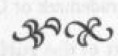
A Fierce Discontent

The Rise and Fall of the Progressive Movement in America, 1870–1920



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Further, the progressives disagreed on how to fight. More than any other

The twentieth century began amid a remarkable structural transformation of the economy. Since the 1870s, a constellation of circumstances—a nationwide railway network, abundant raw materials, emerging technologies, available finance capital, favorable government policies—had produced a new kind of industrial firm. The circumstances varied from business to business: John D. Rockefeller exploited the developing uses of petroleum; James B. Duke suddenly produced millions of cigarettes with the continuous-process Bonsack cigarette machine; "Captain" Frederick Pabst used temperature-controlled tank cars to send beer around the country. But the results were the same. These and other businessmen created vertically integrated firms that engaged in every aspect of an industry, from the extraction of raw materials to the production of finished goods, to marketing, sales, and service.

Pabst had his own saloons, his own barrel plants, even his own timberlands. These vast firms, employing thousands of workers, needed new kinds of accounting techniques and new kinds of management. Worth hundreds of millions of dollars, they also needed new forms of ownership. Too much for one owner or even several partners, the giant firms organized as trusts and, increasingly, as joint-stock corporations. Rockefeller created Standard Oil; Duke founded American Tobacco; Pabst launched what became the Pabst Brewing Company. When Andrew Carnegie sold Carnegie Steel, a privately held partnership, in 1901, J. P. Morgan and his associates had to turn this billion-dollar business into a corporation, United States Steel, whose shares were traded on the New York Stock Exchange.[4]

The creation of United States Steel was part of an unprecedented wave of mergers that gave the issue of bigness new urgency in the Roosevelt years. During the depression of the 1890s, many large firms, particularly newer mass-production industrial companies, had engaged in debilitating competition with one another. Desperate to cover high fixed costs, they had cut their prices to disastrously low levels. Unable to join together in pools and selling agencies to stop competition, the firms had begun to merge. From 1897 until 1904, the "great merger movement" turned 1,800 companies into just 157. The names of the new firms proclaimed their long reach: Continental Cotton and United States Glue; National Biscuit and National Glass; American Bicycle and American Brass. Typically, each of the new corporations controlled more than 40 percent of its industry's market; about a third of them each controlled more than 70 percent of a market. This horizontal integration of firms in the same business, along with their vertical integration, changed the face of the American economy. Giant corporations had not wiped out small business by any means. They did not dominate every part of the economy. But they commanded key sectors, from food products to petroleum to fabricated metals to lumber and paper. And no one knew whether or not the merger movement would stop.[5]

The rise of large-scale corporations was unsettling, even frightening. Big business, as one newspaper warned, could well "lead to one of the greatest social and political upheavals that has been witnessed in modern history." The corporations had some unabashed celebrants and some implacable foes. But most Americans seemed ambivalent. United States Steel, Standard Oil, and the rest were certainly remarkable creations. They offered opportunities

for well-to-do investors, white-collar managers, and working-class wage earners; they provided a host of new goods and services, often at lower costs. Yet, corporate leaders, proud members of the upper ten, struck an arrogant pose. As a North Carolina editor angrily observed, "[A]ll sense of shame has been lost by the corporations." They wielded disturbing economic power: more than one industry had become an oligopoly, basically controlled by a handful of large firms. The corporations could hurt consumers by raising the price of goods; they could hurt farmers and businessmen by raising railroad rates and hiking the cost of raw materials; they could hurt workers by cutting wages and demanding more productivity; they could hurt competitors by slashing the price of finished products and raising the price of raw materials; they could hurt towns, cities, whole regions of the country by manipulating freight charges and putting railroads and factories in one locale or another. Further, the corporations, entangled in a web of banks, insurance companies, and brokerage houses, gave enormous power to a handful of financiers—the Morgans, Stillmans, and Harrimans. More broadly, the corporations sustained the upper class and its troubling social, cultural, and political aspirations.[6]

By the 1900s, Americans had developed at least five approaches to the threat of big business. The simplest solution was to do nothing, to leave corporations essentially undisturbed. This laissez-faire approach reflected powerful cultural imperatives: the enduring appeal of individual freedom, the deep commitment to private property rights, the continuing faith in "natural" economic laws. For much of the upper ten, no doubt, laissez-faire was simply the rationalization of their self-interest. For other advocates, it was a pragmatic recognition of economic reality. "Corporations," a Virginia publisher resolved: "The most efficient agents for the promotion of modern progress. If an evil, then a necessary evil. . . ."[7]

Most Americans were less willing to leave evil undisturbed. More and more advocated socialism, the public ownership of the means of production. By the early 1900s, socialist ideas had a widening appeal among workers, farmers, the middle class, and even occasionally the upper ten. Some municipalities already accepted a limited form of socialism—the public ownership of so-called natural monopolies such as water works, gas plants, and other utilities. As the popularity of Bellamy's *Looking Backward* suggested, middle-class Americans could at least fantasize about the communal ownership of

industry. But most progressives were not prepared to turn this fantasy into reality.[8]

Despite their obvious differences, laissez-faire and socialism shared ironic similarities. Both policies accepted, even celebrated, large-scale business. Both approaches could lead to the end of competitive capitalism. Clearly, public ownership of corporations would limit competition and constrict the marketplace. So would laissez-faire: unchecked corporations would also limit competition and shrink the marketplace.

In contrast, the three other approaches to big business aimed to preserve competitive capitalism through some form of ongoing government intervention. Antitrust, regulation, and compensation offered different but not always incompatible alternatives. Grounded in a popular tradition of hostility to monopoly stretching back to the colonial era, antitrust would break up businesses that thwarted competition. Since the Gilded Age, a number of states, particularly in the South, had passed antitrust laws and taken corporations to court. Arkansas filed suit against insurance companies; Texas took on oil companies; North Carolina went after the American Tobacco Company. At the national level, Congress endorsed antitrust by passing the Sherman Act in 1890. "Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is," the act announced, "hereby declared to be illegal." In the new century, many Americans strongly supported antitrust. Among them were leading progressive activists and politicians, such as Boston lawyer Louis Brandeis and William Jennings Bryan.[9]

Unlike antitrust, regulation accepted the existence of threatening businesses but tried to control their behavior. Corporations would be allowed to continue only under the watchful eye of government. Like antitrust, regulation originated in the colonial period and became popular again in the Gilded Age. For instance, state governments had established railroad commissions to oversee a range of practices including stock issues and freight charges. At the federal level, the most important expression of the regulatory impulse also focused on railroads. In 1887, Congress created the Interstate Commerce Commission to monitor the railways' charges and trade practices. In the twentieth century, such progressives as Social Gospel leader Lyman Abbott and journalist Herbert Croly ardently advocated an expansion of governments' regulatory control over business.[10]

Compensation, the last approach, also accepted the existence of troubling businesses but would force them to return some of their wealth to the community. Many Americans bitterly resented the minuscule tax burden on corporations. "Why," a Wisconsin resident inquired, "should I have to pay my property tax bill, especially during hard times, when a big outfit . . . dodges [theirs]?" By the 1900s, a number of states and municipalities had imposed taxes on railroads, insurance companies, and other corporations. Americans, especially in the South and West, also resented so-called foreign corporations—businesses chartered and headquartered in other states. "I am fed up," a Texan announced, "with these big eastern life-insurance companies coming in here and taking our money back with them. . . . Texas is not a colony of the State of New York!" Fueled by this anger, some states tried unsuccessfully to pass laws forcing corporations to invest locally. In 1905, Texas did manage to enact an investment incentive measure that reduced taxes on insurance companies investing in the state. Compensation also had its progressive advocates, especially interested in corporate taxation.[11]

All five approaches to corporations were problematic. However grounded in American values, laissez-faire struck many people as inadequate, even dangerous, in an unstable economy and a divided society. Many businessmen, for all their brave talk about competition and the survival of the fittest, had begun to fear unregulated capitalism. Despite Ann Bassett's black-and-white picture, there were even big cattlemen who welcomed federal regulation of the range. Socialism, in contrast, seemed too radical for a society that still celebrated personal freedom and private property and still dreaded strong central government. Compensation was too limited an instrument: it was a way to punish misbehaving businesses and a way to redirect at least some wealth. Taxation, by itself, was a rather blunt instrument for changing specific corporate policies. And Americans were not yet willing to endorse taxes large enough to make a big business small. When Congress adopted the first corporate tax in 1909, the measure claimed only a tiny portion of corporate revenues.[12]

Antitrust and regulation also suffered from their infringement on personal freedom and property rights and their dependence on state action. The practical problems of governmental authority further jeopardized antitrust and regulation. The nation's federal system, with its confusing array of jurisdictions, made the task of economic control difficult. Big busi-

nesses seldom acted within a single state; those "foreign" corporations could readily elude state governments. The United States government had a far wider reach, of course. Washington controlled the nation's borders, the territories, and federally owned land like Brown's Park. Moreover, the Constitution granted the federal government authority over commerce between the states. But all these prerogatives added up to rather little at the turn of the century. The Interstate Commerce Commission had proven weak and ineffectual. So had the Sherman Act when the Supreme Court, ruling in the E. C. Knight case in 1895, declared that the American Sugar Refining Company's manufacturing operations only incidentally involved commerce, and were thus beyond the antitrust law. Unable—and apparently unwilling—to control existing corporations, Washington also lacked the authority to impose limits on new ones: the states, not the national government, granted charters to corporations.[13]

Despite all these constraints, the nation had the opportunity to take hold of big business in the progressive era. Too many people, fearing the consequences of unrestrained corporate growth, wanted more public control over corporations. There was a mandate for change—but no agreement on what that change should be.

The outcry over the merger movement guaranteed that antitrust would be given a thorough test. Two cases—Northern Securities and Standard Oil—illustrated the possibilities and limits of antitrust. These successful prosecutions underscored federal authority, broke up big economic combinations, and hurt the interests of some of the nation's most powerful capitalists. Yet, these and other antitrust prosecutions in the 1900s and 1910s hardly restructured American capitalism or toppled the upper ten.

As Theodore Roosevelt settled into the White House, he was an unlikely champion of antitrust prosecutions. In spite of his distaste for business values, the President favored large-scale enterprise. "This is an age of combination . . . ," he observed. "The corporation has come to stay. . . ." Eager to forestall radicalism, Roosevelt worked to calm the public fears about corporations early in his presidency. "Much of the complaint against corporations is entirely unwarranted," he reassured an audience in 1902. But the President believed that big business required regulation. "[These] corporations," he

maintained, "should be managed with due regard of the public as a whole." As in the anthracite coal strike, Roosevelt set out to establish the federal government as the representative of that public interest.[14]

With that goal in mind, the President could welcome a popular antitrust suit against a corporate villain, despite his antipathy to the Sherman Act. He had an ideal opportunity, with two villains and an impressive supporting Wall Street cast, when E. H. Harriman, ruler of the Union Pacific Railroad, and James J. Hill, ruler of the Great Northern, let their battle for control of Northwestern railroads get out of hand late in 1901. To succeed, each man needed to take over the vital lines of the Chicago, Burlington, and Quincy Railroad. To win that prize, the two financiers called on powerful allies in Wall Street: James Stillman of National City Bank and Jacob Schiff of Kuhn, Loeb & Company backed Harriman; J. P. Morgan himself supported Hill. When the Hill forces refused to let Harriman share in the CB&Q, Daisy Harriman's uncle went after the Northern Pacific Railroad, a crucial part of Hill and Morgan's plans. The resulting contest for Northern Pacific stock set off a frenzy of fear and speculation well beyond Wall Street. "Cold print," wrote Stillman's biographer, "fails utterly to convey the tension and the terror which such events cause, the helpless indignation of the rest of the world when Pan stamps his hoof in lower Manhattan." The panic and the rising price of Northern Pacific stock brought the combatants to their senses: they decided to merge their interests in a single vast firm, the Northern Securities Company, which would hold shares in the Great Northern, the Northern Pacific, and the CB&Q. But this anticompetitive solution infuriated Northwesterners. Quickly, the governor of Minnesota brought together the governors and attorneys general of nearby states to consider how "to fight the great railway trust." As Minnesota began legal action against this obvious restraint of trade, the Roosevelt administration stepped in. On February 19, 1902, the United States Department of Justice announced plans to file an antitrust suit against the Northern Securities Company.[15]

For Wall Street, the government's action was "a sudden and severe shock," a "bolt from the blue." On February 22, J. P. Morgan went down to Washington to confront the President. According to Roosevelt, Morgan told him, "If we have done anything wrong, send your man to my man and they can fix it up." "That can't be done," Roosevelt snapped back. The

financier asked whether the President was "going to attack my other interests, the Steel Trust, and the others?" Roosevelt said no, "unless we find out that in any case they have done something that we regard as wrong." When Morgan left, the President remarked, "That is a most illuminating illustration of the Wall Street point of view. Mr. Morgan could not help regarding me as a big rival operator who either intended to ruin all his interests or else could be induced to come to an agreement to ruin none." No doubt the tale grew in telling; but it surely revealed the Washington "point of view." Roosevelt could accept, and even welcome, the formation of United States Steel; he could not accept the treatment of the President of the United States as a mere "rival operator." The suit went ahead.[16]

In 1904, the Supreme Court ruled five to four that the Northern Securities Company had indeed violated the Sherman Act. The case, the first successful federal prosecution of a single, tightly integrated interstate corporation, was a signal victory for Theodore Roosevelt. So was the administration's successful suit in 1902 to prevent the unpopular meatpacking companies of the "beef trust" from conspiring to fix prices and restrain competition. With these triumphs, Roosevelt won acclaim as the great "trustbuster." But Washington's trustbusting power was uncertain. It was not yet clear whether the Sherman Act applied to all corporations restraining interstate trade. It was not clear either whether the President, despite his trustbusting reputation, had the will or the interest to go after every one of those firms. If there could be what Roosevelt called "good" or "honest" monopolistic corporations, then the scope of antitrust, for all its popularity with Americans, might be very narrow.[17]

Nevertheless, antitrust remained a vital force, especially at the state level. In the Roosevelt years, there was a groundswell of anger at John D. Rockefeller's Standard Oil, with its complex of state-chartered corporations. From 1902 to 1904, Ida M. Tarbell exposed "The History of the Standard Oil Company" in nineteen articles in the pages of *McClure's*. By 1904, the people of Kansas had begun to wonder why Standard paid the state's independent oil producers so little for their crude oil and charged consumers so much for the company's refined oil. Kansans held angry meetings and considered whether the state should build its own refinery. As a newspaper observed, ". . . in every community men of careful business judgment . . . are willing to waive prejudices against state interference in private business . . . for the sake of curbing

the power of Standard Oil." The state set up a refinery, passed various regulatory measures, and began an antitrust suit. "After a little," a Kansan promised, "the people of the country will raise up and hang a few Rockefellers and other kinds of buzzards who rob the people, not forgetting to include in the general hangings a squad or two of high court judges." No judges or Rockefellers swung by the neck, but other states joined in the attack on Standard Oil. In well-publicized hearings, the attorney general of Missouri documented the company's arrogance and its restraint of trade. By 1907, Standard Oil faced action by at least eight states. To avoid testifying, Rockefeller hid like a criminal on the run. Once, he had to escape his estate, Pocantico, north of Manhattan, by taking a boat to a hideaway in New Jersey.[18]

Rockefeller also had to deal with the federal government. In August 1906, the government took the Standard Oil Company of Indiana to court over no fewer than 1,462 violations of federal law. The most serious federal threat was an antitrust suit. More than ever, Roosevelt condemned antitrust. "It is generally useless to try to prohibit all restraint on competition . . . ," he argued, "and where it is not useless it is generally hurtful." The President preferred to make private arrangements with large-scale businesses about their competitive practices. But Roosevelt could not ignore grassroots antitrust sentiment. For that matter, he disliked John D. Rockefeller. In 1905, Roosevelt had ordered a federal investigation of Standard Oil. Completed the next year, the inquiry showed that the company "has habitually received from the railroads, and is now receiving, secret rates and other unjust illegal discriminations." Further, Standard Oil exercised "monopolistic control . . . from the well of the producer to the door step of the consumer." In November 1906, Washington filed suit under the Sherman Act to dissolve the Standard Oil Company of New Jersey and its subsidiary corporations. This time Rockefeller made himself available to testify. A federal circuit court ruled against the company in 1909. Two years later, the United States Supreme Court upheld the judgment and ruled that Standard must allow its subsidiary corporations to function freely and independently and must itself go out of business. It would stand as the most famous court-ordered breakup of a corporation until American Telephone and Telegraph, almost eight decades later. Rockefeller was golfing with a Roman Catholic priest at Pocantico when he heard the news. "Father Lennon," he said calmly, "have you some money?" Learning about the verdict on safari in Africa, now for-

mer President Roosevelt exulted over "one of the most signal triumphs for decency which has been won in our country."[19]

In delivering this blow to Rockefeller and Standard Oil, however, the Court also delivered a blow to the progressive advocates of antitrust. A majority of the justices enunciated the "rule of reason": the Sherman Act did not prohibit all restraints of interstate trade, only "unreasonable" ones. In other words, a monopoly was illegal only if it was created illegally. The ruling did not spare big-business men altogether; in fact, it left them still uncertain about which business dealings were or were not illegal. Meanwhile, the new President, William Howard Taft, a stickler for the law and the courts, brought more antitrust suits than his predecessor ever had. The Taft administration even went after United States Steel, with a prosecution that named Andrew Carnegie, Morgan, Rockefeller, and Charles Schwab, among others, as defendants.[20]

Despite Taft's vigorous prosecutions, the results were disappointing. The structure of corporate oligarchy shook, but never collapsed. Standard Oil and Rockefeller were a case in point. The newly independent Standard companies flourished in the years after the antitrust case. Despite the breakup, Rockefeller did not need Father Lennon's money after all. The sale of stock in the Standard subsidiaries made the magnate a billionaire, the richest man in the world. Rockefeller's reputation even improved. The testimony of this old, seemingly doddering man in the Standard trial had artfully countered the image of the evil incarnation of monopoly. "Now that Rockefeller has emerged from seclusion and is seen in the fierce light of a public inquiry," a newspaper commented, "he appears no such monster as the public fancy has painted." In the years to come, Rockefeller's massive philanthropy further burnished his reputation. For that matter, Carnegie, Harriman, Morgan, Stillman, and all the rest maintained their fortunes, their power, and their standing. In the meantime, Woodrow Wilson's Democratic administration made an ineffectual attempt to bolster the Sherman Act. Playing to popular sentiment for antitrust during the presidential campaign of 1912, Wilson had promised "a second struggle for emancipation," an economic program that would break the chains of monopoly and restore competition. Yet, in 1914, Congress managed only the Clayton Act, a loophole-ridden measure that tried unsuccessfully to provide more specific definitions of restraint of trade and harsher penalties for breaking the Sherman Act. By the First World

War, the antitrust campaign had boosted the authority of the federal government; but new legislation and lawsuits had not undermined the most powerful and creative leaders of the upper ten.[21]

As the antitrust crusade pushed ahead in the 1900s and 1910s, Americans also vigorously and contentiously explored how to regulate big business. Out of the welter of regulatory struggles, two early episodes—the fight for the regulation of food and drugs, and the battle over conservation—illustrated both the promise and the limits of attempts to control business on an ongoing basis. Successful regulation required not only a powerful sense of urgency but a broad, cross-class coalition. Progressives and their political allies triumphed in the struggle for pure food and drugs by invoking disparate Americans' shared identity as consumers. Even so, this cause also needed to win over some business opponents, or at least force their acquiescence to regulation. In the conservation battle, reformers never managed to produce a self-conscious consumers' coalition. Instead, there was a battle of different groups who acted on their interest as producers. In these circumstances, progressives could easily find themselves on the defensive, their cause described as socialist usurpation and their enemies trumpeting the virtues of individualism.

Americans had worried for years about the purity of their food and drugs. Everyone knew about "embalmed" beef, with "an odor similar to that of a dead human . . . injected with preservatives," that had been served to American soldiers during the Spanish-American War. By the turn of the century, there were concerns about the safety of dyes and preservatives used in food, about the introduction of "artificial" foods such as glucose, and about the adulteration and misrepresentation of food and drugs. The work of Harvey W. Wiley, chief of the Bureau of Chemistry in the U.S. Department of Agriculture, had helped to substantiate some of these concerns. More important, Wiley, a talented publicist, had artfully built support for protective legislation: there was, for example, his well-known "poison squad" of employees and medical students, "young, robust fellows" who supposedly risked their lives by testing food laced with borax and other preservatives. Nevertheless, the campaign for a national law protecting consumers of food and drugs had gotten nowhere by the end of Roosevelt's first term.[22]

Then middle-class journalism, driven by progressive concerns, did the work of exposure. In 1905, the *Ladies' Home Journal* disclosed the fraudulent advertisements used to sell Lydia Pinkham's Vegetable Compound and other home remedies. Later that year, Samuel Hopkins Adams exposed patent medicines as "The Great American Fraud" in the pages of *Collier's.* Well into 1906, Adams revealed the deceptive claims for the powers of Peruna and Liquozone. Documenting the liberal use of narcotics in catarrh powders and other nostrums, he condemned the "shameful trade that stupefies helpless babies and makes criminals of our young men and harlots of our young women."[23]

No sooner had Adams's articles appeared than the public began to learn more about meat. Branded "The Greatest Trust in the World" by *Everybody's Magazine,* the big meatpacking corporations of Chicago were already unpopular for their high prices. In 1905, the Supreme Court had upheld an antitrust injunction against Swift & Company, Armour & Company, and the other big firms. Then a novel by a young socialist writer, Upton Sinclair, revealed how they produced their expensive meat. *The Jungle* was the depressing story of a Lithuanian couple, Jurgis and Ona, struggling to survive in Chicago. Sinclair intended to dramatize the plight of poor workers, but his readers were affected more by the disclosures about the meatpacking plants, like "Durham's," where Jurgis worked. *The Jungle* described careless meat inspectors from the Department of Agriculture; it described canned meats made with fat, suet, dyed tripe, and "hard cartilaginous gullets"; it described "potted chicken" made with no chicken at all; it described the "old and crippled cattle"—"cattle . . . with boils . . . foul-smelling stuff"—used by the packers; it described meat tainted by sawdust, human spit, and rat excrement; and it described "Durham's Pure Leaf Lard," made from the bodies of workers who fell accidentally into the great lard vats. Sinclair gathered these details into a broader indictment of corporate deception. "The great corporations which employed you lied to you, and lied to the whole country—" Jurgis bitterly reflects, "from top to bottom it was nothing but one gigantic lie." The sensational revelations of *The Jungle* appalled the public, infuriated the meatpackers, and cut the sale of meat. By the end of 1906, the book had perhaps a million readers.[24]

One of them was Theodore Roosevelt, who had reason to be sensitive about the meatpacking business. His administration had disappointed the

public with a relatively harmless report on the beef trust; that report, in turn, persuaded a judge to dismiss a federal indictment against some packers on the grounds that Washington had forced them to incriminate themselves. After meeting with Sinclair, the President sent his own investigators to Chicago. A late convert to the cause, Roosevvelt endorsed a federal meat-inspection bill proposed by his friend Senator Albert J. Beveridge, a Republican progressive from Indiana.[25] Roosevelt's support for the measure also reflected his increasingly grandiose sense of federal, and especially presidential, power. As the merger movement developed and the upper ten remained controversial, the President had begun to criticize corporations as "subjects without a sovereign." Of course, the "sovereign" he had in mind for them was the federal government; lesser authorities simply would not do. "It is an absurdity to expect to eliminate the abuses in great corporations by State action," he claimed. "The National Government alone can deal adequately with these great corporations."[26]

By the spring of 1906, both meat inspection and pure food and drugs legislation had many supporters. This was not a simple, black-and-white fight between the public on one side and big business on the other. But the pure food and drugs issue encouraged a broad range of Americans to think of their identities as consumers, as people who were imperiled by rotten meat or adulterated drugs. Physicians, federal experts, and women's groups supported legislation. State officials, assiduously courted by Harvey Wiley, agreed that federal supervision was necessary. So did Westerners, angry at the "foreign" corporations from the East and Midwest. So, too, did more than a few of those corporations. Pabst, H. J. Heinz, and other producers, setting individualism aside, recognized the benefits of federal regulation: Washington's supervision could bring order and stability to the business; it could protect the big companies from state supervision; it could make the business too expensive for potential competitors. At the least, regulation could rescue the corporations from their public predicament in 1906. Roosevelt's investigators had largely confirmed the essentials of *The Jungle;* the meatpackers were unable to discredit Sinclair's account. Under the circumstances, a crucial group of food and drug producers accepted the inevitability of regulation and tried to shape the legislation to protect their interests as much as possible.[27]

The packers did manage to weaken Beveridge's meat-inspection bill a bit:

the government, not the packers, would pay for inspection; companies would not have to date their products. But the bill went through both houses of Congress. That success finally opened the way for approval of the Pure Food and Drug Bill. Roosevelt signed the two measures into law on the same day in 1906. In different ways, they represented a significant widening of federal regulatory power. The Pure Food and Drug Act empowered the secretary of agriculture to impose fines and imprisonment on producers caught selling adulterated or misbranded goods in the marketplace; the Meat-Inspection Act, in contrast, empowered inspectors from the Department of Agriculture to go into packinghouses to prevent bad meat from coming to market at all. It was no disaster for the food and drug companies. These measures increased consumer confidence, which ultimately helped business. But the companies had to give away some of their freedom to Washington. With understandable exaggeration, Senator Beveridge concluded that the meat act was "THE MOST PRONOUNCED EXTENSION OF FEDERAL POWER IN EVERY DIRECTION EVER ENACTED."[28]

The fight over pure food and drugs illuminated the conditions for progressive success in regulating business. This was the perfect issue to capitalize on popular worries about economic interdependence. Galvanized by the fear of eating poisoned food or taking adulterated medicine, Americans from different groups felt their common identity as consumers. Like the effort to establish a third, "public" force in labor conflict, progressives had found a useful rhetorical means of uniting and mobilizing a range of Americans. But the pure food and drugs crusade still needed some business support, or at least acquiescence, in order to prevail.[29]

The same conditions held true when Woodrow Wilson's Democratic administration attempted to increase federal regulatory power. In 1913, the President successfully played on Americans' fears of the Money Trust, the network of big banks with interlocking directorates that supposedly controlled the nation's economy. The result was the adoption of the Federal Reserve Act, a compromise measure establishing a centralized banking arrangement to stabilize the nation's rickety, uncoordinated, and dangerously vulnerable currency and banking systems. Some progressives wanted even stronger legislation in order to break the power of the Money Trust, but even so, the Federal Reserve Act extended the federal government's power enough to call down the fury of conservatives. The great men of Wall Street

and their conservative journalistic allies railed at this "financial heresy," this "preposterous offering of ignorance and unreason." "We are turning . . . toward practices which history shows have invariably led to decadence, to degradation, and the downfall of nations," warned conservative Republican Senator Elihu Root of New York. "We are setting our steps now in the pathway which through the protection of a paternal government brought the mighty power of Rome to its fall. . . ."[30]

The Wilson administration also risked repeating the fall of Rome by endorsing increased federal control over unfair trade practices. Conservatives predictably and vainly condemned any "socialistic program" giving the government "vast and inquisitorial powers." But a range of Americans, fearful of uncontrolled economic interdependence, readily supported a further expansion of federal power. In 1915, Congress passed legislation creating a five-member Federal Trade Commission empowered to halt businesses' unfair trade practices with cease-and-desist orders enforced by federal courts.[31]

lyst in the political ascendancy of progressivism in New York State.[53]

The volatile linkage between business and politics was revealed again in the controversy set off by the publication of a series of sensationalist articles

about the U.S. Senate. In 1906, the progressive David Graham Phillips, author of *The Reign of Gilt,* published a slashing series of articles in *Cosmopolitan* magazine on "The Treason of the Senate." In angry cadences, Phillips denounced Nelson Aldrich and other U.S. senators of both major parties for serving big business rather than the people. The "stealthy and treacherous" Senate, Phillips argued, had done all it could to obstruct popular control of business. Further, Phillips articulated a notion stirred up by the insurance revelations and other episodes: big business was not the only cause of economic inequality in America; government deserved a share of the blame, too. The Senate, Phillips declared, "is, in fact, *the final arbiter of the sharing of prosperity.* The laws it permits or compels, the laws it refuses to permit, the interpreters of laws it permits to be appointed—these factors determine whether the great forces which modern concentration has produced shall operate to distribute prosperity equally or with shameful inequality and cruel and destructive injustice." The conclusion was plain: the problem of business would not be solved by antitrust, regulation, and compensation alone; the people also had to reform their government. Instead of letting state legislatures continue to elect senators, the voters had to claim that right for themselves. With "The Treason of the Senate," the battle over business had flared again into a battle over democracy.[54]

Theodore Roosevelt feared the consequences. Trying as always to mediate the opposing forces of American society, the President believed that attacks on corporations and government risked going too far. He was particularly upset with Phillips's series of articles, so typical of the journalism of exposure in middle-class magazines. First in off-the-record remarks to the Washington press corps in March and then in a public address in April, the President tried to restrain progressive journalists. He recalled "the Man with the Muck-Rake" in John Bunyan's *Pilgrim's Progress,* "the man who could look no way but downward, with the muck-rake in his hand; who was offered a celestial crown for his muck-rake, but who would neither look up nor regard the crown he was offered, but continued to rake to himself the filth of the floor." Roosevelt agreed that the nation had problems. "There is filth on the floor," he conceded; "and it must be scraped up with the muck-rake. . . ." But the President cautioned "the men with the muckrakes" to remember the positive aspects of American life: "There are beautiful things above and roundabout them; and if they gradually grow to feel that the whole world is

nothing but muck, their power of usefulness is gone." Above all, Roosevelt advised them not to create "a morbid and vicious public sentiment." "At this moment we are passing through a period of great unrest—social, political, and industrial unrest," the President observed. "So far as this movement of agitation throughout the country takes the form of a fierce discontent with evil, of a firm determination to punish the authors of evil, whether in industry or politics, the feeling is to be heartily welcomed as a sign of healthy life." But Roosevelt warned against promoting "a line of cleavage . . . which divides those who are well off from those who are less well off" and turning "this movement of agitation" into "a mere crusade of appetite against appetite, . . . a contest between the brutal greed of the 'have-nots' and the brutal greed of the 'haves.' . . ." Instead, the President concluded, people should accept "the inevitable inequality of conditions."[55]

Roosevelt's rebuke to Phillips caused a sensation and created an enduring term—*muckraking*—for investigative journalism. But the President had gone too far in defending the economic and political status quo against progressivism. Rivals like William Jennings Bryan were quick to outflank Roosevelt on the left. Back from a trip around the world at the end of August, the Nebraskan made a well-publicized speech in New York's Madison Square Garden. With the presidential election of 1908 clearly in mind, Bryan denounced the power of big business. "Plutocracy is abhorrent to the republic," he insisted; "it is more despotic than monarchy, more heartless than aristocracy, more selfish than bureaucracy. . . . Conscienceless, compassionless and devoid of wisdom, it enervates its votaries while it impoverishes its victims." Bryan wanted to break up the corporations that supported the upper ten. Rejecting Roosevelt's tolerant policy, the Democrat declared that the Sherman Act "must be enforced, not against a few trusts, as at present, but against all trusts, and the aim must be to imprison the guilty, not merely to recover a fine." Bryan wanted to preserve economic competition, but now he recognized that at least one industry could no longer be made competitive. And so he advocated a state and federal takeover of the railroads. "[P]ublic ownership," Bryan maintained, "is necessary where competition is impossible." Socialism had never been more respectable.[56]

Outflanked on the left, Roosevelt also took fire from the right. As in the anthracite strike, he found himself assailed by the very class he was trying to protect. "Mr. Roosevelt is a bugaboo to Wall Street," the magazine *World's*

Work observed. "The average trader has an hallucination that the President hates Wall Street and would destroy it if he could."[57]

So Roosevelt moved back toward the left. It was not too hard, given his longstanding distaste for the values of the upper ten. The President could accept big business, but not its control of American culture. "It must not be, it shall not be," he had insisted in 1902, "the civilization of a mere plutocracy, a banking-house, Wall-Street-syndicate civilization. . . ." By the last years of his presidency, he was quite ready to assail big business. Dedicating a memorial to the Pilgrims at Provincetown, Massachusetts, in August 1907, Roosevelt took note of the worldwide financial unease following a federal court's verdict earlier that month levying an unprecedented $29 million fine on Standard Oil for anticompetitive practices: "[I]t may well be that the determination of the government (in which, gentlemen, it will not waver) to punish certain malefactors of great wealth, has been responsible for something of the trouble; at least to the extent of having caused these men to combine to bring about as much financial stress as possible, in order to discredit the policy of the government and thereby secure a reversal of that policy, so that they may enjoy unmolested the fruits of their own evil-doing." Roosevelt pledged "no let up in the effort to secure the honest observance of the law; for I regard this contest as one to determine who shall rule this free country—the people through their governmental agents, or a few ruthless and domineering men whose wealth makes them peculiarly formidable because they hide behind the breastworks of corporate organization." Once again, he had coined an enduring term: *malefactors of great wealth*. But now it was Roosevelt who was dividing the classes. His position had grown cloudy.[58]

It was made still cloudier by his continuing need to reconcile regulation and individualism. The President acknowledged the limitations of the individualist creed. "No small part of the trouble that we have comes from carrying to an extreme the national virtue of self-reliance, of independence in initiative and action," he said in his annual message to Congress in December 1907. Still, Roosevelt could not abandon his belief that the individual mattered most in life. "Much can be done by wise legislation and by resolute enforcement of the law," he observed in 1906. "But still more must be done by steady training of the individual citizen, in conscience and character, until he grows to abhor corruption and greed and tyranny and brutality and to

prize justice and fair dealing." Yet, Roosevelt was the one endorsing large-scale business organizations and building an intrusive government. "Some persons speak as if the exercise of such governmental control would do away with the freedom of individual initiative and dwarf individual effort," the President observed dismissively in his Annual Message to Congress in 1906. "This is not a fact." No public figure spoke more vigorously about these issues; none more openly tied himself in knots. The task of reconciling the opposing forces and keeping the battle contained was impossible.[59]

As they struggled to control business, progressives generally enjoyed the advantage of prosperity. From the end of the depression of the 1890s through the First World War, the American economy generally grew. But there were exceptions, moments when progressives and their antagonists alike were reminded that the business cycle endured and that controlling business was not the only economic challenge of the age. One such moment arrived fairly suddenly in the autumn of 1907, when a full-blown crisis enveloped the American financial system. The results embarrassed capitalists, progressives, and Theodore Roosevelt.

In October, a worldwide shortage of credit mercilessly exposed the limitations of the nation's banking and currency systems. A collapse of copper prices raised fears about banks and trust companies heavily involved in the mining industry. On October 22, frightened depositors made a run on the Knickerbocker Trust Company, which had extensive involvement with copper; the company closed the next day. The terror spread: in the streets of Manhattan, there were "men and women dashing about in the manner of ants when their hill is trod on." As the banks and trust companies of New York struggled to meet their obligations, the whole banking system of the country seemed suddenly in peril. Morgan, Stillman, and the rest of the great money men labored to hold things together. John D. Rockefeller publicly pledged half his possessions to the cause. With millions of Rockefeller's dollars on deposit, the National City Bank played a key role in the crisis. "They always come to Uncle John when there is trouble," Rockefeller bragged. Even so, the federal government had to step in. Roosevelt's secretary of the treasury, George Cortelyou, provided the banks with $37 million and then $31 million. Still the run continued; the banks stopped payments to

depositors. Stillman's protégé, Frank Vanderlip, remembered long after that "my graying hair became white in that panic year of 1907."[60]

As the Panic entered a second week and the Trust Company of America became the focus of worry, Roosevelt was drawn into a dubious deal. The money to save the company would have to come from the financial markets, but they were supposedly jeopardized by the weakness of Moore and Schley, a firm of underwriters. The fate of Moore and Schley, in turn, depended on the sale of its shares in the Tennessee Coal and Iron Company. With money from those shares, Moore and Schley would survive, the stock market would stay high, and firms could then afford to put up the money to save the Trust Company of America. But who would buy the shares in Tennessee Coal and Iron? United States Steel was willing—if the government would agree not to take the acquisition to court under the Sherman Act. The leaders of the steel corporation, Elbridge Gary and Henry Clay Frick, met with the President on November 4 to explain the firm's noble proposal. They did not dwell on the fact that this bargain-basement acquisition would give United States Steel a powerful hold on the Southern market. Roosevelt indicated he had no objection to the deal, which promptly went forward.[61]

Through November, the government sold bonds to banks on easy terms; thus fortified, the banks rode out the Panic. Confidence returned, the credit shortage diminished, workers kept their jobs—the country seemed fine. Nevertheless, the Panic of 1907 had changed things. "As a matter of fact it marked the end of an era," wrote James Stillman's friendly biographer. "That tidal wave of speculation, which had crashed over in a destructive flood, receded at length, leaving a changed world both for the public and for the financial captains."[62]

At first glance, the Panic was a humiliation for these men. They had been tossed about like yachts in a hurricane off Long Island. Despite all their wealth, they had needed the help of the federal government to save themselves. Yet, the Panic also confirmed their power and influence. The government had had no choice but to help the "financial captains." Roosevelt had accepted the Tennessee Coal and Iron deal. In November, Elbridge Gary began to bring together the leaders of the steel industry to discuss matters of common concern; Washington tolerated these "Gary dinners," an open display of anticompetitive collusion. Further, the great industrial firms showed real strength in the uncertain economic climate. Instead of renewing the

price-cutting wars of the 1890s, U.S. Steel and other companies maintained their prices after the Panic.[63]

At the same time, the financial crisis was a blow to Roosevelt and his plans for enhancing national power. The President insisted that the Panic demonstrated the need for more federal regulation. "In the recent business crisis it is noteworthy that the institutions which failed were institutions which were not under the supervision and control of the National Government," Roosevelt maintained. "Those which were under national control stood the test." Ever more critical of both "unrestricted individualism" and "the old doctrine of States' rights," the President called for "a national incorporation act." He wanted the government to be able to inspect corporations' books. He wanted the Interstate Commerce Commission to regulate issues of railroad securities, to determine the physical value of railway lines, and even to set railway rates. Condemning the Sherman Act's prohibition of all combination in restraint of trade as "worse than folly," the President wanted the scope of the law limited by Congress.[64]

"That fellow . . . ," observed "Uncle Joe" Cannon, the Republican Speaker of the House, "wants everything, from the birth of Christ to the death of the devil." Roosevelt got nothing—no Christ, no devil, no legislative program. Instead, he found himself trapped in an argument about responsibility for the Panic. Opponents claimed that the administration's program in general and the judgment against Standard Oil in particular had precipitated the crisis. "The runaway policy of the present Administration can have but one result," John D. Rockefeller told a reporter. "It means disaster to the country, financial depression, and chaos." Even Americans receptive to antitrust and regulation wondered whether too much government interference inhibited economic growth.[65]

The criticism of Roosevelt was an ironic tribute to the impact of progressive attempts to deal with the problem of business: Americans wondered about excessive government only because federal control of business had increased so much. During the administrations of Roosevelt, Taft, and Wilson, laissez-faire was largely discredited; socialism, largely untried. Instead, antitrust and regulation were legitimated and elaborated. To be sure, the progressives, divided between antitrust and regulation, sacrificed much of their potential

impact. The fleeting chance to break up monopoly power and return to the golden age of competition was lost. While the federal government broke up some corporations, big businesses became more firmly established. At the same time, the structure of federal regulation was still rudimentary. In all, the upper ten retained remarkable financial power. Yet, they had also ceded to government the right to intervene across an increasing number of areas: competitive practices, stock issues, prices, resources, consumer safety. A regulatory wedge had opened that opponents would exploit and widen in years to come.

Nevertheless, there was a note of caution, sounded most clearly by the Panic of 1907. In the middle of economic crisis, the federal government had turned to capitalists, not progressives. Like the struggle to control work, the Panic intensified questions about the fate of democracy in America. The power of the "financial captains" and the obvious solicitude of President Roosevelt only added to the strain on a political system breaking under the weight of the insurance scandals, the "Treason of the Senate," and so many other struggles. When Roosevelt had denounced the "malefactors of great wealth" at Provincetown, he noted the "contest . . . to determine who shall rule this free country." More and more Americans, realizing the obvious corruption of politics and government, wondered who was winning that contest. In 1908, the Democratic platform demanded, "Shall the People Rule?" Bryan, the Democrats' nominee, put the question more specifically. "Shall the people," he asked, "control their own Government and use that Government for the protection of their rights and for the promotion of their welfare?" It was a deceptively simple question. Who were "the people"? Out in Brown's Park, the answer had seemed obvious to Ann Bassett. But across the nation in the years ahead, it was not obvious at all. Were Bassett and the other small cattle ranchers "the people"? Were the Two Bar outfit and the other insurgents? Were Harry Ratliff and Gifford Pinchot? Were Morgan and Rockefeller, when they bailed out the banking system, part of the people, too? The questions only multiplied.[66]