in asserting that the men at Homestead had earned the right to live there and to have employment as long as their work was satisfactory. "These large manufacturing establishments," he declared, ~~business~~ "must hereafter be understood to be public establishments in the modified sense, . . . and the owners of these properties must hereafter be regarded as holding their property subject to the correlative rights of those without whose services the property would be utterly valueless."³ This

1 Appletons' Annual Cyclopædia, n.s., XVII, 209.

2 Appletons' Annual Cyclopædia, n.s., XVII, 627.

3 Appletons' Annual Cyclopædia, n.s., XVII, 210.

was a doctrine, however, in which he had little support.

The Baring crisis and the declining prices in the steel industry proved danger signals of a much greater economic catastrophe. The long depression of agriculture in the West and South had steadily curtailed the purchasing power of a large section of the population, thus contracting the domestic market for manufactures. The continued economic instability abroad after 1890 also lessened the demand for American products and, at the same time, caused further withdrawals of foreign gold invested in American enterprises. Another disturbing influence in the business world was the new silver policy adopted by Congress in 1890, which threatened to force the country off the gold standard.¹ Behind all such factors lay the vast amount of speculation in railways and especially in industrial corporations, which had been going on at an accelerating tempo.

By the opening of 1893 there was great uneasiness in the stock market because of signs, particularly in railroads, of overstrained credit. The first startling event was the failure of the Philadelphia and Reading, a railroad which had been in the hands of receivers several times in the previous decade — a victim, as one shrewd financial observer said, of a management

¹ See later, 000. For contemporary explanations of the Panic, see Felix Flügel and H. U. Faulkner, eds., Readings in the Economic and Social History of the United States (N. Y., 1929), 710-717.

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alternating between "visionaries and plunderers" ¹ The Drexel-Morgan Company had carried out the most recent reorganization. In the course of doing so it had leased both the New York Central and the Lehigh Valley, guaranteeing dividends on their stock, and in addition had bought up many roads and coal companies, evidently planning to build up an anthracite monopoly with which to feed the new system. The announcement of this combine on February 11, 1892, caused the biggest day's business which the New York stock exchange had ever known.

So far as outsiders could see, everything was going well with the Reading. In January, 1893, the management issued a report assuring the public, nervous over general conditions, that it had ample capital to meet the year's obligations. Shortly thereafter it paid a five-per-cent dividend on its preferred income bonds. ² Then, apparently without warning and certainly to the bewilderment of many astute financial observers, the Reading went into the hands of a receiver. The announcement caused great alarm in the stock market, the sales of the day (February 25) being even greater than those of just a year before when the combination was launched. ³

¹ N. Y. Evening Post, Sept. 5, 1893.

² Commercial and Financial Chronicle (N. Y.), LVI, 754 (May 6, 1893).

³ Appletons' Annual Cyclopaedia, n.s., XVIII (1893), 297.

The blow to the financial world was in part cushioned, however, by the Stock Exchange Clearing House. This institution, less than a year old, had been organized in May, 1892, to do for the exchange what the Clearing House Association had been doing for forty years for ~~the~~ New York bankers. The Reading bankruptcy was one of many proofs of the advantage enjoyed in a crisis by small business concerns. It was loaded with tremendous liabilities which it could meet only by selling at high prices all the coal which its great territory consumed. When business slowed down and demand and prices both fell, the bottom dropped out of the scheme. Small competitors with low expenses undersold the Reading and even thrived while it starved.

The blasting shock to public confidence came in May, 1893, with the failure of the rope trust, the National Cordage Company. The company was unsound in its structure, but few of those who speculated in its stock had taken pains to inform themselves about the character of the securities. They were interested only in their market performance and that had been highly successful. It had long been the practice of the management to borrow money on its stocks of binder twine to tide over the winter and spring. Early in 1893 the trust had over five million dollars' worth on hand and no worries about the

future. Then came the Reading failure and the bankers notified ~~it~~ ^{the concern} that they could not take care of the usual loans. In order to secure the necessary working capital the company made a new issue of preferred stock. This alarmed the market, producing a panic in National Cordage stock and causing all its creditors to jump on it. The president of the trust assured the Industrial Commission in 1900 that "the failure was entirely due to the inability to get credit, which had never been curtailed before in our history, and the uneasiness due to the general distrust in regard to the silver question and the failure of the Reading Railroad Company."¹ The receivers into whose hands the company passed found other things amiss, however. They reported the accounts of the trust, of its officers and subsidiaries, so confused that it was impossible to make head or tail of the business -- "a fine thing for the speculators but a poor reliance for investors."²

The failure of the rope trust marked the beginning of the general collapse. Banks, corporations, mortgage companies, fell on every hand. New York banks refused to rediscount notes offered by interior institutions, and this tightening of credit

¹ U. S. Industrial Commission, Report (Wash., 1900-1902), XIII, 130-131.

² N. Y. Evening Post, May 6, 1893.

led to a suspension of banks and business houses throughout the West and South. Terrible sacrifices of supposed^{ly} valuable properties were made. Thus a Boston mortgage concern was obliged to sell for \$9000 a mortgage which it regarded worth *two hundred and twenty thousand.* \$220,000. In July the Erie Railroad failed, in August the Northern Pacific, in October the Union Pacific, and in December the Atchison and the New York & New England. No part of the country escaped the blows of the economic disaster. Industries refused by their bankers the money to meet pay rolls save at excessive premiums resorted to all sorts of expedients, often issuing scrip. In Pittsburgh one large industry which continued to pay in cash was the Westinghouse Electric⁸ and Manufacturing Company. The money was in small denominations -- dollars, half dollars, quarters -- taken in at the gate of the Chicago World's Fair and sent weekly to Westinghouse because of his services in lighting the grounds.²

1 "Retrospect of 1893," Commercial and Financial Chronicle, LVIII, 9-19 (Jan. 6, 1894). A general complaint of brokers and investors in railroad securities was that the information furnished the public was so meager that no intelligent appraisal could be made of their value. See a study called The Anatomy of a Railroad (N. Y., 1895), published by Thomas Woodlock of the Wall Street Journal. His conclusion as to the Erie was that its fixed charges were too heavy to be earned even in average years.

2 Leupp, George Westinghouse, 169-170.

While the Westinghouse concern, which, it will be recalled, had been saved from bankruptcy in 1890 by reorganization, was weathering the storm, its chief competitor in the electric field was in deep trouble. This company, the General Electric, was a consolidation only a year old, made up of the two most famous electric concerns in the United States: the Thomson-Houston Electric Company and the Edison General Electric Company of New York. Since its formation in 1883 the Thomson-Houston Company had enjoyed a spectacular growth, enlarging its capital from some ninety thousand dollars to over ten million. The Edison Company, organized by Henry Villard in 1889 with a capital of \$12,000,000, represented all the activities and interests of Edison's incandescent-lamp development.¹ In 1891 the Edison directors had suggested a combination of the two concerns. To Charles A. Coffin, founder of the Thomson-Houston Company, it offered a welcome opportunity to end much of the costly patent warfare which the firm had had to carry on. In April, 1892, the consolidation was completed: a ^{fifty-million-dollar} ~~\$50,000,000~~ capitalization under the name, the General Electric Company. It was a title which named no man, not Thomas Edison, ~~Elihu~~ Thomson, ~~Frank~~ Sprague, Van Depoele, ~~Charles~~ Brush or any other.

Coffin was chosen president of the new General Electric which in its first report, June, 1893, announced twelve hundred

¹ Henry Villard, Memoirs (Boston, 1904), II, 326

and seventy-seven central stations using its apparatus. But before the end of the year the concern was in dire financial straits. It had been the practice of both the companies comprising the General Electric to indorse the notes of young utility companies willing to buy electric equipment if they could get credit. As security for these indorsements they accepted bonds and stocks of the concerns. When the Panic of 1893 came, Coffin found himself with securities normally worth something like \$16,000,000 but which had now greatly shrunk in value. Being badly in need of money, he sacrificed the holdings for \$4,000,000 to a syndicate known as the Street Railway and Illuminating Properties.¹ Rehabilitation of these small bankrupt concerns became one of the difficult financial problems of the next few years. Though the Panic had jeopardized the life of the General Electric, the orders on its books taken in 1892 actually produced a profit in both 1893 and 1894. Not until 1895 and 1896 did the output drop. Revival quickly began, however, and the year 1898 showed the largest volume the company had ever handled.²

The hard times beginning in 1893 formed a prolific breeding ground for labor troubles. When the continued fall in prices

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¹ General Electric Company, Second Annual Report (Jan. 31, 1894), 5-8.

² General Electric Company, Seventh Annual Report (Jan. 31, 1899), 7.

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reacted on the wage scales, organized labor was aroused to strong and often violent resistance. The year 1894 saw nearly 750,000 wage-earners involved in industrial warfare, an even larger number than in 1886.¹ Moreover, unlike the earlier year, the workers now fought on the defensive. One of the most destructive and significant disturbances was the Pullman strike. The Pullman Palace Car Company had suffered from the beginning of the depression. A labor force of over five thousand eight hundred at the beginning of 1893 fell to two thousand before the year was out, and wages were cut twenty-five per cent. In order to build up business George Pullman, head of the concern, began taking orders at a loss.² By this means he returned some two thousand two hundred to the pay roll.

In May, 1894, the men asked for a restoration of their wage scale. The works were busy; the company was paying dividends; but their pay had not been raised, nor had their rents in the town of Pullman been reduced. Their request, made through an employees' committee, was refused, Pullman explaining that the company was losing money in order to keep the plant going. As for the complaint that the rents charged at Pullman

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1 J. R. Commons, History of Labour in the United States (N. Y., 1918), 501.

2 Pullman claimed that he built in 1893 three hundred passenger cars each at \$300 less than cost. Cattle cars and refrigerator cars were built at a corresponding loss.

were higher than the employees could afford and should be lowered since wages were cut, he contended "that none of the reasons urged as justifying wage reduction by it as an employer can be considered by the company as a landlord."¹ The day after the interview three of the committee were discharged on the plea of no work. They belonged to a local union of the American Railway Union, a body organized by Eugene V. Debs at Chicago in 1893 for the purpose of embracing all railway workers born of white parents in "one great brotherhood."

When the Pullman local learned of the dismissals it called a strike on May 11. The company promptly laid off its entire labor force and closed the works; Pullman announcing great relief at the removal from his shoulders of the responsibility for the bread and butter of over four thousand men and their families.² The men, however, were allowed to remain in their homes. This was the situation when in June a convention of the American Railway Union in Chicago proposed arbitration to the Pullman Company. The company refused to consider any communications from the body and thereupon the convention voted that after June 26 the members should handle no Pullman cars on any

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¹ U. S. Strike Commission, Report on the Chicago Strike (53 Cong., 3 sess., Senate Exec. Doc., no. 7), xxxv-xxxvi.

² "The Pullman Boycott," Nation, LIX, 5-6 (July 5, 1894).

railroad until the Pullman Company should consent to arbitration. Members might handle trains of which Pullman cars were not a part and it was particularly asked that such cars be separated from mail trains.¹

The strike was thus transferred to the national field. Its principals became the railways under contract to move Pullman cars and their employees who refused to move them. As Eugene V. Debs, president of the American Railway Union, saw it, "The contest is now on between the railway corporations united solidly on the one hand and the labor forces on the other." Accepting this issue, the Chicago Herald declared on July 4, "The necessity is on the railroads to defeat the strike. . . . If the strike should be successful the owners of the railroad property . . . would have to surrender its future control to the . . . labor agitators and strike conspirators who have formed the Debs railroad union." In the East the New York World joined in calling the action of the strikers a "war against the government and against society . . . iniquitously directed by leaders more largely concerned to exploit themselves than to do justice or to enforce the right."²

Though such newspapers undoubtedly represented the dominant opinion of the country, the refusal of the Pullman Company to

¹ W. R. Browne, Altgeld of Illinois (N. Y., 1924), 117-120.

² N. Y. World, July 2, 1894.

arbitrate nevertheless caused much dissatisfaction. The common council of Chicago called for a peaceful settlement. Mayor H. S. Pingree of Detroit, a large employer, went himself to Pullman with Mayor J. P. Hopkins of Chicago, carrying a sheaf of telegrams from the mayors of some fifty cities to beg the Pullman Company to reconsider.¹ Mark Hanna who for years had employed big bodies of labor, handling them much as Andrew Carnegie did by a combination of generosity, force and paternalism, raged at George Pullman in the Union Club of Cleveland. He was a "damned idiot" not to "arbitrate, arbitrate and arbitrate." When somebody answered that Pullman had done fine things for his men, giving them a model town, Hanna exploded: "Oh, hell! Model! -- ! Go and live in Pullman and find out how much Pullman gets sellin' city water and gas ten per cent higher to those poor fools!"²

The extension of the strike by the American Railway Union involved some twenty-four railways centering in Chicago, operating about forty-one thousand miles and capitalized at over two billion dollars. These roads as a group were represented by an organization formed in the troubled days of 1886, called the

¹ U. S. Strike Commission, Report, xxxix.

² "His words," adds Hanna's biographer, "sped out and came into Chicago; in 1896 there was a difficulty in collecting money for the Republican campaign fund from Mr. Pullman's office." Thomas Beer, Hanna (N. Y., 1929), 132-133.

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General Managers' Association. Its business was the "consideration of problems of management arising from the operation of railroads terminating or centering at Chicago."¹ In the opinion of the federal commission later appointed to investigate the strike, the Association had no standing in law: "It cannot incorporate, because railroad charters do not authorize roads to form corporations or associations to fix rates for services and wages, nor to force their acceptance, nor to battle with strikers." It denominated the Association "an illustration of the persistent and shrewdly devised plans of corporations to overreach their limitations and to usurp indirectly powers and rights not contemplated in their charters and not obtainable from the people or their legislators."

It was this organization which faced the American Railway Union and refused to deal with its representatives -- an action which the federal commission called "arrogant and absurd when we consider its standing before the law, its assumptions, and its past and obviously contemplated future action."² *Feeling that no alternative remained, the on June 26* ~~Upon the~~ ~~answer being received on June 26~~ switchmen refused to attach Pullman cars to trains. When they were discharged the train crews quit in a body. By the first of July nearly every road

¹ U. S. Strike Commission, Report, xxviii-xxxi.

² U. S. Strike Commission, Report, xxxi.

west and northwest of Ohio was tied up.¹ Thus in less than a week, a large part of the nation's business had been effectually stopped by the refusal of an unincorporated organization, claiming to represent forty thousand miles of transportation, to arbitrate a labor grievance in a manufacturing company.

The railways called loudly on the federal government to protect them in running trains. The strikers contended that the government should not interfere with strikes and, when a resolution was introduced into Congress forbidding such interference, they asked Senator C. K. Davis of Minnesota to support it. "You might as well ask me to vote to dissolve this government," he replied.² Governor Altgeld of Illinois, confident that he had the situation well in hand, declined to call on Washington for assistance.³ Unfortunately the federal government had no machinery for compelling arbitration. It had only armed force and it was fairly certain that the use of force to set the trains in motion would provoke resistance. The body of strikers was still in the main orderly, but the makings of a mob were at hand: hoodlums, embittered men vainly seeking work, hoboes and

¹ Editorial, Public Opinion, XVII, 305 (July 5, 1894).

² Editorial, Nation (N. Y.), LIX, 19 (July 12, 1894).

³ See A. M. Schlesinger, The Rise of the City, (A History of American Life, V), 415.

criminals. There was, besides, a sprinkling of direct-actionists asking nothing better than to set a match.

The first force employed by the government was unfortunate, consisting of some thirty-six hundred special deputies sworn in by the United States marshal in Chicago. According to the federal investigating commission, these men were selected by and appointed at the request of the General Managers' Association; they were armed and paid by the railroads and, while exercising governmental authority, were under the direct control of the railroads, not of any public official. Thus, as a first step, the federal government gave over its local police power directly to the railroads, allowing them to recruit (chiefly through detective agencies) a considerable body of reckless and irresponsible men and to arm and send them out in the guise of United States officers to do whatever the railroads required.¹

With the activities of the special deputies rioting began. Many believed it was started by the railroads themselves, seeking to break the control of the situation which the strikers had established. The charge, however, can neither be satisfactorily proved nor disproved. In view of all the conditions rioting was, in any case, inevitable. It took the form of frenzied mobs

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In an official report the Chicago superintendent of police referred to these deputies as "thugs, thieves and ex-convicts," a characterization amply supported by the testimony of many witnesses before the United States Strike Commission.

burning cars, looting railroad property, imperiling all law and order. As a result, federal troops entered the city on July 3. President Cleveland found warrant for this unprecedented action in the constitutional obligation to safeguard the mails and protect interstate commerce.¹ On July 6 state troops made their appearance.

At the time that special deputy marshals were authorized by Washington, Attorney-General Richard Olney had appointed a special counsel for the government. The man chosen was a Chicago attorney, Edwin Walker, whom Cleveland described in his account of the strike as "able and prominent." However, Walker was at that time, and had been for over twenty years, the legal representative of important roads leading out of Chicago. On July 2 he secured from the federal circuit court a blanket injunction forbidding Debs, his fellow strike leaders and "all other persons whomsoever" to interfere in any manner, direct or indirect, with the operation of the rail lines.² Eight days later Debs and three others were indicted for obstructing the mails and interstate commerce. Released on bail, they were rearrested a week later and indicted for contempt in disobeying the injunction. This time they did not give bail with the

¹ Robert McElroy, Grover Cleveland (N. Y., 1923), II, 150-156.

² McElroy, Cleveland, II, 146-149.

result, as Debs said, that the men "became demoralized, and that ended the strike."¹ By July 20 all federal troops had been withdrawn. Eleven days later the Pullman Company issued its annual report. It had done a business of about \$9,500,000 during the year and had accumulated a surplus of some \$2,500,000, less by \$1,700,000 than the year before because of the strike, the report said. It was employing twenty-six hundred and forty men, of whom but three hundred ^{had been} ~~were~~ newly engaged.

The case of Eugene Debs was carried to the Supreme Court where Mr. Justice D. J. Brewer, delivering the unanimous opinion of the court, answered in the affirmative two questions: "Are the relations of the general Government to interstate commerce and the transportation of mails such as to authorize a direct interference to prevent a forcible obstruction thereof? Second, if authority exists . . . has a court of equity jurisdiction to issue an injunction in aid of the performance of such duty?"² Deb's sentence of six months in prison, and that of his associates of three months, were therefore upheld. Thus began the struggle over "government by injunction" which furnished an important plank in the Democratic platform of 1896 and long agitated the ranks of organized labor.³

¹U. S. Strike Commission, Report, 143.

²In re Debs, 158 U. S. Reports, 564.

³See H. U. Faulkner, The Quest for Social Justice (A History of American Life, XI), 63-65.

The government, while it was sustained by the Supreme Court and overwhelmingly by public opinion in its determination at all costs to prevent interference with interstate transportation and the moving of mails, failed entirely to take advantage of the opportunity to secure arbitration tribunals to which it could compel the submission of similar disturbances. It remained without means of dealing effectively with elements such as had been primarily responsible for the catastrophe: those who had refused to submit the dispute to arbitration.

Had the Pullman upheaval been the only evidence of social unrest, popular sentiment would not have been so deeply stirred. In every industrial center hordes of men were out of work, and in the West and South the farmers lifted up their voices in the general chorus of despair and exasperation. The economic and social order builded by the capitalists in the 1870's and 1880's was being weighed in the balance and found wanting. Among the few million unemployed the spirit of discontent spread like a contagion. Presently they began to form "armies" to make personal presentation of their grievances to the government at Washington.

The most conspicuous of these armies was the one led by Jacob S. Coxey of Massillon, Ohio. A quiet, unassuming man of forty, he had worked for ten years in the iron mills of his native state of Pennsylvania before going to Ohio where he

became a farmer, quarryman and horse breeder. So successful had he been that by 1894 he was reputed to be worth two hundred thousand dollars.¹ Despite his profitable business career Coxey was a congenital reformer. Like scores of others in depressions, he had his own plan for ending unemployment: the government should set the jobless to work constructing highways and other public improvements and pay them with irredeemable legal-tender notes.² Failing to arouse an interest in his plan in Congress he decided to lead a "petition in boots" in its behalf. "The aim and object of this march to Washington," declared Coxey while the army was en route, "has been to awaken . . . the whole people to . . . their duty in impressing upon Congress the necessity for giving immediate relief to the four million of unemployed people and their immediate families, consisting of twelve million to fifteen million more."³

Coxey started out with ^{a band of} one hundred and twenty-two men which, by April 30 when he reached Washington, had grown to over four hundred. The police allowed them to parade, but kept them out of the Capitol grounds, finally arresting Coxey when he broke through their lines and attempted to make a speech on the Capitol

¹ Henry Vincent, The Story of the Commonweal (Chicago, 1894), 49.

² Vincent, Commonweal, 51-53.

³ Speech at Williamsport, Md., April 18, 1894, quoted in Vincent, Commonweal, 53-54.

steps.¹ "Up these steps," he said in a written protest which he had ready, "the lobbyists of trusts and corporations have passed unchallenged on their way to committee rooms, access to which we, the representatives of the toiling wealth producers, have been denied."² It was a pertinent observation, for Washington at the moment was alive with lobbyists fighting the Wilson bill. The tariff-reform press seized the opportunity Coxey gave ~~them~~^{it} to compare the two invading armies. As one editor put it, "The 'Industrial Army' composed of manufacturers besieging the government with their clamor for higher duties and higher profits has prepared the way for the 'Industrial Army' composed mostly of vagabonds marching upon Washington and demanding that the government feed them."³

After this experience at the hands of the police Coxey's army ^{presently} disbanded and scattered, but by this time at least seventeen other armies were headed for the capital. The largest of these was Kelly's Industrial Army, numbering some fifteen hundred, which the state and local authorities in California had loaded

¹ D. L. McMurry, Coxey's Army (Boston, 1929), 113-118.

² McMurray, Coxey's Army, 120.

³ Editorial, Harper's Wkly., XXXVIII, 434 (May 12, 1894).

into trains of box cars and headed eastward.¹ Its leader, a thirty-two-year-old printer named Charles T. Kelley, had been elected by the unemployed as "general." At Council Bluffs, Iowa, the railroad dumped the men and took away the cars. On the outskirts of the town they camped a week in the mud, fed by a great body of sympathizing townspeople and laborers. In vain they waited for the railroad to furnish transportation, and finally the army took to the road afoot. Through all this pathetic journey Kelley kept order in his force, but not all of the divisions were manageable.

The Montana contingent of the Industrial Army, made up of nearly six hundred and fifty miners, mountaineers and hoboes, when refused a lift by one of the line managers of the Northern Pacific, proceeded to capture a train and run it for themselves. They were followed by a trainload of deputies, and at Billings a fight ensued in which the deputies were worsted with the help of the people of the town. Eventually a band of federal troops surrounded the train at night and the men surrendered without a fight.²

Through May and June remnants of ^{the} various armies straggled into Washington. They appeared too late, however, and were too

¹McMurry, Coxey's Army, chaps. viii-ix. Nineteen-year-old Jack London was a member of Kelly's army. He kept a diary of the journey from San Francisco until he left the army at Hannibal, Mo. See J. E. Briggs, ed., "A Jack London Diary," Palimpsest, VII (1926), 129-158.

²McMurry, Coxey's Army, 199-205.

few in number, to make the impression on Congress that their cause deserved. Of the hundred thousand men whom Coxey had predicted, never more than a thousand were in the capital at a given time. Congress ignored them; ~~and~~ the local authorities harried and harassed them. While some tried to jest at the new "American pilgrims bound on a merely fantastic and adventurous journey,"¹ thoughtful persons realized that a germ of deadly earnestness underlay the movement. "The Coxeyites, ridiculed by the classes, have the sympathy of the masses," declared an English observer. "Organized labor, and labor not organized, has cheered the armies on their way."² There could be no doubt, to use the language of another contemporary, that the movement despite its farcical ending was "a symptom. Symptoms . . . mean always internal disturbance, they mean the possibility of diseases that may threaten the vitals."³

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¹ "The Progress of the World," Am. Rev. of Revs., IX (1894), 650.

² W. T. Stead, "Coxeyism," Am. Rev. of Revs., X (1894), 52.

³ M. J. Savage, "The Present Conflict for a Larger Life," Arena, X (1894), 303.