

# The Gilded Age: 1865-1900

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## The War between Capital and Labor

Classical economists saw labor as commodity, to be bought and sold according to market demands, and were pessimists about hopes for the working poor. Adam Smith held government intervention harmful and advocated international division of labor. Thomas Malthus argued that the immediate plight of the working class could only become worse because of population growth. David Ricardo formulated the “Iron Law of Wages”: If wages are raised, more children will be produced; they will go into the market place and reduce the value of labor. The result will be that fewer children will be born, wages will rise, and the cycle will repeat. Thus wages always work toward minimum level. Karl Marx and Friedrich Engels posited the theory that class struggles lead to oppression, as they outlined in the Communist Manifesto of 1848. Marx’s sister, Eleanor Marx Aveling, and her husband traveled the U.S. and reported on labor conditions. Marx saw slavery in the South as a logical extension of capitalism. (Marx wrote for the New York *Tribune* during the American Civil War.) Working against the idea of reform was the notion of “social Darwinism.” If survival of the fittest operated successfully in nature, then was it not correct that only the fittest should survive in society? Such ideas served to suppress movements to improve the lives of the working classes. (The concept of Social Darwinism is discussed further below.)

Andrew Carnegie expressed bitterness about the war between capital and labor. He saw the move toward cooperation as opposed to competition as “the destruction of individualism, private property and the law of accumulation.” The wealthy should use their millions to aid the public—“raise the moral and intellectual level of the masses”—and not hand out quarters to the poor. Carnegie claimed that the ideology of capitalism rested on natural and divine laws. “In the long run wealth only comes to the moral man”—material prosperity makes the nation “sweeter, more joyous, more unselfish, more Christ like.” Such arrogant capitalistic notions were resisted vigorously by the poor.

**Women and Children in the Labor Force.** Many new jobs for women were created during the Industrial Age. From 1880 to 1900 the number of employed women went from 2.6 to 8.6 million. In 1880 4% of clerical workers were women; by 1920 the figure was 50%, but women could not get management positions. Although middle class married women were able to stay at home, among the poor, women—and children—had to work. (Truant officers who patrolled factories to get children into school were thwarted by struggling parents who needed the extra income.) A state of quasi-slavery existed where parents bound children to work, but child labor would not be squarely addressed until the Progressive Era.

**Labor Conditions.** Industrial safety was a large issue: factory work was very dangerous, and it was difficult if not impossible to hold factory owners responsible for deaths and injuries. Around 1900 25-35,000 deaths and 1 million injuries per year occurred on industrial jobs. Many of the deaths occurred on railroad jobs, which were especially dangerous. Fires, machinery accidents, train wrecks and other misfortunes were common. No federal regulation of safety and no enforcement of state or local safety regulations existed. Insurance and pensions were rare, and courts were not sympathetic to worker claims; no liability was seen if the worker was negligent, or if the employer was not. The burden of proof was on the injured party to prove he or she had not been negligent—and it is difficult to prove a negative. Poor English was a problem; many workers could not read safety regulations or instructions on operating machines. Only about two percent of those injured or killed ever recovered on claims.



## Labor Militancy: Railroads, Haymarket, Homestead, Pullman

**The Great Railroad Strike of 1877.** An economic depression in Europe in 1873, combined with the turbulence of the post-Civil War years, led to a collapse of the American economy. Banks and businesses failed, unemployment rose to 14% and those who retained their jobs saw wages cut to as little as one dollar per day. The recession continued through the centennial year of 1876, and in July, 1877, a railroad strike broke out in Martinsburg, West Virginia. The Baltimore and Ohio railroad cut workers' wages for the second time in months, and workers refused to let trains move. The governor sent state militia to address the crisis, but the soldiers refused to take action against the workers. The strike soon spread to Cumberland and Baltimore, Maryland. The president of the Baltimore and Ohio railroad refused to meet with or listen to strikers demands, and when the Maryland governor called out two regiments of the National Guard, street fighting broke out in the city of Baltimore.

The strike then spread to Pittsburgh, where the worst violence occurred. On July 21 Pennsylvania militia engaged in gun battle with armed workers and were driven into a railroad roundhouse. Sixteen men were killed and 39 buildings were set on fire. As the strikers grew bolder, 20 more men were shot the next day. As the strike spread further across the country, other state militias as well as Pinkerton detectives were called out to break the strikes, and the railroads brought in scabs to replace striking workers. In the end over 100 men were killed and the damage to railroad property totaled \$100 million. People everywhere feared a revolution, and marches and demonstrations in New York, Chicago, St. Louis, and other cities included both men and women. Labor leaders claimed that the great strike showed that capital would justify the use of any means whatsoever to break the power of the Unions.

**Haymarket.** In May 1866 during a communist-led workers' meeting in Haymarket Square aimed at the McCormack plant in Chicago, a bomb exploded. It targeted police who had been called in to break up the meeting. Seven policemen were killed and dozens wounded. In the resulting trial a number of radical leaders were convicted and were sentenced to long prison terms; seven of those convicted were sentenced to death. Four convicted men were eventually executed; the others had their sentences commuted. Because of concerns over labor violence, public opinion tended to side against the workers who had precipitated the violence in the first place. The overall impact of the Haymarket massacre was that the union movement was hurt. The riots fed into the common belief that radicals had led American workers astray and that labor unions were a threat to law and order.

**Homestead.** When a strike broke out at the Carnegie Steel Company plant in Homestead, Pennsylvania, company manager Henry Clay Frick sent for Pinkerton detectives to deal with the strike. Workers then fired on two barges being towed up the Monongahela River with the detectives on board, killing seven. The strike was eventually broken when state militia took over. In the aftermath of the violence a Russian anarchist, Alexander Berkman, attacked and stabbed Henry Clay Frick, which resulted in his being sentenced to 21 years in prison. The Amalgamated Association of Iron & Steel



Union Depot in Pittsburgh burns, July 1877



Strikers In Chicago, 1894

Workers was crushed, and another steel workers union did not arise for decades.

**Pullman.** Yet another breakout of labor militancy occurred at the Pullman Palace Car Company in Pullman, Chicago. George Pullman organized the Pullman sleeping car company in 1867 and created a company town. Pullman's paternalism meant that the company controlled everything in the worker's lives—banks, churches, schools, utilities, and so on. As one worker resident put it, "We are born in a Pullman house, fed from the Pullman shops, taught in the Pullman school, catechized in the Pullman Church, and when we die we shall go to the Pullman Hell"

In 1893 Pullman cut workers' wages by 25-40% without lowering rents or other living costs in the town. He fired negotiators who tried to work through the situation. The American Railway Union under Eugene Debs called a strike, asking workers not to service trains pulling Pullman cars. Railway managers could have sidelined the Pullman cars until dispute was settled, but they saw an opportunity to break the union. The federal government got involved when United States Attorney General Olney obtained an injunction against the union so as not to "hold up the mails." President Cleveland sent federal troops to Chicago to run the railroads, and the strike ended several days later. Criminal charges were brought against the strike organizers, and Eugene Debs was jailed for conspiracy. The Pullman strike expanded the courts' propensity to intervene in labor disputes.

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