

Chapter 6

The Revolt of the American Conscience

THERE were no signs and portents in the sky to herald the beginning of a new era when Theodore Roosevelt moved into the White House in the autumn of 1901. He announced that he would carry forward the late President McKinley's policies, and in his earliest utterances as President he gave the financial and industrial powers of the day no cause for undue alarm. In his first message to Congress he made it clear, to be sure, that he did not think all was well with business; but so neatly did he balance each adverse statement with another one defending business that Finley Peter Dunne's fictional Irishman, Mr. Dooley, aptly summarized the message as follows: "'Th' trusts,' says he, 'are heejous monstheres built up be th' inlightened intherprise iv th' men that have done so much to advance progress in our beloved counthry,' he says. 'On wan hand I wud stamp thim undher fut; on th' other hand not so fast.'"

It was not until several months had passed that the first signal flare of the new era went up: in February, 1902, Roosevelt's attorney general brought suit for the dissolution of the Northern Securities Company under the Sherman Antitrust Act.

The Northern Securities Company was a holding company set up by J. Pierpont Morgan and Edward H. Harriman for the joint con-

trol of certain railroad properties, as part of a treaty of peace between them after the Northern Pacific panic. If it had stood the test of law it might conceivably have set the pattern for the purchase of most of the major railroads of the country by a few men in Wall Street. In moving to smash it Roosevelt not only served notice that there were limits to what the government would let men do in using the mechanism of the holding company to build up economic empires; he also struck at one of the prized creations of the great Morgan himself.

Morgan was dining at home when the news of the suit came to him by telephone. He was dismayed and indignant. He told his guests that he had supposed Roosevelt to be a gentleman, but a gentleman would not have sued; rather he would have asked Morgan privately to reorganize or abolish the Northern Securities Company in order to bring it in line with the government's wishes. The great banker felt that Roosevelt was treating him, an honorable man, like a common crook. Joseph Pulitzer, publisher of the *New York World* and a foe of the "trusts," was overjoyed at Roosevelt's action and wrote in a letter of instructions to his editor, Frank I. Cobb, that the President had "subjugated Wall Street." This was considerable of an exaggeration; but at least the battle was joined.

This battle between the President and the emerging plutocracy, during the next few years, was destined to be an intermittent and often halfhearted one. The reason was not far to seek. Roosevelt was a Republican President. He could not get too far out of step with his party. Among its members were the great majority of the rich and privileged, and the party needed their lavish financial contributions at campaign time. Politically Roosevelt must appear to be their friend, who merely disciplined them a little from time to time for their own good. It has been pointed out again and again since those days that Roosevelt's bark was much worse than his bite, and that even his bark became noticeably milder in a campaign year; that the legislation which he actually put through—such as the Hepburn Act for the further regulation of the railroads, for example—did not pack much of a wallop; that never again in his seven and a half years

in the White House did he do anything so bold as to attack the Northern Securities Company; that the conservative Taft administration which followed his was much more active in bringing prosecutions under the Sherman Act than he was; and furthermore that Roosevelt had a limited and uncertain knowledge of economics and was impulsive, boyishly immature, inconsistent, and unduly addicted to the delights of political showmanship. All of which is true—but overlooks Roosevelt's most vital contribution to American history.

For what this dynamic President did was to advertise and dramatize to the whole country a point of view on business, government, and the public interest that was refreshingly new, exciting, and contagious.

Up to this time most of the outcry against the trend toward plutocracy had been the bitter outcry of people who had been hurt. The opposition had been mainly an opposition of the have-nots to the haves. Furthermore it had been, in great part, a radical if not revolutionary opposition. The farmers who had flocked into the Populist party during the early nineties had been angry men who wanted to overthrow Wall Street and big business generally. The workers who had joined such belligerent unions as the Western Federation of Miners had been violent men addicted to the use of lethal weapons and the hope of revolution. The urban laborers who formed the backbone of the Socialist parties had listened appreciatively to the preachments of leaders who had drawn upon the revolutionary ideologies of Europe. And such native-born citizens of means as had opposed the power and greed of the captains of industry had tended to be gentle, tenderhearted men of good will—ministers, social-service workers, sentimental liberals of a species to which the term "pink" was later scornfully applied. But now here, in the Presidency of the United States, was an opponent of the plutocratic trend who did not belong in any of these brackets.

Roosevelt could not be called a have-not; he had never himself been hurt by Wall Street; he was indeed rich in his own right. He was an old-stock American, and a military hero to boot. He was not a spinner of ideological theories or a sentimental visionary but a man

of action, a woodsman and hunter, a Rough Rider, a man of robust enthusiasms, who preached the "strenuous life," who liked to tell boys, "Don't flinch, don't foul, hit the line hard!" Everything about him commanded popular attention: the flashing eyeglasses and grinning teeth that cartoonists loved to sketch, the energetic voice rising to a falsetto of high emphasis as he drove home an oratorical point; the pugnacious gestures, the zest for conflict; his omnivorous interest in big-game hunting, history, ornithology, simplified spelling, military affairs, and a dozen other contrasting subjects; his delighted interest in all manner of people. John Morley described him as "an interesting combination of St. Vitus and St. Paul," and as a wonder of nature comparable to Niagara Falls.

And the burden of his speeches about "malefactors of great wealth" and "the square deal" was not economic but moral. He sought the "moral regeneration of the business world." He believed in setting up a "moral standard." He preached that it was just plain wrong for some people, by tricks and wiles, to get a stranglehold on business and politics, while others were cheated out of opportunity. This was the kind of talk that millions of Americans of all walks of life—people allergic to ideologies, impatient of economic theory, but highly susceptible to moral evangelism and devoted to the idea of a fair chance for all—could understand and respond to. The effect of the legislation that Theodore Roosevelt backed was minor compared with the effect of his personality and his preaching upon a great part of a whole generation of Americans. He struck a new keynote for the times, and it resounded all over America.

The times were ripe for it. Consider a few dates. Roosevelt moved against the Northern Securities Company in February, 1902. Already Miss Ida Tarbell had been at work for years on her history of the Standard Oil Company, and it began to run in *McClure's* in November, 1902. Lincoln Steffens' first article on municipal corruption, "Tweed Days in St. Louis," written with Claude H. Wetmore, appeared in the same magazine a month earlier, in October, 1902. It was these two journalists who inaugurated a new trend in American

journalism, a trend toward the deliberate, unsentimental, searching, factual reporting of what was actually going on in American business and American politics. (When Roosevelt later attacked the "muck-rakers" he was hitting chiefly at their more sensational imitators.) "Golden Rule" Jones, the reform mayor of Toledo, had been elected in 1897; the elder Robert La Follette became the energetic reform governor of Wisconsin in 1900; Tom L. Johnson was chosen mayor of Cleveland in 1901; these men were the leaders and forerunners of a whole generation of reformers in state and local government. It was in 1902 that the enthusiasm of Robert C. Ogden and his friends for the raising of educational standards was seized upon by John D. Rockefeller, with the advice of his statesmanlike counselor in charitable matters, Frederick T. Gates, to organize the General Education Board, the first of the great broad-purpose foundations which set a new pattern in giving in the public interest. These are only a few scattered examples of the new trend of which Roosevelt was to serve as the chief galvanizer and spokesman; people were showing a disposition to look about them with fresh eyes, to investigate what was going on, and decide to do something about it, something immediate and practical.

Thus began that revolt of the American conscience which was to be the dominant phenomenon in American affairs until about 1915, when it was submerged in the oncoming tides of World War I, and which finally petered out about 1920—leaving behind it, however, influences and patterns of thinking that were to continue to this day.

II

As the historians Hacker and Kendrick have pointed out, this revolt was not an organized movement, but incoherent. It had no overall program. Those who took part in it ranged all the way from rich to poor, and were in many cases fiercely at odds with one another. It was rather a general movement of very diverse people working for different specific ends who "had simultaneously hit upon the idea of taking to the road."

There were the proponents of measures to permit more direct

popular government, unfettered by bosses—such as the direct election of Senators, the initiative and referendum, the recall of judicial decisions. There were the advocates of municipal housecleaning, the experimenters with commission government of cities, the budget experts. There were the battlers for workmen's compensation laws, the people who were trying to get decent legislation on working conditions in factories. There were the conservationists, who wanted to stop the headlong destruction of the nation's natural resources, and particularly of its forests. There were the suffragists, campaigning for votes for women; the crusaders for pure food and drug laws; the investigators and chastisers of "frenzied finance"; and the men who, after the Panic of 1907, labored to devise an adequate central banking system.

The same basic feeling that the nation and its citizens must look out for the interests of all the people, not simply of a privileged few, animated a great variety of other people who were little concerned with legislation. It was during this time that more and more men and women, following in the footsteps of Jane Addams of Hull House and Lillian D. Wald of the Henry Street Settlement, were making social service a respected profession, and that clergymen were increasingly seeing in their parishes opportunities for institutional social work. Meanwhile Gates was developing the pattern for the great Rockefeller benefactions; the Rockefeller Foundation and the Carnegie Corporation were established, with huge endowments to be presided over by students of the public welfare. The epoch-making campaign against hookworm began; and Abraham Flexner prepared the report which led to the building of great new medical centers that would help to revolutionize the methods of the healing profession. Woodrow Wilson moved into the governorship of New Jersey—and thence into the Presidency of the United States—from the presidency of Princeton, where in the spirit of the times he had been waging war against the undergraduate eating clubs, which seemed to him undemocratic. Nor was it mere coincidence that during those very years Edward Bok as editor of the *Ladies' Home Journal* was trying to teach millions of American women how they might live graciously

on small incomes; and his magazine and others of leaping circulation—notably the *Saturday Evening Post*—were offering the advertising business a chance to present to vast audiences the delights of mass-produced goods that had hitherto been sold chiefly to the well-heeled; while Henry Ford was beginning to produce a car that would not be a plaything of the rich but an inexpensive and useful vehicle for the people. Furthermore, it was during these years that Willford I. King first set before the economists the concept of the national income.

Little as these people had in common, they were alike in seeing the nation, not as a place where everybody went his own way regardless of the plight of others, but as a place where people had a common destiny, where their fortunes were interlocked, and where wise planning, wise statesmanship could devise new instruments of satisfaction for all men.

The contagion of reform reached even into the ranks of the very richest and most powerful: witness Harry Davison of the House of Morgan, Paul M. Warburg, and other influential bankers trying to concoct a scheme for a central banking system; Mrs. O. H. P. Belmont holding suffrage meetings for the lavishly dressed ladies of Newport; and of course John D. Rockefeller, hitherto generally regarded as the arch-villain of unregenerate capitalism, pouring his millions into all manner of good works.

III

One must not exaggerate the impact of this revolt. One must bear in mind, for one thing, that although there was a gradual improvement in the status of organized labor—marked by the establishment in 1913 of the Labor Department and the passage in 1914 of the Clayton Act, which at least theoretically gave legal standing to collective bargaining—there were still large areas of industry in which labor was totally unorganized, and others where the struggle between capital and the workers was a battle between tyrants with hired thugs, on the one hand, and revolutionaries or murderers, or both, on the other. One need only recall the contest between union structural workers and non-union stairway makers on a building job in New

York in 1906; during this contest bolts, bars, and tools had such a way of falling from the upper levels upon the heads of stairway makers below that the company hired special watchmen, one of whom was killed by being beaten up and then dropped from the eighth floor to the fifth. Or the murder in 1905 of ex-Governor Steunenberg of Idaho, who had been a foe of the Western Federation of Miners, by a man who named as his accomplices William D. Haywood and other high officials of the union. (The verdict as to Haywood and the others was "not guilty," but in the opinion of many who attended the trial this signified "not proven" rather than "innocent.") Or the dynamiting of the Los Angeles *Times* building in 1910—twenty dead, and the building wrecked—under the direction of the McNamara brothers, one of whom was the secretary-treasurer of the militant Ironworkers International Union, and the other of whom was "handy with the sticks."

Or one might cite the formation of the I.W.W. in 1905—the International Workers of the World, the "Wobblies"—the preamble of whose constitution stated that "the working class and the employing class have nothing in common." The actual methods of the I.W.W. were by no means always lawless, but the great strikes which its leaders managed, such as the Lawrence strike of 1912 and the Paterson strike of 1913, were bitter and savage to a degree seldom even approached in recent years, and its chief leaders were undeniably revolutionists at heart.

Furthermore during these very years the Socialist party—which was committed to an eventual total change in the management of American industry—continued to gain, until in the 1912 election its candidate, Eugene Debs, piled up no less than 897,000 votes.

In short, not all those who sought for changes in the face of America were proponents of orderly step-by-step amelioration, or of minor structural changes in the existing way of doing business.

Nor should one forget that during these years Pierpont Morgan still moved with a mighty tread in Wall Street; and as old age came upon him, the economic power which he had long exercised through

the terrific force of his personality was being institutionalized into a smooth-working, though vaguely defined, pattern of influence extending from his partners at the corner of Broad and Wall Streets into the headquarters of scores of great banks and corporations. When the congressional investigating committee headed by Arsène Pujo studied what it called the "money trust" in 1912-13, it produced impressive diagrams of the Wall Street "control" of large sectors of American business. These diagrams suggested a pattern of direction much more sharply drawn than was the actual influence exercised by the House of Morgan, Baker of the First National Bank, Stillman of the National City Bank, and the other princes of finance; but the power was there, however sketchy it might be in outline, and it remained immense and far-reaching even after Morgan's death in 1913.

For years after the turn of the century, furthermore, the members of the Standard Oil crowd of speculators were raking in millions through their smoothly managed operations on the Stock Exchange. Nor was there any conspicuous sign of slackening in the activities of the more piratical traders in stocks and bonds; they continued to hornswoggle the trading public right and left. In general, the men of Wall Street viewed the progress of reform with dismay; excoriated Theodore Roosevelt and, later, Woodrow Wilson; contributed to the Roosevelt campaign chest chiefly for fear of getting something worse—and continued to build up, more discreetly than in former years—but not necessarily less effectively, the structures of power and wealth that the reformers were resolutely trying to chip away.

IV

So strongly, however, did the tides of reform run that in the election of 1912 they reached an astonishing height.

Four years earlier, Theodore Roosevelt, deciding not to run for reelection, had yielded the Republican nomination with his blessing to his portly and genial Secretary of War, William H. Taft, upon whom he relied to carry out his progressive policies. But Taft, in office, proved to be a pliant conservative; as Senator Dolliver once remarked, he did indeed carry out Roosevelt's policies, but "on a shut-

ter." When Roosevelt returned from Africa, where he had been hunting wild animals, he presently succumbed to a variety of emotions. These included disgust at what he considered Taft's betrayal of him, an inability to stay out of a good rousing battle, a genuine crusading fervor, and a very human conviction that Roosevelt followers and the forces of righteousness were necessarily one and the same. He attacked Taft savagely, ran against him for the Republican nomination in 1912, and, failing to get it, formed overnight his own Progressive party and sought the election.

Meanwhile the Democrats nominated the austere, long-jawed, brilliant, energetic ex-professor, Woodrow Wilson. Though there were minor differences between the Roosevelt position and the Wilson position, essentially they were both reformers, both belonged on the same side of the fence. And in the voting they both, incredibly, outran the staunch Republican Taft. And this despite the fact that the Socialist party had collected nearly a million votes (as against about 3½ million for Taft, over 4 million for Roosevelt, and over 6 million for Wilson). Reform was at its apogee.

But Wilson had been in the White House only a year and a half—pushing through Congress measure after measure of his New Freedom program—when, unbelievably, war broke out in Europe. And as the conflict that we now call World War I grew in fury and scope, the issues which it provoked began so to dominate the American scene that gradually the impulse toward reform was overwhelmed. Or rather, the crusading spirit was translated, by the time the United States entered the war against Germany in 1917, into making the war a crusade for freedom—or a crusade, as Woodrow Wilson put it, "to make the world safe for democracy." People whose memories do not go back to those days, but who recall vividly the dead-pan, let's-get-the-nasty-business-over-with, let's-not-have-any-parades-or-idealistic-talk spirit of World War II, may find it hard to appreciate the fact that in 1917-1918 an American people much less united in their acceptance of war than they were to be in 1941-1945 nevertheless went about their war tasks with genuine fervor. The great majority of American men and women had real faith that this war could be the

last one ever, that victory could bring a new day of universal freedom, and they prosecuted the war with an almost evangelical dedication.

Yet the crusading spirit was like a bank whose funds were being overdrawn. It lasted long enough, at the close of the war, to complete the ratification of the woman suffrage amendment and—even more remarkably—of that prize curiosity of reformist ardor, the prohibition amendment, which at the time it went into effect in January, 1920, was expected by almost everybody to end once and for all the era of alcoholic drinking in America. But then, abruptly, the impulse to make over the nation and the world was discovered to have faded away. A people who had had enough of high causes and noble sacrifice to hold them for a long time decided to take things easy, to enjoy themselves; and although there remained many American idealists who would not abandon their quest, they found that they, too, were tired as well as outnumbered. The revolt of the American conscience was over.

V

Yet it had left behind it, embedded deep in the ever-changing American tradition, a way of looking at public problems, and particularly political and economic problems, of vast importance for the American future. This was the idea—an old idea, but strengthened now by having been put to the test and having survived intact—that when the ship of state was not behaving as it should, one did not need to scrap it and build another, but could, by a series of adjustments and improvements, repair it while keeping it running—provided the ship's crew were forever alert, forever inspecting it and tinkering with it. And that the economic machine, if it seemed to be producing the wrong kind of goods, need not be destroyed but could be fitted with a new carburetor here, a new belt there, and new spark plugs, and by observation and test be made to produce to better advantage without skipping a beat. The stress and destruction of revolution were unnecessary—and might destroy those skills and incentives which gave the machine its accelerating motive power. No need to send the designers to their drawing boards to concoct plans for wholly

new and untried mechanisms; a few inspectors, a few specialists in the design of this part and that, and a will on the part of all concerned to make the machine do its true duty, would amply serve.

One realizes, as one looks back, how tentative and provisional, and of what minor long-range influence, were most of the reform measures of that time, taken one by one. There are few things deader, today, than the enthusiasms and angers which were engendered by, let us say, the initiative and referendum, or by the struggle to deprive Speaker Joe Cannon of his arbitrary authority over the House of Representatives. No wonder students yawn over the history books which conscientiously take them through the story of those battles, so dull and dry in retrospect. Ironically, of all the measures which went on the statute books during the reform era, the one that was destined to have the most positive and enduring effect upon the American economy was one which most history books tend to pass over with minor mention, because there was very little conflict over it and because its impact was at first so slight. This was the graduated income tax.

The income tax was made possible by a constitutional amendment proposed to Congress by Taft, a President generally regarded as conservative, and was passed by Congress and ratified by the states with little opposition; people realized that the time for it had come. And when it was first imposed—by a provision in President Wilson's tariff act of 1913—the rates were very low: only one per cent on net incomes up to \$20,000, with a modest surtax on larger ones. No single person paid on a net income of less than \$3,000; no married person on an income of less than \$4,000. Believe it or not, on a \$10,000 net income a married man paid only about \$60, on a \$20,000 net income he paid only about \$160. (Are those sounds that I hear the moaning of readers for the dear, dead days?) Not until 1917 did the income tax yield as much money to the federal government as customs duties did. But by 1920 it was contributing ten times as much money as the customs; and that was only the beginning of the rise of the graduated income tax to a predominant place in the financing of a hugely ex-

panded government, and to an important place among the instruments for the redistribution of wealth in America.

Yet it is not upon any individual piece of legislation during the reform era that one should focus one's chief attention, nor even upon the good works accomplished, or the sentimental follies committed, by the men and women who in a hundred different ways were laboring, as William Allen White said, to give the underdog a better kennel. It is rather at the basic idea which became dominant that one should look.

Many people argued then—and have gone on arguing—that the United States ought to have a conservative party and a liberal party (or radical party, if you wish), each with its neat, logical program, instead of two very similar parties each shopping for winning ideas for platform planks and feeling its way by experiment, persuasion, and compromise. Many people argued then—and some still argue today—that economic reform by patchwork is illogical and timid, and that what is needed is an uprising of the dissatisfied to effect a total transformation of the apparatus of business and industry. Both those ideas ran strongly for a time and then weakened. Roosevelt's third party, the Progressive party, made a strong bid in 1912 and then disintegrated, leaving the other parties to take over the more popular planks of its platform. The Socialists gained ground and then lost it again. For both ideas would have favored the division of the American people into classes, and both would have run counter to their pragmatic temper.

The idea that won out was that the existence of sharply defined economic and social classes was to be resisted as an offense to the American democratic ideal. That you got along much better when people of all sorts and conditions worked together for what seemed to them the benefit of all. That the way to deal with a proletariat was not either to suppress and bedevil it, or to help it to overthrow its masters, but to give it a chance at education, opportunity, automobiles, and vacuum cleaners, with plenty of instruction in the middle-class way of living and plenty of incentive to want more and more of these good things; and then in due course the proletariat might be a

proletariat no more, but a body of upstanding, self-respecting citizens who could be counted on to help keep the nation in good running order. And that when you found something amiss with the way things functioned you examined what was happening and pragmatically made the necessary changes and no more. That the people who thought the machine would stop dead if you tinkered with it were wrong, and the people who thought you could invent out of hand a new machine that wouldn't knock somewhere were also wrong. The American citizenry saw the benefits of continual, co-operative, experimental, untheoretical change.

There would be ferocious debate over every proposed reform. There would be endless friction all along the way. There would be eras of new experiment and eras of consolidation and re-examination. But an America which had seemed to many people to be headed toward a reign of plutocracy seemed likely to be able to remake itself, by slow degrees, into something nearer the democratic dream, and to do this by something approaching the common consent of free men.