THE GILDED AGE

THE PULLMAN STRIKE AND IN RE DEBS
Statue of Liberty unveiled (1886) in celebration of the triumph of American freedom and historic Franco-American relations; icon-symbol of welcome to immigrants “yearning to breathe free”

Great Upheaval (1886): massive strike wave that swept nation and defied the symbol of political stability and social harmony

U.S. underwent one of the most profound economic revolutions and one of the most violent labor-management struggles in history

John Dewey stated, “One can hardly believe there has been a revolution so rapid, so extensive, so complete.”
BIG BUSINESS

Giant corporations dominated steel, oil, sugar refining, meat packing, and agricultural machinery and powerfully influenced national, state, and local government. Attempts to control and exploit new industrial workforce triggered violently bitter showdowns, such as the Great Railway Strike, Haymarket Affair, Homestead Strike, and Pullman Strike. Unprecedented accumulation of wealth at the top: By 1890 richest 1% received the same total income as the bottom half of the population and owned more property than the remaining 99%. Much of working class tragically poor because of monetary deflation, falling prices, prolonged depressions in the 1870s and 1890s, and the insecurity of employment. Emergence of a wealthy and powerful industrial class and a proletariat living on the edge of poverty, along with the closing of the frontier posed a formidable challenge to inherited notions of American freedom. Wage labor no longer simply a temporary status. West ceased to be a haven of opportunity for dispossessed small producers. New concentrations of wealth degraded freedom as well as popular government. Only a limited number profited. Only a minuscule portion of skilled workforce and corporate people profited.
Labor challenged traditional notions of economic freedom
“Labor question” supplanted slavery as main issue of freedom (labor reform, land taxation, currency reform, etc.)
U.S. like Europe now subject to social stratification and widespread class division as well as unequal distribution of wealth
New social and political order changed definitions of American freedom
Social Darwinism, laissez faire, and the Gospel of Wealth viewed inequitable concentrations of wealth as inevitable, natural and justified by progress
Modern corporation replaced the independent producer and free laborer
Reformers charged the spoilmen and industrial giants with violating principles of democratic government
Government now viewed as both protector of and potential threat to freedom
Laissez-Faire Economics

Liberals and Big Business equated freedom with laissez faire economics.
So long as economic progress and labor relations were governed by contracts freely arrived at by autonomous individuals, Americans had no grounds to complain of a loss of freedom.

Labor reformers pushed for government interference on their behalf (8 hour workday, higher wages, safer conditions, etc.).
Severe economic depressions of the 1870s and 1890s did not alter prevailing middle-class view that the poor were responsible for their own poverty and deplorable state because they lacked character, self-reliance, perseverance, and courage in the face of adversity. As late as 1900, half of America’s cities offered no relief to the poor, except those residing in poor houses.

Social Darwinists pushed for unfettered individualism and liberty of contract.
Viewed 14th Amendment as liberty of contract not equality before the law.
Reformers and social critics argued that meaningful freedom could not exist in a state of extreme economic inequality. Eugene Debs contended that concentrated economic power aligning itself with the federal government undermined traditional notions of freedom. Populists protested falling agricultural prices, growing economic dependency, widespread debt, economic deprivation, loss of freedom, government corruption, denial of right to organize unions; pushed for currency reform, graduated income tax, low-cost financing. America was dividing along lines of class and race. Demise of the Knights of Labor and the ascendancy of the AFL reflected a shift toward the thought that the worker must accept the a status as wage earner and thus seek higher wages and better working conditions as opposed to lobbying for utopian dreams.
Due to a lack of interest in all three branches of government, effective regulation of trusts and monopolies was impossible. Such regulation as there was merely served to satisfy a growing public protest against the abuses and excesses of Big Business. Government support is needed before reform can truly be institutionalized. A broader base of support was needed, especially, from within the urban middle class. Significant gains for labor and the common man was still decades away.

Congress: “Senate of Trusts” (Joseph Keppler)
Interstate Commerce Act forbade special rates, rebates, kickbacks and pooling arrangements but could not force witnesses to testify

Toothless legislation
Sherman Antitrust Act declared illegal “every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade and commerce among the several states, or with foreign nations.”

Toothless legislation
Presidents and Attorney General
Both Republicans (Grant, Hayes, Garfield, Arthur, Harrison, McKinley) and Democrats (Cleveland) were pro-Big Business and would not interfere with Big Business on behalf of the working class. Any action they would take would be supportive of Big Business.
Cleveland: low tariff; more laissez-faire
Richard Olney, Attorney General under Cleveland, speaking to a group of railroad executives, in 1893 who wished to repeal the Interstate Commerce Act: “My impression would be that looking at the matter from a railroad point of view exclusively it would not be a wise thing to undertake…. The attempt would not be likely to succeed; if it did not succeed, and were made on the ground of the inefficiency and uselessness of the Commission, the result would be very probably be giving it the power it now lacks. The Commission, as its functions have now been limited by the courts, is, or can be made of great use to the railroads. It satisfies the popular clamor for a government supervision of railroads, at the same time that that supervision is almost entirely nominal. Further, the older such a commission gets to be, the more inclined it will be found to take the business and railroad view of things. It thus becomes a barrier between the railroad corporations and the people and a sort of protection against hasty and crude legislation hostile to railroad interests.... The part of wisdom is not to destroy the Commission, but to utilize it.

U.S. Supreme Court: conservative and pro-Big Business
Wabash v. Illinois (1886) struck down Granger Laws regulating interstate commerce
U.S. v. E.C. Knight (1896) held that America Sugar Refining Company, which controlled 98% of U.S. sugar refining was not a combination in restraint of trade
Manufacturing not considered “trade”
Government lost 15 of first 16 cases brought to Supreme Court under Interstate Commerce Act
Government lost 9 of first 10 cases brought to Supreme Court under Sherman Antitrust Act
Justice Department and courts tended to use Sherman Antitrust Act against striking labor unions, contending that they were conspiracies in restraint of trade
The company built luxurious sleeper and dining railroad cars designed to make long-distance travel comfortable and leisurely. George Pullman sought to secure the comfort of his workers in hopes of ensuring the success of his company. Industrialization and urbanization exploded to the extent that society and its institutions was ill-prepared to deal with the growth of pestilent slums along with the spread of squalor, infectious diseases, crime, and alcoholism. Working-class families too often had no choice but to live in unsafe tenements. Labor unrest was rampant throughout Chicago, and Pullman eagerly hoped to avoid it. Beginning in 1880, Pullman constructed a new factory and company town in an attempt to attract first-class employees who would stay healthy and work diligently. Pullman built solid, single-family homes on wide, tree-lined streets. Pullman, Illinois had parks, athletic fields, housing with reasonable rents, a hotel, a shopping arcade, a library, a theater, a bank, a vegetable farm, and a rapidly growing population.
By 1885 Pullman’s model town and “strictly business proposition” was showing signs of stress. Men greatly outnumbered women. The majority of the townspeople were “new immigrants.” The average stay for workers was just four years. Pullman refused to sell building lots to workers who wished to own their own homes. Pullman strictly controlled the town’s civic life. Many “radicals” and discontents began moving to near-by communities where rents were cheaper. Pullman discouraged workers from joining unions.

In 1893 a financial panic triggered an economic collapse and a serious depression. Business declined sharply. Pullman responded by closing his shops in Detroit, laying off about eight hundred people, and lowering wages of hourly workers in Pullman. Between August 1893 and May 1894, Pullman cut wages an average of 25 percent, asserting that reducing manufacturing costs was the only way he could keep any workers employed. At the same time, Pullman reduced neither management salaries, nor stockholder dividends, nor the rents he charged workers—which he kept deducting from their pay, leaving some with less than a dollar to show for two weeks’ work.

After March 1894, despairing Pullman employees, many of them reduced to short hours, began joining the American Railway Union (ARU) in large numbers.
For years skilled Pullman employees had belonged to craft unions, but the ARU was different. The ARU allowed all white railroad workers to join. Workers could form local unions. The ARU lobbied for eight-hour workdays, workplace safety, and restrictions on Sunday labor. The union offered low-cost life and disability insurance, helped unemployed workers find jobs, and sponsored lectures on industrial issues.

The ARU counseled against strikes and encouraged mediation and arbitration as alternatives.

After James J. Hill and his Great Northern Railway slashed wages three times in seven months, the ARU sent Hill a letter requesting a meeting. When Hill flatly rejected the letter, the ARU organized a strike that paralyzed Great Northern operations. Hill attempted to hire scabs, but local sympathy for the ARU forced Hill to agree to arbitration. The arbitrators awarded the workers substantial wage increases.

The ARU’s victory in the Great Northern strike greatly expanded the union’s prestige and membership. By mid-1894 it was the largest union in the U.S. with 425 locals and over 150,000 members.

Because of labor’s weakness during times of depression, ARU officials cautioned Pullman locals against the use of a strike and recommended mediation. A grievance committee met with Pullman vice president Thomas Wickes on May 7, 1894, requesting either an across-the-board rent reduction or the restoration of pre-depression wage levels. A second meeting with Pullman revealed that the paternalistic owner resented that so many of his workers had joined the ARU.
Although Pullman seemed to show genuine concern for his workers, he informed the grievance committee that business conditions precluded wage increases but assured union leaders that he would investigate allegations of worker abuse and that members’ jobs were not in jeopardy as a result of union activity.

The next day three members of the grievance committee lost their jobs. Pullman reminded workers that some layoffs were necessary to keep the shops open. On May 10, 1894 ARU locals voted to strike.

On June 15, a delegation of ARU officials tried to negotiate with Pullman vice president Thomas Wickes, but Wickes refused. A week later, the ARU informed Wickes that unless his company addressed worker grievances, union members would cease handling trains handling Pullman cars as of June 26.

On June 25 Wickes attended a General Managers’ Association (GMA) meeting and garnered support for plans to break the ARU.

On June 26 ARU president Eugene V. Debs ordered his union members to begin sidetracking all trains with Pullman cars attached. Much to Pullman’s dismay, the boycott spread rapidly, despite the fact that the GMA proclaimed that its member companies would fire and blacklist any worker who took part in the strike or boycott. Within days, over 250,000 railroad workers had joined the labor action, which was enough to shut down much of the nation’s rail traffic and nearly all of the trains passing into or out of Chicago.
Just when it seemed that the ARU might prevail, Attorney General Richard Olney sided strongly with management. He applied for a federal court order enjoining the boycott on the grounds that it was disrupting delivery of the U.S. mail. Although this was the case, it was only so because the railroads were intentionally attaching Pullman cars to the mail trains.

The federal court issued the injunction on July 2, and President Cleveland ordered federal troops into Chicago to enforce its provisions. Until this point, little violence occurred, but the arrival of the federal troops shortly after midnight on July 4 triggered several days of rioting. On July 7, during a skirmish at the Forty-ninth Street and Loomis railroad crossing, state militiamen killed four strikers. Police arrested Debs and everyone else of note at ARU headquarters for violating the federal court order.

The injunction ordered Debs and other ARU leaders to refrain from persuading more workers to join the boycott and coordinating strike activities in any way. The power of the GMA and federal government proved too strong for the ARU. With Debs and the rest of the ARU leadership in jail and more federal troops arriving every day, the strike collapsed. By July 12 most of the nation’s trains were running on schedule.
On July 12, AFL president Samuel L. Gompers met with Debs regarding the ARU president’s call for a nationwide general strike. Gompers refused to act as an intermediary between the ARU and the GMA. By July 14, there were more than 12,000 federal troops in Chicago. On July 17 Debs and his colleagues were arrested again for allegedly sending telegrams to ARU locals in the western states. Debs refused to post bail and remained in jail until his December 1894 trial.

At the end of the trial, the court found Debs guilty of contempt of court and sent him to prison for six months. Defended by Clarence Darrow, Debs appealed the decision. The case reached the Supreme Court in March 1895.

Darrow challenged the trial judge’s argument that the ARU could be enjoined from striking under the Sherman Antitrust Act because unions were combinations and strikes conspiracies in restraint of trade. The Supreme Court upheld Debs’ sentence for contempt of court and supported federal government’s power to enforce injunctions.
In a letter to Judge Grosscup, Gompers wrote: “You would not have [the grand jury] consider seriously the fact that more than 2 million of their fellows are unemployed, and though willing and able, cannot find the opportunity to work in order that they may sustain themselves, their wives, and their children. You would not have them consider seriously the fact that Pullman who has grown so rich from the toil of his workmen that he can riot in luxury, while he heartlessly turns these very workmen out their tenements into the streets and leave to their tender mercies of corporate greed.... Year by year man’s liberties are trampled underfoot at the bidding of corporations and trusts, rights are invaded, and law perverted. In all ages, wherever a tyrant has shown himself, he has always found some willing judge to clothe that tyranny in the robes of legality, and modern capitalism has proven no exception to the rule. You may not know that the labor movement as represented by the trades unions stands for right, for justice, for liberty. You may not imagine that the issuance of an injunction depriving men of a legal as well as a natural right to protect themselves, their wives, and little ones must fail of its purpose. Repression or oppression never yet succeeded in crushing the truth or redressing a wrong. In conclusion let me assure you that labor will organize and more compactly than ever and upon practical lines; and despite relentless antagonism, achieve for humanity a nobler manhood, a more beautiful womanhood, and a happier childhood.”