

Background Essay: Workers in the Gilded Age

Directions:

Read the essay and answer the review questions at the end.

In the late nineteenth century, millions of Americans found employment in industrial jobs and discovered that the industrial revolution had fundamentally altered the nature of work. Industrial employees now worked according to the constraints of industrial time rather than setting their own hours as artisans. Workers did not produce an object from start to finish, but rather contributed labor to a segmented part of mass production. They worked long, grueling hours in dangerous factories, mines, or railroads that led to thousands of accidental injuries and deaths annually. Factory management, focused on the goal of increasing profit, demanded constant maximum efficiency and effort from each worker, which they were not accustomed to on the farm or in artisan shops. Later, this was formalized by the introduction of Taylorism, or time-motion studies in which workers were required to perform certain tasks within a standard period of time.

In the nineteenth century, workers began to form labor unions, which were worker organizations created to bargain collectively with the management of companies rather than leave each worker to bargain on his own behalf. When workers joined unions, they surrendered their individual freedom of contract to negotiate with management, but gained power in numbers. Some workers were forced to join a union when it created a “closed shop” (all the workers had to join the union to be employed) though some workplaces were still an “open shop” (workers had a choice whether to join). Unions had

different characters and took varied approaches to bargaining with employers. All unions, however, acted on behalf of their members to attempt to negotiate better pay, hours, and working conditions. If the employer and the union could not agree to the terms of a labor contract, the union might call a strike, or a work stoppage, to add pressure on the employer to cede to union demands.

The experience of individual workers often varied widely and depended upon how skilled they were. Millions of southeastern Europeans and migrants from rural America who settled in cities and worked in industry were unskilled or semi-skilled workers, often hindered by unfamiliarity with American language and urban culture. They were easily replaceable by other workers seeking employment and therefore they received lower wages. They suffered periods of unemployment, especially during economic downturns, and did not have bargaining power to join labor unions in order to demand better pay or conditions. Women often went to work in factories or took on piecemeal work at home to supplement family incomes, struggling to rise above the poverty line. Nevertheless, real wages earned by unskilled workers rose 44 percent from the Civil War to World War I with most of the increase coming after the Depression of 1893. While wages rose substantially during a period of deflation, average incomes were between \$550 and \$600 a year, which was barely above the subsistence line.

On the other hand, skilled workers had indispensable abilities that their employers desperately needed and could not easily replace. Skilled workers received higher pay and enjoyed better working conditions. They could negotiate directly with their employer for better pay and had the leverage to join labor unions.

Middle-class professions proliferated as white-collar clerical workers and professionals provided services and skills. Millions of workers became teachers, accountants, and managers. Women entered the workforce in growing numbers, especially if they were single, and usually became teachers, nurses, and secretaries. Professionals earned more than clerks, but many of these salaried employees earned more than \$1,000 annually and had much better working conditions than those in a factory or mine.

The tensions between the industrial workforce and management throughout the Gilded Age were exacerbated by severe economic downturns that occurred with some frequency in 1873, 1884, and 1893, and lasted for several years. Workers went on strikes that were characterized by violence, property destruction, and eventual suppression by state and federal troops. Companies had a legitimate interest in keeping labor costs down during economic depressions, while workers reasonably expected to be paid a more livable wage under better conditions. These conflicting interests often led to confrontation and violence in major industries. Workers had constitutional rights to free assembly and free speech, while employers had the constitutional right to property protection. Both had freedom of contract

The Great Railroad Strike of 1877

In 1877, the Baltimore and Ohio Railroad introduced a second wage cut of ten percent

due to a lingering recession, causing workers to go on strike in Martinsburg, West Virginia, as well as in Baltimore, Pittsburgh, and elsewhere. Strikers burned, looted, and destroyed railroad property. The West Virginia governor sent in militia, but it sympathized with the strikers. President Rutherford B. Hayes then sent in federal troops to break up the strikes. Violence erupted in different cities as strikers threw rocks at police and federal troops, who responded by firing into crowds – even with machine guns.

Haymarket Riot

On May 1, 1886, hundreds of thousands of workers joined a general strike throughout the United States aimed at securing an eight-hour work day, at a time when the typical industrial workday was ten hours, six days a week. During a rally in Chicago on May 3, police beat strikers from the McCormick Harvesting Machine Company and then fired into a crowd killing several workers. A peaceful mass protest against police brutality was called for the following day at Haymarket Square. After the rally when police tried to disperse the crowd, someone threw a bomb into a group of police officers, killing eight and wounding dozens. The officers then fired into the crowd and inflicted an equal number of casualties.

Homestead Strike

Whereas Andrew Carnegie generally favored the rights of his workers to join unions and felt a responsibility to treat them well, his manager at the Homestead steel mill near Pittsburgh, Henry Clay Frick, adopted a more hardline view when Carnegie was out of the country in 1892. Instead of negotiating with the Amalgamated Association of Iron, Steel, and Tin Workers, Frick cut wages and then locked workers out of the

factories. His plan was to fire the strikers and replace them with more submissive workers. Frick hired guards from the Pinkerton Detective Agency to protect strikebreakers (called “scabs” by strikers) and quash the strike. The two sides exchanged fire in a shootout resembling a battle. In all, nine steel company workers, as well as seven Pinkertons, were killed, and many more were hurt. Sympathies in the town favored the workers, and tensions rose to a fever pitch when the governor sent in thousands of militia to restore order. Alexander Berkman, a Russian anarchist, tried to strike a blow for workers everywhere in a failed attempt to assassinate Frick. Frick cabled both his mother and Carnegie that he had been shot twice, “but not dangerously.” Meanwhile, union officials were arrested and indicted in a tense standoff between strikers and management, and the strike collapsed after five months.

Pullman Strike

In 1894, a recession led railroad companies to cut wages, and Pullman Company workers in Chicago went on strike with the support of the American Railway Union led by Eugene V. Debs. The strike shut down railroad traffic across the country early that summer. Attorney General Richard Olney filed an injunction against the strikers, and President Grover Cleveland dispatched federal troops who clashed violently with strikers. Predictably, this resulted in property damage and deaths. A unanimous Supreme Court decision, *In re Debs* (1895), upheld the conviction of Debs for ignoring the injunction and interfering with interstate commerce.

As a result of the Pullman Strike, the labor injunction became a popular tool to quell

strikes under the Sherman Antitrust Act (1890) because it held that unions were a monopoly that restrained trade. Companies also had other weapons that they deployed to damage labor unions. The yellow-dog contract forced employees not to join a labor union and supported an open-shop where workers were not compelled to join a labor union as in a closed-shop. Companies also blacklisted employees who struggled to organize workers into unions. In *Adair v. U.S.* (1895), the Supreme Court endorsed the constitutional principle of “liberty of contract,” which meant that employers could fire a worker for any reason, and workers were equally free to decide to leave employment.

Labor Unions

During the late nineteenth century, workers joined labor unions because they empowered workers to bargain collectively rather than as individuals. The different unions had varied approaches to organizing workers and reflected diverse philosophies with differing levels of success. Uriah Stephens founded the Knights of Labor in 1868 with a vision of establishing a “cooperative commonwealth” in which the capitalist wage system would be abolished and replaced with a system where all workers would share in the ownership of factories and in the profits. It also supported the eight-hour day and a variety of general social reforms. The Knights welcomed the skilled and unskilled, men and women, white and black into its membership. While the membership promoted equality, it had an inherently fatal flaw. The Knights eventually declined because its unskilled members were fired and could not pay dues during recessions, causing membership to collapse. Moreover, the union was internally divided between the different races and classes, companies fought

back against the Knights, and several of its strikes failed.

The Industrial Workers of the World (IWW), led by William Haywood, was another union ill-suited to organize the American labor force. Although it scored some successes organizing mine and lumber workers in the West, it was founded on a communist philosophy that sought the violent overthrow of capitalism. Many Americans considered the IWW too radical, and it declined due to a series of failed strikes and the Red Scare that followed World War I.

One union known as the American Federation of Labor (AFL), established by Samuel Gompers in 1886, adopted a balanced approach that favored long-term success for the union. Gompers organized skilled workers according to a philosophy of “business unionism,” or a focus on higher pay and lower hours rather than visionary social reform. In fact, the AFL usually opposed government reform because workers would depend on government rather than on the unions for their interests. The AFL weathered the Depression of 1893 and had approximately 450,000 members on its growing rolls.

In the early twentieth century, state governments passed laws regulating labor conditions such as limiting the number of hours employees could work, and the labor of women and children. These laws reflected the influence of a group of reformers known as progressives. The basic belief that united them was that the industrialized, urbanized United States of the nineteenth century had outgrown its eighteenth-century Constitution. Progressives advocated a more active role for the government in regulating the economy, maintaining that the Constitution did not give government, especially the federal government, enough power to deal with unprecedented problems. The progressives

targeted big business, whose economic power they believed allowed it to dominate politics, enabling it to gain special privileges (such as franchises, monopolies, tariffs) and to avoid regulation for the public good (such as health and safety regulations). They held that it was necessary to regulate the national economy to counter the influence of big business. Progressives in numerous states turned to social science instead of the Constitution for minimum-wage laws and maximum-hours laws. Organized labor usually supported these laws as ways to eliminate competition from female, immigrant, and black workers in the belief that these groups drove down wages.

The Supreme Court

The Supreme Court issued several decisions related to a number of state and federal laws. In *Lochner v. New York* (1905), the Court overturned a New York law limiting the number of hours bakers could work. The majority opinion asserted that the right to liberty of contract invalidated the state law. Progressives criticized the decision as an example of a Social Darwinist Court defending a laissez-faire system based on “survival of the fittest.” However, others saw it as an example of support for eighteenth-century classical liberal principles such as limited government, constitutionalism, rule of law, due process, free markets, and individual liberties.

The Supreme Court upheld many of the new regulatory labor laws in several other cases. In *Muller v. Oregon* (1908), the majority upheld limits on women’s working hours because of the belief that “woman’s physical structure and the performance of maternal functions place her at a disadvantage in the struggle for subsistence.” The paternalistic decision was influenced by copious social science contained

in the “Brandeis Brief” submitted by Progressive and future justice, Louis Brandeis. In *Bunting v. Oregon* (1917), the Court upheld a law that limited all factory workers to ten hours a day.

Federal Government Action

The federal government began to intervene on the side of organized labor during the Progressive Era in the early 1900s. President Theodore Roosevelt adopted a progressive view of executive power in which the president acted as the “steward of the people” in order to exercise whatever powers he believed necessary unless explicitly forbidden by the Constitution. With dubious constitutional authority, Roosevelt intervened in the 1902 anthracite coal strike when mine owners refused to submit to demands of the United Mine Workers. Roosevelt engineered talks between labor leaders and mine owners. However, after these talks failed to settle the strike, he believed the skyrocketing coal prices endangered the national interest. Therefore, Roosevelt threatened to use federal troops to seize and operate the mines. Shortly thereafter, both sides submitted to arbitration by a federal commission.

Organized labor continued to grow and influence national policy during the Progressive Era and World War I. President William Howard Taft signed a bill creating the Department of Labor in 1913. The Wilson Administration won the passage of the Clayton Anti-Trust Act (1914), which exempted labor unions from anti-trust prosecution. Congress also passed

the wartime Adamson Act that mandated an eight-hour workday for railroad workers. The 1916 Keating-Owen Child Labor Act banned the shipment across state lines of goods made in factories which employed children under the age of fourteen, but the Supreme Court ruled this law unconstitutional in *Hammer v. Dagenhart* (1918). The Court’s majority held that Congress had overstepped its constitutional power in attempting to regulate the production of goods. During the war, AFL President Gompers traded a no-strike pledge for the right to organize and bargain collectively. The Wilson administration created a National War Labor Board to protect the rights of workers and unions during the war. As a result, union membership grew 70 percent to an estimated 4 million workers, about 15% of the non-agricultural workforce.

During the late nineteenth and early twentieth centuries, dramatic changes in the economy significantly altered working conditions with the rise of the factory system. American workers joined labor unions, which became highly influential organizations in the American economy and politics throughout the twentieth century. As real wages and living standards continued to grow after the war, workers participated in the consumer culture and began to identify increasingly with the goods they purchased. After a series of post-war strikes, union radicalism soon gave way to “welfare capitalism” whereby employers gave workers higher pay and other benefits to quell the appeal of labor unions. Lasting federal protections would occur later during the New Deal.

REVIEW QUESTIONS

1. What are the goals of labor unions and how might they differ from the goals of owners/managers of businesses? What process do you think would be the best way to meet the needs of both groups?
2. In the nineteenth century, what did workers give up by joining labor unions? What did they gain?
3. How was the situation of skilled workers different from that of unskilled workers?
4. How did the job outlook change for middle class and white-collar workers in the late nineteenth century?
5. What were the main labor unions in America during the Gilded Age and Progressive Era, and how did they differ from one another? Which one(s) seemed to be most/least successful and why?
6. Review the Supreme Court decisions described in the essay. Which decisions show the greatest influence of Progressives?
7. In what ways was the outlook and agenda of Progressives in tension with the Founders' approach to the proper role of government?
8. What government actions show the influence of progressivism and support for the labor movement following 1900?
9. What is welfare capitalism, and how did it change the expectations that workers held with respect to their jobs?