

On The

EDGE

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The U.S.

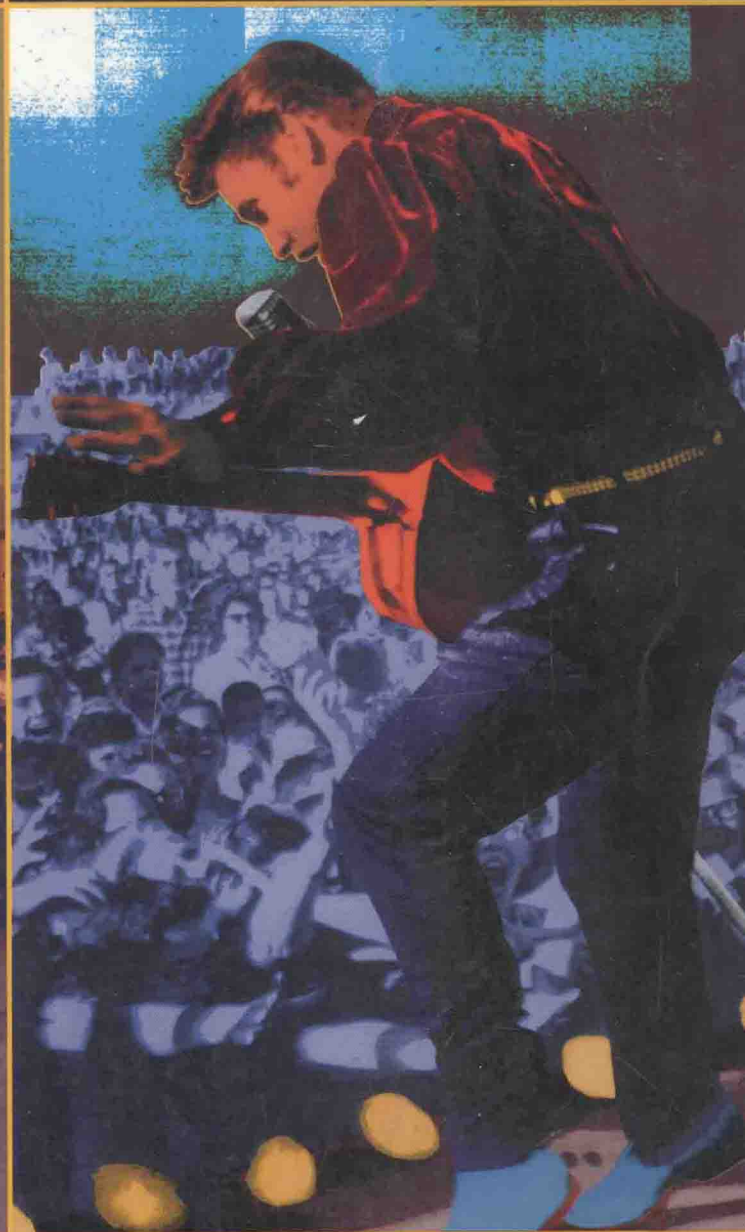
in the

20th Century

2nd Edition



David A. Horowitz



Peter N. Carroll

ON THE EDGE

THE U.S. IN THE 20TH CENTURY

S E C O N D E D I T I O N

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For

DAVID W. NOBLE

and to the memory of

LOIS NOBLE

PREFACE

On the Edge: The U.S. in the 20th Century is an interpretive history that chronicles the challenges and dilemmas confronting modern society since the 1890s. The book follows two major themes. First, it traces the growth of corporate economic power and government consolidation at home and abroad. Second, it provides an account of the diverse peoples and social movements that have figured in the nation's development.

Seeking a balanced perspective, *On the Edge* provides equitable coverage to elites and out-groups, liberals and conservatives, modernists and traditionalists, and politicians and cultural figures. The text goes beyond the narration of conflict among powerful institutional leaders to portray the significant historical roles played by nominally powerless people—ranging from the working class and poor to the beleaguered middle class to women and the nation's racial, ethnic, and cultural minorities. But it also explains how technology, popular culture, and social innovation have vitalized mainstream life and institutions.

Our intention is to stimulate the critical perspective of instructors and students by combining narrative and analytic history in jargon-free prose. Although chapters follow a general chronological outline, they are divided into thematic sections to encourage conceptualization and provocative discussion. Four chapters focus primarily on cultural and social developments. Each chapter also includes three or four biographical sketches that use the lives of individuals to illuminate important themes of the period. Chapter reading lists concentrate on recent hardcover editions found in most college libraries. We have simplified graphs, charts, and tables for quick reference and easy comprehension. Monetary figures are conveyed in current dollars—the actual value for the period under discussion. Chapters 7–14 also appear in a separate volume, *On the Edge: The U.S. Since 1941*, available from this publisher.

David Horowitz extends appreciation of the aid, comfort, and sustenance of Gloria Myers Horowitz. Peter Carroll acknowledges the counsel and support of Jeannette Ferrary. The authors offer special thanks to Acquiring Editor Clark G. Baxter and Production Editor Hal Lockwood. Finally, we would like to thank our reviewers: Clarence Bolt, Camosun College; Rodney P. Carlisle, Rutgers University; James A. Jolly, Millersville University; Clay McShane, Northeastern University; Fraser Ottanelli, University of South Florida; Leo P. Ribuffo, George Washington University; and David L. Wilson, Southern Illinois University.

DAVID A. HOROWITZ and PETER N. CARROLL

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PROLOGUE

The last quarter of the nineteenth century brought an explosion of market activity in the United States that established new patterns of life during the next century. Although the corporate economy increased real wages, the nation's economic development was uneven and came at a horrific price. As the first generation to confront the full consequences of the industrial, technological, and financial revolutions, late-nineteenth-century workers, farmers, and small property-holders were awed and repelled by the consequences of dramatic social and economic change.

CORPORATE REVOLUTION

"An almost total revolution" was taking place "in every relation of the world's industrial and commercial system," observed economist David Wells in 1889. As the nation's gross national product tripled in the last thirty years of the century, a corporate restructuring of the U.S. economy took place. Business enterprises organized on a national scale required enormous amounts of capital and tightly managed organization. To establish corporations, entrepreneurs raised capital through sales of stock to investors, who then shared in profits generated by professional managers. Under the *Santa Clara* decision of 1886, the Supreme Court provided corporations with the legal status of individuals under the Fifth and Fourteenth Amendments, thereby protecting them against government deprivation of assets or earnings without due process.

New corporations like John D. Rockefeller's Standard Oil Company, which consolidated petroleum refining, increased the scale and efficiency of raw-materials processing. In another example, Scottish immigrant Andrew Carnegie combined new methods of ore refining and administration to build a steel empire that became the nation's first billion-dollar corporation. Meanwhile, engineer Frederick Winslow Taylor developed efficient tools like high-speed metal cutters that achieved industrial "economies of scale." Inventions such as the electric light, telephone, cash register, and elevator further accelerated the market revolution. Materials and finished products were distributed by a nationwide system of railroads whose coordination was facilitated when Congress created four standard time zones in 1883.

Although not heavily industrialized, the South played a role in the incorporation of the national economy. Once northern troops withdrew in 1877, political leaders sought to "redeem" the region by opening it to northern investment. Southerners had "fallen in love with work," *Atlanta Constitution* editor Henry W. Grady exulted in 1886. "Redeemer" regimes in such states as South Carolina, Mississippi, and Georgia lowered taxes, reduced government regulation, cut

public services, leased convict labor to industrialists, and sold or granted millions of acres of land to northern timber and mining interests. Corporate capitalism made its most dramatic gains in the burgeoning textile mills of the Piedmont in the Carolinas, Georgia, and Alabama, where poor white farmers offered the perfect nonmobile labor force for the manufacture of commodities of little added value.

Like the South, the West joined a national market economy with a desire to exploit land, minerals, and timber. Six western states from North Dakota to Washington were admitted to the Union between 1889 and 1890. Late-nineteenth-century citizens viewed the region as a frontier whose proximity to "Nature" fulfilled expectations of individual success and personal regeneration. Before its riches could be freed for development, however, investors required the federal government to replace the subsistence economy and communal land-holding practices of the native inhabitants. Forcing Native Americans to surrender their lands provoked warfare from Northern Plains Sioux, the Apache of the Southwest, and other tribes. Yet U.S. military attacks, the slaughter of the bison, western settlement, and railroad expansion ended resistance to white land tenure. The Dawes Act of 1887, which abolished communal ownership of land and divided individual allotments into 160-acre parcels, struck an additional blow against native sovereignty.

The conquest of Native Americans was the first stage of the incorporation of the West. Rich in minerals, lumber, and fishing grounds and tied by railroads to eastern markets, the region became a magnet for international capital. Mining made it one of the most urbanized and ethnically diverse sectors of the nation. By 1880 two-thirds of the population of the Colorado, Wyoming, and Montana territories lived in urban settings or on the outskirts of mining towns. Yet economic conditions rarely favored miners in a labor-intensive industry characterized by low wages and speed-ups. By the end of the century western miners averaged an annual income of \$500.

U.S. cities, which housed one-third of the national population by 1890, were the breeding grounds of the corporate revolution. In steel-framed skyscrapers, first erected in Chicago, office and administrative functions were consolidated in the downtown core. Electric streetcars or trolleys, which appeared around 1890, increased available labor pools by widening commute distances. Mass transit also attracted middle-class shoppers to department stores. Cities such as New York, the home of nearly 2,000 millionaires by 1892, became showplaces for the new rich. Besides its fabulous mansions, grand hotels, and plush cafes, New York featured museums, lecture and concert halls, schools, and municipal parks constructed with the help of private benefactors. As a symbol of progress, the future of the U.S. metropolis was best expressed in the industrial and technological exhibits of the Chicago World's Fair, or Columbian Exposition of 1893, which conveyed the hope that material progress would produce a harmonious society.

Although corporate capitalism offered cheaper consumer prices, investor flexibility, and opportunities for white-collar employees, its successes often came at the cost of free competition. In 1879 Rockefeller's Standard Oil Company organized the nation's first trust, an arrangement by which stockholders from competing companies ceded industrial decision-making power in return for increased dividends. By the 1880s powerful trusts also dominated steel, copper, and sugar refining, leather processing, meat packing, and linseed oil

production. Investment banking promoted further consolidation, particularly of rail lines, organized by Jay Gould, James Hill, Cornelius Vanderbilt, and other titans of industry. Business leaders insisted that natural laws of supply, demand, and competition governed the economy and should not be artificially disrupted by state intervention. Claiming to possess superior energy and initiative, Carnegie and Rockefeller embraced Herbert Spencer's Social Darwinism by portraying the market as the embodiment of a struggle for survival in which the most "fit" excelled. Capitalists also pursued commercial supremacy through the domination of overseas trade (see Chapter 2).

The high stakes of corporate competition prompted Samuel Clemens and Charles Dudley Warner to name their 1873 novel *The Gilded Age*. By the 1880s 10 percent of the population owned 70 percent of the national wealth. Figures for 1890 showed that the richest 2 percent of the people earned more than half the nation's aggregate income. Carnegie, who received more than \$20 million a year by the end of the nineteenth century, sought to overcome a "robber baron" reputation by espousing the Gospel of Wealth, a doctrine that portrayed the elite as "trustees" of God's abundance who were obligated to improve the lives of others. The steel magnate donated \$350 million of an estimated \$400 million personal fortune to "self-help" philanthropies such as public libraries, and later created foundations to promote education and world peace.

IMMIGRANTS, WORKERS, AND LABOR PROTEST

As the Anglo-Protestant elite of major northern cities moved into corporations and national politics, a large segment of the nation's industrial and agricultural work force consisted of the more than 25 million immigrants from Europe, Asia, and Mexico who migrated to the United States between the Civil War and World War I. Irish and German newcomers were the most numerous of the nineteenth-century immigrants. Displaced by the enclosure of peasant holdings and widespread potato famine, 5.5 million Irish immigrants arrived on U.S. soil in the century before 1920. Half were women who found jobs in domestic service, factories, and mills. By 1880 one-third of New York City's population was Irish American; Irish Catholic children soon outnumbered Anglo-Protestants in Boston public schools. Irish and German Americans sought protection from nativist hostility through ethnic fraternal and burial societies, community newspapers, parochial schools, neighborhood commercial associations, and politics.

Irish and German political "bosses" used a highly personal style of leadership to win the loyalty of ethnic and working-class voters. Operating on the precinct and the ward levels, they regularly provided social services, jobs, and municipal contracts to constituents. Machine patrons such as New York's George Washington Plunkitt offered emergency food baskets and other aid to victims of fires and other disasters and sponsored recreational activities such as holiday picnics and music and sports clubs for children. Leaders like Plunkitt prided themselves on "knowing" their districts and treating constituents with respect. The ward-boss system thrived among Catholic and Jewish immigrants who came from cultures that emphasized collective charity and group support instead of Protestant individualism.

The highest proportion of foreign-born residents lived in the West. Although the superintendent of the census did not declare the continental frontier closed until 1890, the "wild West" long had been integrated into the urban-industrial frontier. Western agriculture, mining, logging, and processing plants required a huge labor force. German farmers dotted the Great Plains. Scandinavian loggers worked the fir forests of the northern Midwest and Pacific Northwest. Mountain-state mining operations sought Welsh, Polish, German, and Chinese workers. In southern Texas and California, where large-scale agriculture displaced the Mexican population and disrupted land-holding patterns, Hispanic men often worked for subsistence wages in construction while women toiled on a seasonal basis as poorly paid field hands or in food-processing plants.

Asian immigrants played a major role in the western economy. Between 1868 and 1924 nearly 275,000 Japanese came to Hawaii and California as contract workers, although many eventually succeeded as farmers, orchardists, and gardeners. By 1882 more than 100,000 foreign-born Chinese labored as migrant field hands, domestic servants, industrial wage earners, or restaurant and laundry proprietors. Anxieties over Asian labor competition provoked a wave of nativism in the western states. After Los Angeles mobs lynched eighteen Chinese laborers during the depression of the 1870s, California Workingmen Party leader Denis Kearny declared that "the Chinese must go! They are stealing our jobs." Similar violence in Wyoming led to the murder of twenty-eight Chinese in 1885. Under the Chinese Exclusion Act of 1882, the first immigration restriction law in U.S. history, the entry of Chinese laborers was prohibited, and Chinese Americans were denied naturalized citizenship.

The U.S. countryside also provided a labor force for urban factories, mills, processing plants, mines, construction sites, and railroad yards. Such work often was dangerous, debilitating, and a radical departure from traditional routines. Factory jobs required that repetitious tasks be performed on a strict schedule, a regimen that workers found monotonous, impersonal, and demeaning. Many laborers came from rural cultures whose seasonal work rhythms had not prepared them for industrial discipline and efficiency. "The tick of the clock is the boss in his anger," wrote Yiddish poet Morris Rosenfeld. Moreover, society offered employees virtually no protection from the vicissitudes of industrial life. Vulnerable to wage cuts and lay-offs in an economic system that killed one hundred employees a day, workers toiled an average of fifty-nine hours a week for less than \$10 in earnings.

The first successful nationwide labor organization was the Knights of Labor. Although the union did not initially support strikes, local affiliates participated in a massive railroad walkout in 1877 and grew to 700,000 members after prevailing against Jay Gould's lines eight years later. Yet the reputation of the Knights failed to survive the Haymarket Square riot of 1886, when a dynamite bomb killed eight policemen and wounded seventy at a rally to protest police brutality against striking workers in Chicago. After the arrest and conviction of eight anarchist pamphleteers with no connection to the bombing and the execution of four defendants, a wave of public hysteria focused on the perceived threat of "European" class struggle. The American Federation of Labor (AFL), an organization of craft unions founded in 1886 by Samuel Gompers, soon began to replace the Knights as the dominant force in the labor movement. Espousing a pragmatic philosophy of "business unionism," the AFL concentrated on higher wages, job security, and improved working conditions for skilled laborers.

Despite the AFL's acceptance of capitalism, bitter labor disputes disrupted industrial life. After a 20 percent pay cut in 1892, workers at the Carnegie mill in Homestead, Pennsylvania, sought to affiliate with the AFL and confronted security forces in a shoot-out that resulted in sixteen deaths. When state militia ended the strike, Alexander Berkman, a Russian-born anarchist, wounded Carnegie general manager Henry Clay Frick in an assassination attempt. Meanwhile, the governor of Idaho declared martial law and requested federal troops to overpower striking silver miners. Two years later, pay cuts at the Illinois plant producing Pullman railroad cars led to a strike by the American Railway Union that spread to the entire midwestern rail system. After dispatching 14,000 troops to maintain order, the federal government issued a court injunction to prevent interference with rail transport of the mails. Arrested for contempt as the strike collapsed, union leader Eugene V. Debs spent six months in prison and declared himself a socialist upon his release.

SHARECROPPERS, FARMERS, AND POPULISTS

Once northern troops left the last states of the old Confederacy in 1877, southern planters stepped up their campaign to resume control of the plantation economy. Having lost half their capital in the form of slaves, cotton growers could not absorb the employment costs of field hands, overseers, and drivers. Because black laborers often were unwilling to sacrifice autonomy by working for wages, and landlords refused to sell or rent property to former charges, black families began to work for a share of the landlord's crop. In a capital-starved economy in which cotton was the only cash commodity, the crop itself became collateral. Southern landlords provided black sharecroppers with housing, stock, implements, and seed in return for half the proceeds. Crossroads mercantile stores intensified black dependency and debt by extending crop liens in exchange for credits for food, clothing, and supplies.

As Redeemer governments enforced the economic privileges of southern planters and colluded with northern railroad and banking interests, poor white and black farmers turned to populist protest. Vulnerable to the market forces of a growing international economy, cotton prices declined from thirty cents a pound in 1881 to less than six cents in 1890. Meanwhile, farmers were forced to repay increasing debt with the deflated dollars of a contracting currency. The Southern Farmers Alliance, formed in the 1880s by Texan Charles Macune, sought to offset the credit monopoly of banking and mercantile elites by mobilizing small cotton growers in marketing cooperatives and a farm-movement culture. Alliance leaders proposed a subtreasury plan to store crops in government warehouses until market prices rose. In 1890 Alliance candidates were elected across the South, and the Alliance sent Georgia's Tom Watson to Congress. Attacking "race antagonism" as a cause of poverty among blacks and whites, Watson told biracial audiences that "you are kept apart that you may be separately fleeced of your earnings."

Like southern cotton producers, western wheat growers were tied to prices, interest rates, and monetary policies set outside the region. In response, the National Farmers Alliance of the Northwest, organized in the 1880s, proposed

an antimonopoly program of railroad regulation and monetary reform. Such agitation stimulated passage of the Interstate Commerce Act of 1887, which imposed "reasonable" and nondiscriminatory freight rates on the railroads and created the Interstate Commerce Commission (ICC), the first regulatory agency in U.S. history. Agrarian activity also helped to enact the Sherman Antitrust Act of 1890, which sought to prohibit restraints of trade and commerce against the public interest.

Alliance leaders hoped to offset the impact of falling prices on farmers and debtors by expanding the money supply. Accordingly, a coalition of northern and southern activists organized a convention of the People's or Populist Party in Omaha, Nebraska, in 1892. The party platform called for the unlimited coinage of silver at one-sixteenth the value of gold. The Populists also advocated government ownership of railroads and utilities, postal savings banks, a federal income tax, and direct election of U.S. senators by voters instead of state legislatures.

People's Party candidates won five Senate seats in the 1892 election while the party's presidential nominee, General James B. Weaver, received more than a million votes (8.5 percent of ballots cast). The movement's appeal intensified when a major economic depression set in during 1893. In the next four years nearly 500 banks and 15,000 businesses went bankrupt, and unemployment leaped to 20 percent. As farm prices sank, profits disappeared, and wages plummeted, unemployed followers of monetary reformer Jacob S. Coxey and sixteen other "industrial armies" mounted the first capitol demonstrations in history to demand government creation of public works programs.

THE NEW POLITICS OF THE 1890s

The activism of the 1890s built upon and encouraged an extensive body of work reflecting social and political dissent. In 1879 land reformer Henry George published *Progress and Poverty*, a widely read plea to prevent permanent division of social classes through adoption of a single tax on speculative income. Edward Bellamy's popular *Looking Backward: 2000–1887* (1888) criticized heartless economic competition and envisioned the creation of a cooperative commonwealth. In *A Hazard of New Fortunes* (1890), novelist William Dean Howells reached large audiences with a portrait of urban despair and class conflict. Meanwhile, the Christian perspective of reformer Henry D. Lloyd's *Wealth vs. Commonwealth* (1894) showed how the trusts victimized ordinary people. Populist monetary demands found their way into best-selling treatises such as William Harvey's *Coin's Financial School* (1894) and *The American People's Money* (1895) by Minnesota activist Ignatius Donnelly.

Depression social unrest sharpened deep social divisions and pushed voters into ideological camps. Until the 1890s Republicans and Democrats ran disciplined but nonsubstantive campaigns to mobilize evenly divided supporters for patronage and other "spoils." In the Midwest voters tended to split along ethnocultural lines; evangelical Protestants supported Republican Prohibition campaigns, and Roman Catholics and German Lutherans backed the Democrats. This political system was unable to survive Democratic President Grover

Exhibit P-1. Chronology of Major Events, 1876–1896

1876	Disputed presidential election between Democrat Samuel J. Tilden and Republican Rutherford B. Hayes
1877	Compromise provides for election of Hayes and withdrawal of federal troops from former Confederacy
1878	Bland-Allison Act requires U.S. Treasury to coin silver currency
1880	Election of Republican President James A. Garfield
1881	Assassination of Garfield
1882	Chinese Exclusion Act
1883	Pendleton Civil Service Act creates Civil Service Commission
	Supreme Court invalidates civil rights legislation
1884	Election of Democratic President Grover Cleveland
1886	Haymarket Square Riot, Chicago, Illinois
1887	Interstate Commerce Act creates Interstate Commerce Commission (ICC)
	Dawes Act abolishes Native American tribal sovereignty
1888	Election of Republican President Benjamin Harrison
1890	Sherman Antitrust Act
	Sherman Silver Purchase Act
	McKinley Tariff
1892	Creation of People's (Populist) Party
	Election of Democratic President Grover Cleveland
	Homestead Steel Strike
1893	Financial panic and the onset of the Depression of 1893–1897
	Repeal of the Sherman Silver Purchase Act
1894	Wilson-Gorman Tariff
	Pullman Strike
1896	Election of Republican President William McKinley

Cleveland's continued endorsement of the gold standard. As southern and western party loyalists defected to the Populists or Republicans in the 1894 congressional elections, currency reformers organized to take over the Democratic Party. The turning point came in 1896 when thirty-six-year-old William Jennings Bryan of Nebraska galvanized the Democratic National Convention with a passionate plea for free silver. "You shall not press down upon the brow of labor this crown of thorns," thundered Bryan. "You shall not crucify mankind upon a cross of gold."

The youngest man in history to be nominated for the presidency by a major party, Bryan embodied the heartland's producer democracy. Such values stressed the government's importance in ensuring autonomy and equality of opportunity in an economy characterized by individual property and freedom of contract. After a long and bitter debate, the People's Party agreed to "fusion" with the Democrats by endorsing Bryan's candidacy but selected Georgia's Tom Watson as its vice-presidential nominee. Meanwhile, united Republicans chose veteran Ohio politician William McKinley, a strong advocate of high tariffs and the gold standard, to lead their ticket. As the nineteenth century reached its final years, the nation's people looked to the future with a mixture of confidence and apprehension.

SUGGESTED READINGS

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The first skyscraper, Chicago's ten-story Home Insurance Building, used a wrought- and cast-iron internal skeleton for the first six stories and steel beams for the next four. Its architect, Jenney, purposely disguised the innovative frame to make the structure resemble a conventional building.



Chicago Historical Society

LIFE AT THE START OF AN AMERICAN CENTURY

"The twentieth century will be American," declared Indiana Senator Albert Beveridge. As the new century dawned, the city and the corporation began to shape a burgeoning industrial society. The central values of agrarian culture—individualism, free competition, and localism—faced challenges by the forces of technology, bureaucratic consolidation, and national market development. As organizations replaced individuals as the building blocks of modern life, people and institutions adjusted uneasily to a new era. Ethnic, racial, and gender diversity in the expanding labor force also challenged traditional norms, as did novel cultural styles and new forms of artistic and intellectual expression.

THE CONSOLIDATION OF CORPORATE CULTURE

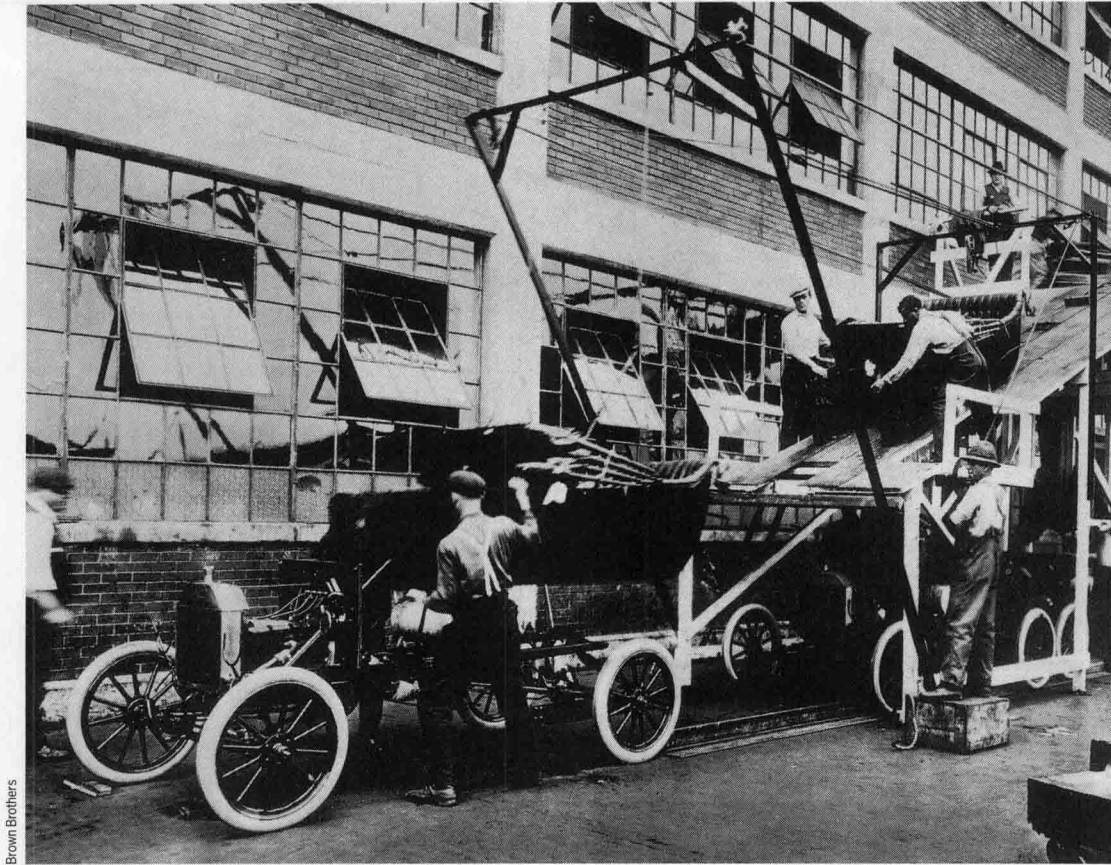
Traumatized by the severe depression of 1893–1897, corporate leaders attempted to take control of market forces and to minimize competition by implementing mergers and consolidation. Between 1897 and 1904 managers engineered the merger of some 3,000 firms into 300 supercorporations. These giant units assumed control of 40 percent of national wealth. U.S. Steel produced more than 60 percent of the nation's steel in 1901, which provided the huge corporation with more income than the federal government. Eastern investment bankers such as J.P. Morgan amassed enormous amounts of money to capitalize corporate mergers. "I like a little competition," Morgan told congressional investigators. "I would rather have combination." In 1913 the Pujo Investigating Committee found that a multibillion dollar money trust underwritten by the Morgan and Rockefeller interests held 341 interlocking directorates in 112 separate enterprises. By 1910 seventy Americans had accumulated fortunes of at least \$35 million each and held one-sixteenth of the nation's wealth.

Although economic consolidation lagged in retail trades, food processing, and specialized manufacturing, an important transition from proprietary to corporate capitalism took hold in railroading, oil, steel, copper, and other industries. By pioneering bureaucratic business methods, these integrated enterprises dispersed responsibility by retaining professional managers and administrators. By 1917 modern corporations dominated raw materials processing, large-scale manufacturing, distribution, and marketing. "The chief work of civilization is to eliminate chance, and that can only be done by foreseeing and planning," declared the manual for the J. Walter Thompson advertising agency in 1909. Corporate culture promoted the rapid growth of a "new" middle class

Exhibit 1-1. Recorded Mergers in Manufacturing and Mining, 1897–1905

1897	69
1899	1208
1901	423
1903	142
1905	226

Source: *Historical Statistics of the United States, Colonial Times to 1970* (1975).



The assembly line at the Ford Motor Company.

of nonproduction workers that encompassed executives, managers, and engineers as well as white-collar sales and clerical employees.

Technological innovation continued to energize economic development in the early twentieth century. New canning techniques and refrigerated rail cars allowed consumers nationwide to sample a wide variety of meats, fruits, and vegetables from California, Texas, and Florida. Meanwhile, the new century brought the development of electrical appliances such as fans, flatirons, stoves, sewing machines, and clothes washers, as well as the early use of synthetic rayon. Even more important were new applications of the internal combustion engine. In January 1901 the eruption of a gusher near Beaumont, Texas, stimulated the modern era of petroleum refining. Two years later Ohio brothers Orville and Wilbur Wright were the first to successfully fly a power-driven airplane at Kitty Hawk, North Carolina. Such efforts soon were dwarfed by another dramatic development—the automobile.

Although the first automobiles appeared to be literal “horseless carriages,” the replacement of the tiller by the steering wheel and innovations such as the sliding-gear transmission, pneumatic tires, front bumpers, self-starters, headlights, and the four-cylinder engine revolutionized the industry. In 1908 Henry Ford, a Michigan farm boy who had moved to Detroit, unveiled his famous