

Chapter 5

Government on the Sidelines

AND what, one may ask, was the United States government doing while these portentous events were afoot?

It is hard for us, today, to realize how small the government was in 1900, and how limited in its functions and powers. It spent roughly half a billion dollars a year, about one-eightieth of what it was destined to spend half a century later (even before the Korean war stepped up the budget). In fact, the federal government in 1900 spent considerably less money than New York State did in 1950. The national debt amounted to only a little over a billion and a quarter dollars—about one two-hundredth of the 1950 debt of 257 billions. Even when one makes allowance for the diminished value of the dollar and for the way in which federal expenses and particularly the federal debt have been swollen since 1900 by wars and defense expenditures, those are incredibly small figures by today's standards.

The government had no Department of Commerce, no Department of Labor, no Federal Trade Commission, no Federal Reserve System. The reason was simple: business was supposed to be no affair of the government's. It had an Interstate Commerce Commission, which was supposed to regulate the railroad companies, but the powers of the Commission were small and uncertain. Even the Sherman Anti-trust Act had been whittled down by Supreme Court decisions into a feeble instrument for the maintenance of competition in business; and during the year 1900 the Attorney General brought not one single suit under that law.

As for the White House, we have it on the authority of "Ike" Hoover, who was long the Chief Usher, that when he began work there in the early nineties "the whole Executive office staff, which was then domiciled in the White House proper, consisted of but ten people, and four of these were doorkeepers and messengers." There could not have been many more in 1900. What a contrast to 1950, when the employees of the White House office numbered 295, and those who worked for what was technically known as the "Executive Office of the President"—including not only the White House office but the Bureau of the Budget, the Council of Economic Advisers, the National Security Council, the National Security Resources Board, and so forth—totaled no less than 1,335, and occupied most of the architecturally profuse building which in McKinley's time had comfortably housed the State, War, and Navy Departments!

Two or three examples may illustrate how incidental was the role of the government in business affairs. In 1895 its gold reserve was slipping away and it desperately needed a loan of money to enable it to buy more gold with which to buttress its endangered currency. It turned, in this emergency, to the strongest private banker in the country, who was of course Pierpont Morgan; only he had the financial prestige to assure the bankers and the men of means that they might safely lend to the government. Washington without Wall Street's aid was helpless.

Twelve years later, in 1907, there was a bank panic which centered in New York. A series of conspicuous bank failures had undermined public confidence, depositors were drawing out their money right and left, and once again strong measures were needed to restore confidence and order. Again it was Pierpont Morgan who came to the rescue, bringing the bank presidents together in meeting after meeting, and through the sheer strength of his reputation and the force of his will bulldozing them into making loans which tided the weakened banks through the crisis. During that emergency the President of the United States was powerless to do anything. The Secretary of the Treasury was hardly more than one of Morgan's minor aides. There were no Federal Reserve funds to be drawn upon,

nor any other federal machinery adequate to help. In effect the strong man of Wall Street served as the organizer of a private, voluntary, national reserve system.

Or take the action of President Theodore Roosevelt in ending the anthracite coal strike of 1902 by mediating between the coal operators and the United Mine Workers. For decades now we have been so accustomed to seeing management and labor going to Washington—or being dragged to Washington—to settle their major disputes that it is hard for us to realize that in 1902 the settlement of a strike by the President of the United States was absolutely without precedent. When Roosevelt invited the operators and union leaders to Washington, some observers were favorably impressed; the strike had already been going on for months, the price of anthracite coal had climbed sky high, and as winter approached there was already intense suffering. What a fine thing for the President to try to end the crisis, thought these citizens, even if it wasn't really any of his business! Not so the conservative press. The New York *Sun* called Roosevelt's proposal "extraordinary" and "dangerous." And said the New York *Journal of Commerce*:

The President's course . . . magnifies before the public the importance and power of the unions, casts an unwarranted stigma upon the position and rights of the operators, and adds a trades-union issue to the many unwelcome politico-economic questions of the hour. . . . Worse by far than any possible strike is Mr. Roosevelt's seemingly uncontrollable penchant for impulsive self-intrusion.

It was during this strike that the leading representative of the coal operators, George F. Baer, sent his famous lines of assurance to a worried resident of Wilkes-Barre. "The rights and interests of the laboring man," wrote Baer, "will be protected and cared for—not by the labor agitators, but by the Christian men to whom God in his infinite wisdom has given control of the property interests of the country."

When the coal operators faced the President in conference in Washington, their attitude toward him was one of "studied inso-

lence," to borrow Mark Sullivan's phrase. They took the position that the strikers were outlaws, criminal conspirators against the rights of property. As Baer himself put it, "The duty of the hour is not to waste time negotiating with the fomentors of this anarchy." Roosevelt succeeded in establishing a basis for the settlement of the strike, but throughout the negotiations he was profoundly aware that he had no power at all to intervene. What he was doing was quite outside the normal province of the United States government.

II

But that was in 1902 and Theodore Roosevelt was an adventurous man. In 1900 his predecessor, the stately William McKinley, sat in the White House, and McKinley was a man of discretion, who wouldn't have dreamed of trying to settle a strike. McKinley took a different view of the functions of the federal government. He believed, quite sincerely, that the government oughtn't to intervene in business affairs unless criminal activities were involved (and there were mighty few activities which the laws then defined as criminal); instead, the government ought to serve business to the extent of its modest capacity.

Nobody has described McKinley better than William Allen White, who as a young journalist interviewed him at his home in Canton, Ohio, on a warm day in the summer of 1901. McKinley, said White, sat

in a large cane veranda chair in a lightweight dark alpaca coat and trousers, with a double-breasted white vest adorned only by his watch chain, with a dark purple four-in-hand necktie meticulously arranged; a heavy man five feet ten or eleven inches tall but never paunchy, with a barrel torso, a large head and face, deeply cut though not finely chiseled features—but without spot, blemish, wrinkle, or sign of care and sorrow upon the smooth, sculptured contour of his countenance. I was sweating, for it was a hot day. He was stainless, spotless, apparently inwardly cool and outwardly unruffled.

McKinley was dignified and courtly, with such a built-in reserve that White felt that somewhere back in his youth he had "buttoned

himself up." When a photographer arrived to take the President's picture, McKinley laid aside his cigar, saying gently, "We must not let the young men of this country see their President smoking!"

Behind this frock-coated statue of civic righteousness, as he presided over governmental affairs, stood the stalwart Republican leader, Mark Hanna, a solid, forthright, outspoken, generous, very human man who genuinely admired McKinley, somewhat as a sales manager might admire a noble though impractical bishop, and took delight in showing him what practical course he should pursue. Hanna was a prosperous manufacturer, a Senator from Ohio, and chairman of the Republican National Committee. He knew well how to raise money from the rich and privileged. Temperamentally he was in full accord with the big manufacturers, and at ease with the big bankers. He felt that whatever served them served the country. Within the limits of feasible statesmanship, he was their earnest and devoted servant.

In the presidential campaign of 1900 McKinley was opposed by William Jennings Bryan, whom he had already defeated in 1896. Bryan was no demagogue but a genuine lover of the people, a good man, an honest man, a natural defender of human rights. He had a shallow and opinionated mind, but he had also a magical gift of speech. In those days when there was no radio and no television and when oratory was a widely appreciated art, there was no one who could hold and sway an audience as Bryan could. There are men still living who recall how they came to some county-seat meeting to hear him speak, and how they stirred restlessly on the hard benches during the preliminary addresses; how when Bryan began they listened with skepticism; and how the organ tones of his glorious great voice and the rise and fall of his rhetorical cadences so captured them that when, at last, he came to the end of his peroration, they found themselves hardly able to move their cramped muscles: for two hours they had sat motionless under the spell of his silver tongue.

Bryan based his 1900 campaign chiefly on the issue of anti-imperialism, arguing that the islands which had fallen into American hands as a result of the Spanish War should be delivered to their inhabitants. He also inveighed against the trusts, recommending that

corporations be subject to federal licensing, and he even proposed an income tax; but his grasp of economics was insecure, and although millions of Americans were troubled about the trusts, Bryan failed to ignite them fully. For 1900 was a year when many of them had more money in their pockets than they had had for many a season. Mark Hanna had said before the campaign, "All we need to do is to stand pat," thereby giving currency to a phrase that has reverberated through American politics ever since; and Hanna's prediction had been sound. McKinley, the victor of the war against Spain, the majestic embodiment both of America's new importance in world affairs and of the new prosperity, won without difficulty; and Mark Hanna made ready to serve big business for four more years.

Indeed as Hanna scanned the skies during the last weeks of 1900 there was only one cloud on the horizon: the man chosen by the Republican National Convention as its candidate for Vice-President, the rambunctious Rough Rider of San Juan Hill, the unpredictable young Governor of New York, Theodore Roosevelt. As Governor this Roosevelt had been as mild in his attitude toward business as another Roosevelt was destined to be in the same office a generation later; but he was independent, he wouldn't stay tethered, and Hanna distrusted him. "Don't any of you realize," Hanna had exploded to another senator at the convention, "that there's only one life between that madman and the Presidency?"

What White called "the alliance between government and business for the benefit of business" was an honest love affair to Hanna. He felt that if the path were made easy for the great corporations to do as they pleased, the riches which they accumulated would filter down to the less fortunate, and that any attempt to change the rules of the game except to give the great corporations even more opportunity to prosper would open the way to demagoguery, mob rule, and destruction. With others the alliance was not a matter of emotional affinity or of conviction, but of purchase and sale—the prostitution of government bodies for favors and cash. Big corporations advanced their interests not only by making sizable campaign contributions—

often to both parties—but also by subsidizing or bribing legislators and even judges.

Railroad companies issued free passes to lawmakers, officials, journalists, and their families. At one state capital after another, corporation lobbyists with well-filled pockets were ready to go into action whenever there was a threat of adverse legislation or a hope of favorable legislation. And as for the United States Senate—whose members were at that time elected, not by the people, but by these amenable state legislatures—it had become the chief citadel for the defense of privilege. Most of the Senators were either rich men or carefully selected allies and messenger boys of the rich; they could deliver orotund speeches about the “full dinner pail” for the workman, but their hearts were with the big stockholder.

To quote once more from William Allen White’s autobiography, written long years later:

Senators elected in the days when machines and the ownership of machines were passing into the hands of a class-conscious, organized plutocracy had no obligations to the people of their state. . . . In Kansas, it was the railroads. In western Massachusetts, it was textiles. In eastern Massachusetts, it was the banks. In New York, it was amalgamated industry. In Montana, it was copper. But the power which developed and controlled any state went to New York for its borrowed capital, and New York controlled the United States Senate. . . . The grade of senators, as far as intelligence went, was higher than the grade which the people selected, but on the whole and by and large it was not a representative government. Only a minority of the people of the United States had any control over the United States Senate. And that minority was interested in its own predatory designs.

If a Senator or Congressman needed a little persuasion, there were ways of providing it. Perhaps the neatest demonstration of the art of this sort of persuasion is to be found in the political correspondence of John D. Archbold, the active head of the Standard Oil Company, which was stolen from his files and made public by Hearst in 1908.

This correspondence showed Congressman Sibley of Pennsylvania, Archbold’s chief agent in Washington, writing to say, “A Republican

United States senator came to me today to make a loan of \$1000. I told him I did not have it but would try to get it for him in a day or two. Do you want to make the investment?"

It showed Senator Joseph B. Foraker of Ohio getting \$44,000 from Standard Oil in four successive certificates of deposit sent by Archbold (which Foraker later claimed were retainers); and it showed Archbold subsequently writing Foraker about an "objectionable bill" that needed "to be looked after."

It showed Archbold writing on several occasions to governors to urge them, if "consistent," to appoint Judge So-and-so to fill the vacancy in such-and-such a court. "It is not necessary for me to dwell upon Judge Henderson's capabilities. They are undoubtedly well known to you," wrote Archbold on one occasion. Mild words, to which nobody could take exception. Have not citizens the right to suggest appropriate candidates for high office? Yet no governor could miss the sharp point of the request. This was a post in which Standard, in return for favors past or future, must have a man whose decisions could be counted upon.

Thus, by hints, suggestions, loans, so-called loans that were in fact gifts, and on occasion by outright secret bribes, could a big corporation make legislators, elected officials, and even judges do its bidding. The Soviet propagandists of the nineteen-fifties are forever talking about "lackeys of Wall Street." Well, in 1900 the United States government included many men who might aptly, if not quite idiomatically, have been described as lackeys of Wall Street. Moving into public life in those days was like moving into the neighborhood of a million-dollar fruit tree whose fruit could readily be dislodged if one but made the slightest move in its direction. And this was easily done, for no one much seemed to be looking.

III

Why was no one much looking? There was furious interest in political elections. The 1896 campaign had been the hottest, perhaps, in the whole history of the United States, and the 1900 one did not lack for warmth. There was, as I have already said, a very widespread popular fear that the trusts might ultimately take over the control

of the United States. Why, then, did very few people seem to realize that since the nature and behavior of American capitalism was a matter of transcendent importance to them, and involved great political problems, therefore the character and performance of their political representatives should come under the closest observation?

The reasons were many. In the first place, much of the opposition to the trusts which did exist took the form of advocacy of a socialism of manifestly European derivation. It seemed foreign to the nature of Americans, who were likely to be unsympathetic toward ideologies and disinclined to think of themselves as proletarians, however miserable their lot. It was associated in American minds with the strange-looking, foreign-language-speaking people of the Lower East Side of New York and other immigrant neighborhoods. Besides, it was suspect as revolutionary—in the sense of advocating a total transformation of the business system, if not in the sense of involving barricades and bloodshed. Did not Eugene V. Debs, the 1900 presidential candidate of the Social Democratic party, himself declare that it was “not a reform party but a revolutionary party”? Even with so strong a candidate as the eloquent Debs, the Social Democrats could win no more than 96,000 votes that year.

In the second place, though many earnest Americans who did not like the trend of things had become “Christian Socialists”—following a pattern of thought later inherited in part by Norman Thomas—these were an unorganized and somewhat impractical group; and the theological student or social worker who argued that all industry should be taken over by the government, which would presumably be dominated by people as benevolent as himself, became the awkward butt of japes to the effect that if you divided up all the money in the country evenly among the population, it would soon be back once more in the smart people’s hands.

In the third place, the very idea of reform had been discredited by the failure of the Populist party in the nineties and by Bryan’s seduction of the Populists into the advocacy of free silver. There are few things so dead as a reform movement that has fallen for a panacea and is beginning to become aware of the error of its ways.

Yet still more important, perhaps, was the fact that there were few

people outside the inner circles of big business and corporation law who really understood how the big business combinations were set up, how they functioned, or how they exercised their political leverage; and there were still fewer who had any but the dimmest notion of how the trend of the times could be reversed without a grave danger of disrupting the industrial and political processes of the nation.

This general haziness of the public mind was due in large part to the fact that not many Americans had learned to think of economic affairs—industry, technology, trade, commerce—as matters of general concern to them as citizens. A man worked hard at his business, did his level best to make money at it, talked business with other men in the Pullman smoking compartment or in the country store; but all that was personal and immediate, and quite disconnected, in his mind, with the general condition of American life. Nobody had told him that all Americans were interdependent; that each business, each social activity, each political activity, formed a part of a general American pattern which was affected by what everybody did; that, in the phrase of a later day, Americans were “all in the same boat.” He was used, for instance, to thinking of American business as something which had little to do with American history, except insofar as the tariff affected it. Was not the American history which he had studied in high school a dreary tale of political campaigns and maneuvers which led from the Missouri Compromise to the Dred Scott case and from the Resumption of Specie Payments to the Dingley Tariff, enlivened only by occasional wars? What did the operations of his business have to do with all that?

To be sure, he was excited by presidential campaigns, and could argue with the best that McKinley was the creature of the trusts or that Bryan was unsound; but his political affiliation was likely to be hereditary, and the newspaper editorials and cartoons which provided him with most of his current political education were more partisan than illuminating. As for the popular magazines, it was true that Ida M. Tarbell was already at work on her painstaking history of the Standard Oil Company for *McClure's*, but not a word of this

chronicle had yet appeared in print, and very few of the magazine journalists of the day, except S. S. McClure and his staff, were much interested in probing deeply into the facts of business life in its relation to political life. And as for the great magazines of the old school, those highly respectable publications which ladies and gentlemen liked to display on their library tables, these had become so intent upon serving the interests of culture—a culture daintily remote from the crass concerns of everyday life—that the idea of examining closely the nature of any such vulgar necessity as business was repugnant to them.

Here, by way of illustration, is the table of contents of the March, 1900, issue of the *Century Magazine*, rival of *Harper's* and *Scribner's* for pre-eminence in the eyes of the elect and one of the truly splendid publications of that day:

- Frontispiece.* Engraving by Timothy Cole of J. M. W. Turner's painting of "Dido Building Carthage."
 The National Zoo at Washington. By Ernest Seton-Thompson.
 To the Lapland Longspur. *Poem*, by John Burroughs.
 Paris of the Faubourgs. By Richard Whiteing.
 Robert Herrick, the Man and the Poet. By Thomas Bailey Aldrich.
 A Transfer of Property. *Story*. By Catharine Young Glen.
 The Little Child Dead. *Poem*. By Josephine Dodge Daskam.
 The "Larger Hope." *Poem*. By Elizabeth Paton McGilvary.
 Engraving by Timothy Cole of J. M. W. Turner's painting of the "Fighting Temeraire."
 The Bamboo Flute. *Poem*. By Richard Henry Stoddard.
 Eliza Hepburn's Deliverance. *Serial Novel*. By Henry B. Fuller.
 Dr. North and His Friends. *Serial Novel*. By S. Weir Mitchell.
 Carpaccio's Little Angel with the Lute. *Poem*. By Josephine Preston Peabody.
 The Giant Indians of Tierra del Fuego. By Dr. Frederick A. Cook.
 Poverty. *Poem*. By Arlo Bates.
 Oliver Cromwell. By John Morley. (The fifth paper of a series.)
 The Composer Meyerbeer. By Moritz Moszkowski.
 To an English Setter. *Poem*. By Thomas Walsh.
 Lines and Sail-plan of the "Spray." By Joshua Slocum. (Part of an ac-

count of a voyage alone around the world.)

The Eternal Feminine. *Story*. By Eva Wilder Brodhead.

A Midwinter Tramp from Santiago to Havana. By H. Phelps Whitmarsh.

In the Gloaming. *Poem*. By John Vance Cheney.

Talks with Napoleon. By his physician at St. Helena, Dr. B. E. O'Meara.

The Warfare of Railways in Asia. By Alexander Hume Ford.

Topics of the Time—a department of editorial comment, including a piece on The Date Line (discussing whether the twentieth century began in 1900 or in 1901), a piece on Benefits of Jury Duty to the Juror, and a piece on A Neglected Art (letter-writing).

In Lighter Vein—humor.

Such was the fare that the genteel thought it proper to place before the genteel in the United States of 1900. It was lavishly varied; it was produced with distinction of thought and of phrase, and illustrated with grace and charm; it ranged through the centuries and the continents, as cultivated people should be able to; it contained nothing which could bring a blush even to a cheek ready and willing to blush. And it resolutely turned its back upon the great forces which were determining the fortunes and future of the United States.

Is it any wonder that, in a day when such a magazine stood upon the pinnacle of journalism, there was a shortage of people burning to learn exactly how the ugly factories that disfigured the industrial towns of America were linked together by corporate charters into huge combinations, and how the masters of these combinations, and the bankers who stood behind them, subdued legislators to their will?

But a change was coming. And, paradoxically, the advance agent of this change was an ignorant, demented assassin. On the 6th of September, 1901, at the Pan-American exposition in Buffalo, a man named Czolgosz shot and fatally wounded President McKinley.

Not only had Mark Hanna lost a loved and revered associate, but the cloud of uncertainty that he had discerned on the horizon when Roosevelt had been nominated for the Vice-Presidency now filled half the sky. "And now look," he exclaimed to his friend Kohlsaat, "that damned cowboy is President of the United States!"