Slouching Towards Utopia?
An Economic History of the Long Twentieth Century

V. North Atlantic Political Economy: 1870-1914

J. Bradford DeLong
U.C. Berkeley Economics and Blum Center, NBER, WCEG
<https://www.icloud.com/pages/0i2UEQysOfvQaY8rLw67OwqCQ>

5.1. Stepping Away from Monarchy and Aristocracy
5.1.1. Fears of Democracy

In the late 1700s James Madison had not been enthusiastic about *democracy:*

> Democracies have ever been spectacles of turbulence and contention... incompatible with personal security or the rights of property... as short in their lives as... violent in their deaths…

Next to nobody was enthusiastic about democracy back in the late 1700s.

James Madison had been enthusiastic about a *republic.* People who counted were to choose a small, select group of representatives who had their values and well-being at heart, but not their passions or their interests. Representatives would then govern subject to procedural checks-and-balances. Under Madison and company's America constitution, remember, states could restrict the franchise as much as they wished—as long as it preserved "a republican form of government."

James Madison's suspicions had been widely shared. His one-time friend and co-author Alexander Hamilton even held that a constitutional monarchy—in which the monarch, the aristocracy, and the masses all held real power to balance one another—was the best of all attainable governments, with "the British government… best" as the only one "unit[ing] public strength with individual security…" And Thomas

Jefferson suspected George Washington thought Hamilton was right, and that the American republic might fail: "General Washington had not a firm confidence in the durability of our government". Jefferson thought this fear "had some weight in his adoption of… ceremonies… calculated to prepare us gradually for a change which he believed possible." And John Adams proposed that the American president be announced as: "His Highness, the President of the United States, and Protector of the Rights of the Same".

5.1.2. Extending the Franchise

5.1.2.1:.Principles of Legitimate Authority

Yet as the 1800s moved forward, democracy—at least in the form of one male of the right age and race, one vote—as the touchstone of political legitimacy made massive strides, if at deliberate speed. Claims that kings ruled by divine right and that aristocracies ruled by virtue of their ancestors having been among those who conquered the Anglo-Saxons with William of Normandy or the Romano-Gauls with Clovis the Frank became increasingly risible and ran aground. So many aristocrats were noble because their ancestors had been fixers, pimps, or bureaucrats for past kings.

For a while *prosperity* was an alternative touchstone: rulers should be elected or at least advised by those selected by vote, yes, but by a vote of the prosperous. Up until the end of World War I, in the Prussian provincial legislature of the German Empire, those who paid the top 1/3 of taxes got to elect one third of the representatives. François Guizot, left-of-center Prime Minister of France's constitutional monarchy in the erly 1840s, responded to demands for a broader electoral franchise with the words *enrichessez vous*: if you want to vote, get rich enough that you qualify. It did not work. On February 23, 1848, King Louis-Philippe of France's Orleanist dynasty—the only king of the Orleanist dynasty—threw Guizot over the side in the hope of avoiding revolution and dethronement. Louis Philippe abdicated the following day.

5.1.2.2:.The Universal Franchise as the Balance Point

Worldwide, politicians on the left wanted, eventually, more than one person-one vote. They sought the abolition of private property and the rational distribution of the products of the societal division of labor… well, by it was not clear what. But that position was rejected by the bulk of political society: only rarely could it win any majorities for its position that the government should have a totalizing role—

that all questions should be settled and all social life organized by a government, in which each one counted for one and one alone.

Worldwide, politicians on the right held the view that *some* existing inequalities of wealth, influence, and political were just or holy or both. But they were divided. Some viewed inequalities emerging from the creative destruction and accumulation of the market with, at best, suspicion. Others viewed inherited and status inequalities with grave suspicion. Some tried to to reconcile and exalt all the groups of inheritors, entrepreneurs, and crony capitalists, but that was a difficult balancing act.

5.1.2.3. Creeping Forward

Thus the balance point was in the middle. Over 1870-1913 the political principle that caused the least offense to the greatest number being that political society would be a realm in which some or most of the male individuals' preferences counted equally in choosing the government, and that the government would then curb and control the economy, to limit but not extinguish the extra influence of those whom American Republican President Theodore Roosevelt called the "malefactors of great wealth" early in the 1900s.

When liberals were in power they would try extend on the principle that the new, poorer voters would be less conservative and would support them. When conservatives were in power they might convince themselves to extend the suffrage on the grounds that the workers were loyal to king and country, were being exploited by the merchant, manufacturing, and commercial agricultural classes, and would be grateful: it would "dish the Whigs". When revolution threatened, governments fearing armed mobs in the streets would decide that franchise extension would divide the potentially-revolutionary opposition: "The Principal… is to prevent… revolution…. I am reforming to preserve, not to overthrow," said Earl Grey in the debate over the 1831 franchise-extension reform bill. Thus extension of the suffrage tended to creep forward, step by step. Up until 1913, at least in the increasingly prosperous North Atlantic industrial core of the world economy, the prospects for increasing and stabilizing democracy looked good.

5.1.2.4: Patriarchy, White Supremacy, and the Franchise

Extension of the suffrage halted for a while at the *patriarchy* line: for varying lengths of time universal suffrage was *universal* male suffrage. Extension of the franchise often halted quite a while at the *race* line, especially in the United States.

France was in one respect the leader. It first saw universal male suffrage in 1792—although effective suffrage of any kind was gone by the coronation of Napoleon in 1804 and did not return, save for a brief interval 1848-1851, until 1871. France was in other respects a great laggard: female suffrage did not come to France until the expulsion of the Vichy Nazi collaborationist regime in 1944. The first European land to offer universal suffrage was Finland in 1906, when it was the Grand Duchy of Finland with the Czar of Russia as its Grand Duke. In Great Britain universal manhood suffrage came in 1918, when the suffrage was extended to all men and to women over 30. Adult women under 30 had to wait until 1928.

In the United States the fight for the franchise for white men had been won around 1830, in bloody bloody Andrew Jackson's day. In the early 1900s the suffragettes' fight was ongoing: my Great-Grandmother Florence Wyman Richardson was one chaining herself to the statehouse fence in Missouri's capital—and thus getting herself expelled from the St. Louis Veiled Prophet Debutante Society. The fight for African-American votes was not yet launched, but Great-Grandmother Florence was to be one of the launchers of the Urban League in St. Louis in the 1920s, and be the scandal of her neighborhood by inviting Black people to dinner.

But in the United States the countrywide enfranchisement of African-Americans had to wait until after 1965. Even today, one-third of American states have recently crafted bureaucratic and legal obstacles in the hopes of differentially disenfranchising up to one-fourth of African-American voters. The late Supreme Court Chief Justice William Rehnquist won his spurs by running "ballot security" efforts in which:

> every Black or Mexican[-looking] person was being challenged… [as] a deliberate effort to slow down the voting… to cause people waiting their turn to vote to grow tired.., and leave…. Handbills were distributed warning persons that if they were not properly qualified to vote they would be prosecuted…

5.2. Popular Government and the Market Economy

5.2.1. Educating Our Masters

Franchise expansions put real power in the hands of poorer and less aristocratic voters—or, rather, of those they chose as their representatives. Thus even aristocrats sought to make them able to wield that responsibility. British cabinet member Robert Lowe argued that after making the richer segment of the working class the masters of the government: "we must educate our masters". Sometimes—as with Britain's Benjamin Disraeli, or Germany's Otto von Bismarck—conservatives even led the way in extending the franchise, thinking that poor rural voters had more in common with landlords than with plutocratic industrialists and the urban *bourgeoisie;* and that poor urban voters would hate those who screwed down their wages more than those who sought to preserve ties of authority and respect between rich and poor.

5.2.2. Market Rights and Spontaneous Orders

But there were or would be flies in the ointment. In a later day, Friedrich von Hayek always argued that to inquire whether a market economy's distribution of income and wealth was "fair" or "just" was to commit a fatal and basic intellectual blunder. "Justice" and "fairness" of any form requires that you receive what you deserve. But a market economy gives to those not who deserve well but rather those who happen to be in the right place at the right time to control resources that are valuable for future production. Once you step into the morass of "social justice", Hayek believed, you would be forced into adjustment after adjustment. You would not be able to stop chasing a "just" and "fair" outcome "until the whole of society was organized… in all essential respects… [as] the opposite of a free society."

Note that this did not mean that you were morally obligated to watch the poor starve and the injured bleed out and so die in the street. Society should make "some provision for those threatened by the extremes of indigence or starvation due to circumstances beyond their control" if only as the cheapest way to protect the hard-working and successful "against acts of desperation on the part of the needy". And note that Hayek did not believe (much) in inherited feudal, guild, and customary blockages to decentralized market exchange: they should be steamed away. Then the market would give; the market would take away; and blessed be the name of the market. That a market economy can produce a highly unequal and can produce a less unequal distribution of income and wealth was besides the point. We lacked and would always lack the knowledge to create a better society.

5.2.3. Spontaneous Orders and Political Societies

The only rights the market economy recognizes are property rights—and then it only recognizes those property rights that are valuable, and the most valuable property rights are those useful in making things for which the rich have a serious jones. Yet people thought they had other rights than just the rights that accrued to the property they happened to hold. And this feeling posed an enormous problem for Friedrich von Hayek. Hence he saw two huge enemies to a good society: *egalitarianism* and *permissiveness*.

In a younger generation of libertarians, Milton Friedman would dismiss von Hayek's worries. Friedman was morally certain that most wealth was not and would never be inherited, and that most people were pretty much equal. Hence provide people with access to education and reward them for what contribution they made to production, and you would have a middle-class society in which it did not matter much that rights accrued to property rather than people because the overwhelming bulk of people would have a not-grossly-unfair share of the property. (It was much easier to hold to Friedman's position under the less unequal (for white males) American income distribution of the 1970s than under the more unequal distribution of 1900, or of today.)

For von Hayek, however, *democracy* was a grave danger because it taught *egalitarianism*—that society should treat me as well as it treats you even though you have the property and thus the right to the market economy's concern and solicitude: "'Egalitarianism' is… a product of the necessity under unlimited democracy to solicit the support even of the worst". Poisonous to Hayek was *democracy* in Alexis de Tocqueville's sense that mere luck made one master and the other valet—and luck might change tomorrow. "It is", warned Hayek, "not by conceding 'a right to equal concern and respect' to those who break the code that civilization is maintained…"

And von Hayek's economics fit uneasily with a society which held that institutions and cultures—but, somehow, not institutions and cultures that hobbled free-market exchange—has a powerful wisdom of their own. The idea, as Sam Brittan put it, was that if was fatal to think that "inherited rules which cannot be rationally explained do not have to be observed", for"conventional rules embody more inherited knowledge and experience than any individual could be capable of ascertaining himself". A prosperous market economy could only flourish if were protected from the tides of *democracy* and permissiveness, which "assisted by a

scientistic psychology, has come to the support of those who claim a share in the wealth of our society without submitting to the discipline to which it is due…"

For von Hayek, perhaps—probably?—periodically societies would need a General Augusto Pinochet, to seize power and reorder society in an authoritarian mode that would respect the market economy, just as the mythical Lykourgos had set up the institutions of the classical Spartan republic.

Other libertarians—like Friedman again, and like James Buchanan—had perhaps not more confidence in democracy but less confidence in generals and warlords, even : democracy is not just one-person-one-vote, but free debate and free discussion. And convincing a broad electorate through free debate and discussion that the market economy leads to prosperity seemed easier to them than convincing a general or warlord to let a market system-loving intellectuals play Plato to his Dionysius Tyrant of Syracuse. But the von Hayek position reflects and generates a strong willingness on the twentieth-century right to view democracy—political and social—not even as a lesser good but as a genuine evil. And these forces did not lose strength as World War I came nearer.

5.2.4. Karl Polanyi

Friedrich von Hayek loved that the market turned everything into a *commodity*, and feared those who thought it a fundamental strike against the market that it did not make everybody materially equal. But he ought to have feared much more. People have bigger and more fundamental objections to a market society than just the objection that it makes some rich and others poor.

Hungarian-Jewish moral philosopher Karl Polanyi wrote during World War II in his book *The Great Transformation,* not everything is or can be a commodity: making some things into commodities is a fiction. A market society will thus face a backlash—it can be a left-wing, it can be a right-wing backlash, but there will be a backlash, and it will be powerful.

Polanyi wrote about how land, labor, and finance were "fictitious commodities" that could not be governed by the logic of profit-and-loss but had always and needed to be *embedded* in society and managed by the community taking account of religious and moral dimensions. Thus there was a *double movement*: ideologues of the market and the market itself attempted to dissembled land, labor, and finance from society's moral and religious governance; society struck back by restricting

the domain of the market, and putting its thumb on the scales where market outcomes seemed "unfair".

Now these were—are—brilliant insights. These are also incomprehensible to an overwhelming proportion of those who try to read Polanyi.

Let me try to put it better:

The market economy believes that the only rights that matter are property rights, and the only property rights that matter are those that produce things for which the rich have high demand. But people believe that they have other rights:

- With respect to *land*, people believe that they have rights to a stable community: that the natural and built environment in which they grew up or that they made with their hands is *theirs* whether or not market logic says it would be more profitable and lucrative if it were different or if somebody else lived there.

- With respect to *labor*, people believe that they have rights to a suitable income: they have prepared for their profession, they have played by the rules in so doing, and so society owes them a fair income commensurate with their preparation, whether or not the world market's logic says that what they make has a free-market price that can support that income or not.

- With respect to *finance*, people believe that as long as they do their job of working diligently, the flow of purchasing power through the economy should be such as to give people the wherewithal to buy. The decisions of rootless cosmopolite financiers who may be thousands of miles away that this or that flow of purchasing power through the economy is no longer sufficiently profitable, and so should be shut off, should not be able to make your job dry up and blow away.

People have not just property rights but these other economic rights at all. But a pure market economy will not respect them. Hence society—by government decree or by mass action, left-wing or right-wing, for good or ill—*will* intervene, and re-embed the economy in its moral and religious logic so that these rights are satisfied.

Note that these rights that society will attempt to validate do not—or might not—be rights to anything like an *equal* distribution of the fruits of industry and agriculture. And it is probably wrong to describe them as *fair:* they are what people

expect given a certain social order of society. A market order that generates wages seen as too high for Chinese immigrants and opportunities seen as insufficient for white Californians seeking jobs in agriculture will call forth riots and a Chinese Exclusion Act in California late in the 1800s. A market order that generates too much Polish spoken on too many German-owned farms in the early 1900s will start German right-wingers thinking about the *drang nach osten,* by which the military-religious order of the Teutonic Knights pushed the German-Slavic language frontier a couple of hundred miles east in the Middle Ages. A market order that replaces blue-collar assembly-line worker jobs with robots while generating new jobs only in big liberal cities early in the 2000s will generate "economic anxiety".

5.3. Governing America in 1900

5.3.1. America's Aristocracy of Manufactures

By 1900 the United States was as unequal an economy in relative terms as—well, today. it had become the Gilded Age country of industrial princes and immigrant tenements.

Yet another migrant—one whose move proceeded the great 1870-1914 wave when migration became really cheap—was Andrew Carnegie (1835-1919), immigrated to America from Scotland in 1848. He was perhaps the champion of upward mobility: his father was a subsistence-level handloom weaver, and he become the world's premier steelmaster and perhaps the second richest person in the world. Andrew Carnegie built the largest mansion in Newport, Rhode Island with gold water faucets. Andrew Carnegie's enterprises were by a large margin the most productive and efficient steelworks of their day. Carnegie was the industrial prince.

But among immigrants he was exceptional. 146 largely-immigrant workers died in the 1911 Triangle Shirtwaist Factory fire in Manhattan. Why? Because the exits had been locked to keep workers from taking fabric out of the building in order to make their own clothes. Alexis de Tocqueville, a keen-eyed commentator on American society in the first half of the nineteenth century, had feared this, for while:

> the territorial aristocracy of past ages… [was] obliged… to come to the help of its servants and relieve their distress" no such reciprocal ties of obligation bound the aristocrats of manufactures to their workers: thus "the manufacturing aristocracy

> which we see rising before our eyes is one of the hardest that have appeared on the earth…

Abraham Lincoln had thought he lived, and to some degree had lived, in an America in which "the prudent, penniless beginner… saves a surplus… and at length hires another new beginner to help him…" And so he took "it that it is best for all to leave each man free to acquire… [and] get wealthy". In America as Lincoln saw, there was always opportunity. And the same would hold for African-Americans, if slavery could be eliminated:

> I agree with Judge Douglas [that the Negro] is not my equal in many respects—certainly not in color, perhaps not in moral or intellectual endowment. But in the right to eat the bread, without the leave of anybody else, which his own hand earns, he is my equal and the equal of Judge Douglas, and the equal of every living man.

But by 1900 the workers of Lincoln's Illinois saw things differently: "'Land of opportunity', you say. You know well my children will be where I am—that is, if I can keep them out of the gutter." Things weren't working. The market economy had, somehow, become unfair.

5.3.2. Populists and Progressives

Many of the middle class, especially the farmers, blamed the rich, the easterners, immigrants, and the bankers for what was going wrong with late nineteenth-century America. The Populists of the 1890s sought the free coinage of silver at a ratio of 16-to-1 to boost the money supply, lower interest rates, and raise farm prices. They sought antitrust to bust monopolies and restore competition. They sought railroad and other forms of rate regulation to make sure that the largely-rural backbone of real Americans were not exploited by those in the cities with market power—whether rail barons, manufacturing monopolies, or bankers. They blamed the eastern bankers, the gold standard, the monopolists, the immigrants, and—and this was what broke them as a political movement—the African Americans. Rich Bourbon establishments in the south could and did win votes by segregating and disenfranchising African-Americans. And so southern American populism died as a political force.

The Progressives of the 1900s sought reforms to try to diminish the power of what they saw as a wealthy-would be aristocracy: the "malefactors of great wealth" in Theodore Roosevelt's words. They sought an expanded government role to protect

the environment, a progressive income tax, curbs on financial manipulation, and also to make the world safe for democracy. The Progressives got their chance when the assassination of William McKinley moved Republican Progressive Theodore Roosevelt out of the Vice Presidency—the powerless job dismissed by John Nance Garner as "a bucket of warm piss"—and into the White House in 1899, and then again when Roosevelt's disgust at his successor Taft's betrayal of Progressive values and sharp, corrupt Republican National Convention practice led him to throw the presidency to Democratic Progressive Woodrow Wilson in 1912.

However, these remained minority political currents in America. Voters typically elected Republican presidents—or that triangulating bastard Grover Cleveland—who were more-or-less satisfied with American economic and social developments, and who believed that "the business of America is business." But the availability of the Populist and Progressive agendas was to make the shift in American politics in response to the Great Depression a generation later rapid and substantial. Pretty much every left-of-center (and some right-of-center) initiative that had been proposed between 1885 and 1914 was then dusted off and given a try, in Franklin Delano Roosevelt's New Deal.

5.4. Chicagoland

5.4.1. City of the Big Shoulders

Let us take a look at economics and politics interacting at the bleeding edge—at the most-rapidly growing and industrializing place on the pre-World War I earth, in that era's counterpart to today's Shenzhen: Chicago.

In 1840, when the Illinois and Michigan canal opened connecting the Mississippi River with the Great Lakes, Chicago had a population of 4000. In 1871 Mrs. O'Leary's cow burned down a third of the city. In 1885 Chicago built the world's first steel-framed skyscraper. By 1900 Chicago had a population of two million. 70 percent of its citizens had been born outside the United States.

On May 1, 1886, the American Federation of Labor declared a general strike to win the eight-hour workday. On May 3, 400 police officers protecting the McCormick farm equipment factory and its strikebreakers opened fire on a crowd, killing six. The next day eight police officers were murdered by an anarchist bomb at a rally in protest of police violence and in support of the striking workers—and the police opened fire at the crowd and killed perhaps twenty civilians, largely

immigrants, largely non-English speaking (nobody seems to have counted). A kangaroo court convicted eight innocent (we now believe) left-wing politicians and organizers of murder. Five were hanged.

In 1889 Samuel Gompers, President of the American Federation of Labor asked the world socialist movement—the "Second International"—to set aside May 1 every year as the day for a great annual international demonstration in support of the eight-hour workday and in memory of the victims of police violence in Chicago in 1886.

In the summer of 1894 the Democratic Party President Grover Cleveland persuaded Congress to make a national holiday in recognition of the place of labor in American society—not on the International Workers' Day that was May 1 in commemoration of Chicago 1889, but rather a moveable feast on the first Monday in September instead.

5.4.2. John Peter Altgeld

In 1893 the new Democratic Governor of Illinois, John Peter Altgeld—the first Democratic Party governor since 1856, the first Chicago resident governor ever, and the first foreign-born governor ever—pardoned the three still-living "Haymarket Bombers," saying that the real reason for the bombing was the out-of-control violence by the Pinkerton Security Company guards hired by McCormick and others.

Who was this John Peter Altgeld who pardons convicted anarchists, and blames violence on the manufacturing princes of the midwest and their hired armed goons, and is Governor of Illinois?

Altgeld was born in Germany. His parents moved him to Ohio in 1848 at the age of three months. He showed up in the Union Army during the Civil War, at Fort Monroe in the Virginia tidewater country, where he caught a lifelong case of malaria. After the war he showed up finishing high school, as a roving railroad worker, as a schoolteacher, and somewhere in there he read the law. In 1872 he was the city attorney of Savannah, Missouri. In 1874 he was county prosecutor. In 1875 he showed up in Chicago as the author of *Our Penal Machinery and Its Victims.* 1884 saw him as an unsuccessful Democratic candidate for Congress—and a strong supporter of Democratic presidential candidate Grover Cleveland.

In 1886 he won election as a judge on Cook County's Superior Court. And somewhere in there he became rich. He was a real estate speculator and a builder: his biggest holding was the tallest building in Chicago in 1891, the sixteen-story Unity Building at 127 N. Dearborn St.

As governor, Altgeld lobbied for and persuaded the legislature to enact the then-most stringent child labor and workplace safety laws in the nation, increased state funding for education, and appointed women to senior state government positions. The largely-Republican and Republican-funded press condemned John Peter Altgeld for his Haymarket pardon. For the rest of his life he was, to middle-class newspaper readers nationwide and especially on the east coast, the foreign-born alien anarchist, socialist, murderous governor of Illinois.

5.4.3. The Pullman Strike

On May, 11, 1894, workers of the Pullman Corporation, manufacturer of sleeping cars and equipment, went on strike rather than accept wage cuts. Altgeld's friend Clarence Darrow wrote in his autobiography of how the strike looked from his perspective, and how he wound up as the lawyer of the strikers, the United Railroad Association, and their leader Eugene V. Debs:

> I became the general attorney of the Chicago and North-Western Railway Company… [which] was involved with all the rest of the roads… all who came to the offices thought and talked of little else besides the strike." The strike was bloody, and brutal: "a great many [railroad] cars were burned... each side claimed that their enemies were responsible for the fires.... I had no knowledge of who started the fires, but I was satisfied that most of all those in the yards were sympathetic toward the strikers.... Industrial contests take on all the attitudes and psychology of war, and both parties do many things that they should never dream of doing in times of peace…

The railroads appealed to the government. Darrow saw the railroads trying to bring the government in on their side, and "did not regard this as fair.... Mr. Debs and a good many of my friends came to ask me to go into the case.... I was on their side…. I saw poor men giving up their livelihood."

The railroads asked the government to come in on their side, and that Triangulating Bastard President Grover Cleveland—the only Democrat elected president between James Buchanan and Woodrow Wilson—decided to grant their request. He attached a mail car to every train, thus making blocking any train an

interference with the U.S. mail and thus a federal crime. United States Attorney General Richard Olney got the courts to enjoin the strikers, forbidding the obstruction of trains and forbidding providing any assistance to anyone obstructing trains. Cleveland ordered the U.S. army to deploy in Chicago.

Illinois Governor Altgeld protested. Altgeld pointed out in two telegraphs to Cleveland that Art. IV §4 of the Constitution gives the power to the President to use troops inside states against domestic violence *only* "on application of the [state] legislature, or the executive (when the legislature cannot be convened)." Altgeld pointed out that neither he nor the legislature had applied. Cleveland responded that it was more important to protect property against rioters, anarchists, and socialists: "If it takes the entire army and navy of the United States to deliver a postcard in Chicago, that card will be delivered!"

On July 7, 1894 Debs and the other union leaders were arrested for violating the terms of the injunction, and the strike collapsed.

5.4.4. The Democratic Wing of the Democratic Party

As Darrow summed up the federal government's intervention:

> The men left the railroads en masse to keep their wages from being cut and working conditions lowered. The railroads resisted because to yield meant greater cost.... Both sides were right, but I wanted to see the workers win. I knew of no way to determine what a workman should be paid; what he should have in a way is determined by what he can get, and, so far as we can see, every one's compensation is settled the same way....If there are still any citizens interested in protecting human liberty, let them study the conspiracy laws of the United States…

This was a breaking point for Altgeld, and for many others. They then decided that it was time for the Democratic Party to run for president not a centrist like Cleveland but rather a Democratic candidate from the Democratic wing of the Democratic Party.

Cleveland had worked hard in office to keep the U.S. on the gold standard. Altgeld organized a grass-roots movement of special state conventions to get state chapters of the Democratic Party on record as supporting U.S. abandonment of the gold standard—free coinage of silver at a ratio of 16 oz. of silver worth 1 oz. of gold. At

the 1896 Democratic National Convention Altgeld seized control of the platform. The party platform:

- condemned the gold standard (supported by Cleveland)
- condemned government by injunction against labor unions (used by Cleveland)
- supported federalism (violated by Cleveland)
- called for a Supreme Court that would declare an income tax constitutional or an income tax amendment
- called for support for the right to unionize
- called for personal and civil liberties.

Altgeld sought to get the Democratic Party to nominate former U.S. Senator Richard P. Bland.

The young William Jennings Bryan, however, had other ideas. Bryan wowed the convention.

President Grover Cleveland and his supporters abandoned the Democratic Party, and ran ex-Republican Illinois governor and ex-Union general John M. Palmer and ex-Kentucky governor and ex-Confederate general Simon Bolivar Buckner to split off votes from William Jennings Bryan and Arthur Sewall.

Republican Party stalwart Theodore Roosevelt claimed that even though the Democrats had nominated Bryan, the real ruler of the United States would be the more sinister Altgeld:

> Mr. Altgeld… much more dangerous… than Bryan… slyer, much more intelligent, much less silly… from all the restraints of public morality…. The one plans wholesale repudiation [of the gold standard] with a light heart and bubbly eloquence, because he lacks intelligence... the other would connive at wholesale murder and would justify it by elaborate and cunning sophistry for reasons known only to his own tortuous soul.

And *Harper's* chimed in, telling east coast opinion leaders what they should think:

> Governor Altgeld... is the brains.... Bryan... would be as clay… under the astute control of the ambitious and unscrupulous Illinois communist... silver... but a step towards the general socialism which is the fundamental doctrine.

Bryan and Sewall lost to McKinley and Hobart.

In the 1876, 1880, 1884, 1888, and 1892 elections the Republicans had won by 20,000, won by 7,000, lost by 60,000, won by 2,000, and lost by 380,000 votes. Bryan lost by 600,000 votes—a margin running nearly 700,000 votes behind recent Democratic presidential candidates. Bryan and Sewall lost by 95 electoral votes and by five percentage points in the popular vote. Kentucky, Iowa, and Illinois would have made the difference. But the crucial swing voters in the American electorate did not then want a Democratic candidate from the Democratic wing of the Democratic Party, even with all the conservatives in the American south still yellow-dog Democrats because Lincoln had freed the slaves.

When the crucial center of the electorate was asked to choose between protecting property on the one hand and promoting opportunity by making property insecure on the other, they chose property—because they had or thought they would have it, and because they feared that too many of those who would benefit from redistribution were in some sense unworthy of it. Even the very weak-tea leveling associated with pardoning those railroaded after Haymarket and supporting the Pullman strikers was too much leveling for start of twentieth century America to bear.

5.4.5. Populist and Progressive Defeat

The crucial swing voters in Illinois did not want Altgeld either, starting in 1896. In 1896 he lost his bid for reelection as Illinois governor in 1896, was diagnosed with locomotor ataxia, lost his bid for mayor of Chicago in 1899, suffered a cerebral hemorrhage, and died in 1902 at the age of 54.

Clarence Darrow continued his legal career, defending evolution, high school teachers, murderers, trade-union officials—and large corporations as well. His friends among the left-wing Democrats, among the union organizers, and among the social-work settlement house movement were puzzled. He answered them:

> I undertook to serve this company or these people, believing they had an ordinance, procured by the aid of boodle. Judged by the ordinary commercial and legal standard of ethics I did right.... I am satisfied that judged by the higher law, in which we both believe, I could not be justified, and that I am practically a thief. I am taking money I did not earn, which comes to me from men who did not earn it, but who get it, because they have a chance to get it.... I determined to take my chance with the rest, to get what I could out of the system and use it to destroy the system. I came without friends or money. Society provides no fund out of which such people can live while preaching heresy. It compels us to get our living out of

> society as it is or die. I do not choose yet to die, although perhaps it would be the best...

And Darrow shared Altgeld's opinion of triangulating, more-electable Democrats:

> I had always admired Woodrow Wilson and distrusted [his successor] Republican President [Warren] Harding. Doubtless my opinions about both in relation to affairs of government were measurably correct; still, Mr. Wilson, a scholar and an idealist, and Mr. Palmer, a Quaker, kept [Eugene V.] Debs in prison; and Mr. Harding and Mr. Dougherty unlocked the door…

5.4. Over in Europe

5.4.1. Paris: The June Days of 1848

Once it was no longer a closed aristocracy of wealth, honor, and blood against everybody else—once upward mobility was possible—anything that was or that could be misrepresented to be full-fledged leveling socialism has not proved to be a terribly attractive doctrine in the North Atlantic. We saw this first in France in June 1848, when Alexis de Tocqueville discovered that the overwhelming majority of Frenchmen did not want to be taxed to provide full employment for urban craftsmen, and valued their property more than they valued opportunity for the unemployed.

We can see this at work even before our starting date of 1870. In 1848 the farmers of Alexis de Tocqueville's France sided against the socialists, when the socialists rose in:

> the insurrection of June [1848]... class against class... a blind and rude, but powerful, effort on the part of the workmen to escape from the necessities of their condition, which had been depicted to them as one of unlawful oppression…. The closing of the national workshops… occasioned the rising…

The politicians of the French Second Republic were terrified. The lesson of French politics since 1789 had been that, unless there was a Napoleon or equivalent on hand to shoot down the mob and blow up the barricades with a loyal, disciplined military, the Paris mob in arms unmade governments. But the Paris June Days of 1848 were different. Tocqueville saw:

> Thousands… hastening to our aid from every part of France.... Thanks to the

> railroads, some had already come from fifty leagues' distance... every class of society... peasants... shopkeepers... landlords and nobles all mingled together... they rushed into Paris with unequalled ardour: a spectacle as strange and unprecedented in our revolutionary annals.... The insurgents received no reinforcements, whereas we had all France for reserves."

This was true in France in 1848. And it was true in the United States in 1896.

5.4.2. The Memory of the French Revolution

Perhaps French politics was most uniquely fraught, at least in the North Atlantic. The great French Revolution that started in 1789 had sought the end to the despotism of kings, aristocrats, and priests: "Let's strangle the last king with the guts of the last priest!" said Diderot. They wound up with an egalitarian distribution of land distributed to families of small farmers. But they did not wind up with a stable political democracy. In succession, after the murder of King Louis XVI Bourbon, France had:

1. the terrorist dictatorship of the Jacobins (the mainspring of popular government… amid revolution it is at once *virtue and terror*: virtue, without which terror is fatal; terror, without which virtue is impotent…)
2. a corrupt and gerrymandered 5-man executive of the Directory, defended on October 5, 1795 by the "whiff of grapeshot" of Napoleon Bonaparte and Joachim Murat, that managed to generate the first modern hyperinflation, defended itself against a royalist coup plotted by two of its five members (Barthelemy and Carnot) and its most successful general (Pichegru), and was then overthrown by the same Napoleon in 1799.
3. a dictatorship, with Napoleon Bonaparte as "First Consul", until 1804.
4. an empire, with Napoleon Bonaparte as Emperor of the French, until suppressed by the other European powers in 1815.
5. a restored Bourbon monarchy, with first Louis XVIII and then Charles X, until 1830.
6. an alternative Orleanist monarchy, with King Louis-Philippes as the king-citizen, overthrown in 1848.
7. a second republic, overthrown by its own president, Napoleon's nephew Louis Napoleon, which collapsed under pressure of military defeat in 1870.
8. a socialist commune, in Paris at least.
9. a third republic, which suppressed the commune—but promptly chose a royalist Marshal MacMahon, as president.

10. a failed attempt by third republic president Marshal MacMahon to replace himself by a King Henry V.
11. a failed attempt by the ex-Minister of War Georges Boulanger to seize power for his RRR movement: *Revanche*, *Révision, Restauration* (revenge on Germany, revision of the constitution, restoration of the monarchy).

Régime stability was not on the menu. Belief and adherence to norms that kept politics from becoming deadly and from dealing chaos to society was not present. Land reform stuck. Dreams of past and hopes of future military glory stuck. But the dream of a transformational piratical political revolution, the urban people marching in arms or not in arms to overthrow corruption and establish justice, liberty, and utopia, stuck as well. "Normal politics" between 1870 and 1913 always proceeded under revolutionary threat, or colored by revolutionary dreams.

This was true elsewhere in Europe as well. Nationalities grew to want unity, independence, autonomy, and safety—often from France. Elsewhere it was more a curbing of privileges, especially of privileges that belonged to aristocrats that spoke a foreign language, a grasping of the opportunities for industrialization, plus "peace, land, and bread" rather than wholesale redistribution.

So "normal politics" proceeded against a backdrop of CalvinBall—in which, at any moment, the rules of the game, the structure of the régime, and the modes of political action might suddenly shift, perhaps in a very bad way. Representative institutions were shaky, and partial. Promises by rulers of new constitutions that would resolve every legitimate grievance—usually empty promises—were common. But in the end régimes held. Normal politics proceeded. In Europe outside the Balkans, the only régime change in Europe from 1871-1913 was the low-casualty proclamation of the Portuguese Republic in November 1910. The expectation and fear that revolutions were on the agenda proved wrong.

5.4.3. The Pattern of European Normal Politics

5.4.3.1. Left-Wing European Normal Politics

In fact, left-wing—even socialist—parties in pre-World War I Europe wanted only weak tea. The Socialist Party of Germany's Erfurt and Gotha programs seek things like:

- universal male and female suffrage,
- the secret ballot, proportional representation and an end to gerrymandering,
- holidays for elections,

- two-year legislative terms,
- the right to propose and vote on referendums,
- annual government budgets,
- elected local administrators and judges,
- the right to bear arms,
- a referendum required for a declaration of war,
- international courts to settle international disputes,
- equal rights for women,
- freedom of speech, association, and religion,
- the prohibition of spending public funds for religious purposes,
- free public schools and colleges,
- free legal assistance,
- abolition of the death penalty,
- free medical care including midwifery,
- public burial insurance,
- progressive income and property taxes,
- a progressive inheritance tax,
- an end to regressive indirect taxes,
- an eight-hour working day,
- no child labor under 14,
- a 36-hour minimum weekend, an occupational safety and health administration,
- equal status for domestic and agricultural workers,
- a national takeover of unemployment and disability insurance "with decisive participation by the workers in its administration".

Rather white bread, no?

Even their declared intention that "the German Social Democratic Party… fights… every manner of exploitation and oppression, whether directed against a class, party, sex, or race" would raise few eyebrows today, in western Europe at least.

5.4.3.2: Left-Wing European Revolutionary Politics

But they also sought:

- "By every lawful means to bring about a free state and a socialistic society, to effect the destruction of the iron law of wages by doing away with the system of wage labor…"
- "The transformation of the capitalist private ownership of the means of production—land and soil, pits and mines, raw materials, tools, machines, means

of transportation—into social property and the transformation of the production of goods into socialist production carried on by and for society…"
- "This… emancipation… of the entire human race…. But it can only be the work of the working class, because all other classes… have as their common goal the preservation of the foundations of contemporary society…"

There was a tension here. How was it to be resolved? Karl Marx had been as clear on this point as he could ever be. A revolution was coming, followed by a political transition period: "the revolutionary dictatorship of the proletariat":

- It would be "revolutionary" in that the economic order would be transformed.
- It would be a "dictatorship" in that procedural and bureaucratic blockages to action would be eliminated.
- It would be "of the proletariat" because other classes would be working to block the needed transformation, if they had a voice, hence they should not have one.

Marx's long-time comrade Friedrich Engels resolved the tension. The "reformists" would put forward their demands for incremental improvements. The movement would fight for them *and lose*. Through struggle and defeat, tiger working class would learn "the true conditions for working-class emancipation": revolution, the overthrow of capitalism and the wages system, and the construction of a democratic socialist economy based on the public ownership of the means of production.

But what if the working class movement struggled, and won—or won enough to make the grassroots satisfied? What then?

This is what happened. This drove Engels insane:

> One is indeed driven to despair by these English workers with their sense of imaginary national superiority, with their essentially bourgeois ideas and viewpoints, with their 'practical' narrow-mindedness, with the parliamentary corruption which has seriously infected the leaders…

The left wing had a rhetorical line to speak to those who had a small amount of property—a farm, a shop, a workshop—and feared that socialism would take it away. There line was that large-scale industrial capitalism was already taking it away, and they should get with the program. This was not satisfactory.

In 1890 Marx's coauthor Friedrich Engels crowed that the English working class had finally broken its long slumber which had been "a result… of the failure of the Chartist movement of 1836-50 and… of the colossal industrial upswing of 1848-80". Engels was wrong. As the pre-World War I years continued, the western European left-wing became less "revolutionary" and more "reformist".

5.4.3.3. Right-Wing European Normal Politics

The right wing sought to preserve as much as it could of old orders of inequality and as much as possible of hierarchy in changing times. By and large, they reformed so that they could preserve; they pushed things to change so that they could stay the same.

Part of this was that they were not confident in any resort to violence. The French Revolution and Napoleon had shown that nations could win wars only with the people in arms: mass, conscript, popular armies. Foreign policy required, therefore, an army very different from a professional army that would serve as an internal security force shoot peasants and workers on the command of a conservative government. Who would such an army fight for? It was not clear. Thus they became reluctant but essential democrats. Thus "countermajoritarian institutions" needed to be seen as strong enough to keep noble and plutocrat wealth and authority secure, but not so strong as to prevent compromise and allow right-wingers to attempt to preserve old authoritarian orders in total.

Right-wingers adapted themselves in another way, finding new reasons why a hierarchical chain of inequality was a good thing for a society. The most prominent of these came from the waves spreading through society from the rock tossed into the pond by Charles Darwin. Never mind that the equation of the currently rich and powerful with some kind of genetic elite either back before World War I or today is highly, highly dubious. It was a useful doctrine: leveling—socialism—and even smaller steps that reduced the natural inequalities of wealth and power became, as John Maynard Keynes snarked:

> not merely inexpedient, but impious, as calculated to retard the onward movement of the mighty process by which we ourselves had risen like Aphrodite out of the primeval slime of Ocean…

As American steel master Andrew Carnegie put it, each step away from right-wing *laissez-faire* in the direction of socialistic ideals would be destructive:

> The price which society pays for the law of competition… is also great…. But… we cannot evade it; no substitutes for it have been found; and while the law may be sometimes hard for the individual, it is best for the race, because it insures the survival of the fittest in every department…

5.4.3.4. The Centrist Dance

Centrist politicians called for evolution away from conservative orders: the concrete steps that left-wing politicians called for, but less so and in much more partial form.

But they also found themselves protecting property—and hierarchy.

The touchstone was "fairness": it was not fair that those who did not work hard and did not play by the rules got lots of good things. And those who did not play by the rules could be on either end of the wealth-and-power spectrum: parasitic aristocrats and cruel plutocrats, or those poor who wanted something for nothing or got above their station.

Centrists found themselves exalting the market. But the fact that market societies value only property rights, and that market societies disrupted people's Polanyian rights to community stability, to appropriate incomes, and to insulation from creative destruction and depressions meant that they walked a tightrope. The hope was that economic growth would be fast enough and equitably distributed enough that people would take the changes that came as net plusses.

And this was a place where centrists could make their stand against those to the left whose practical proposals were simply faster-and-more versions of centrist policy programs. Focus voters' attention on the disruptive utopian aspirations of the left instead, and electoral coalitions could be preserved.

The center held—up until 1914. And Engels's successors in the western European socialist movement—the Kautskys, the Bernsteins, and so forth—watched and thought. As time passed they recognized the limited appeal of chiliastic visions to those who thought that system was working, somewhat, for them. They became social democrats: the true socialism became the bonds of solidarity and community they made along the journey.

5.4.3.5. Seeds of Catastrophe

The waves spreading through society from the rock tossed into the pond by Charles Darwin became the seeds of catastrophe. Belief that a struggle for wealth and power within nations as a progressive Darwinian process carried with it the implication that a struggle for wealth and power between nations would be a progressive Darwinian process as well. Author Arthur Conan Doyle had his detective character, Sherlock Holmes, say as he watched the approach of World War I:

> There's an east wind coming all the same... cold and bitter, Watson, and a good many of us may wither before its blast. But... a cleaner, better, stronger land will lie in the sunshine when the storm has cleared…

A right-wing landed and bureaucratic upper class that had, by and large, lost its social role. A belief by politicians anxious to paper over class divisions with national unity. And a growing social-darwinist current that struggle—even or especially military struggle by peoples-in-arms over not what language a province would be administered in but who would live there—were storing up trouble as 1914 approached. In 1919 John Maynard Keynes was to write, bitterly, that he, his peers, and his elders had regarded "the projects and politics of militarism and imperialism, of racial and cultural rivalries, of monopolies, restrictions, and exclusion, which were to play the serpent to this paradise… [as] little more than the amusements of his daily newspaper…"