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The People's Capital:  
The Politics of Popular Wealth in the Gilded Age

By

Robert Gabriel Nelson

A dissertation submitted in partial satisfaction of the

requirements for the degree of

Doctor of Philosophy

in

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in the

Graduate Division

of the

University of California, Berkeley

Committee in charge:

Professor Robin Einhorn, Chair

Professor Caitlin Rosenthal

Professor David Henkin

Professor Christopher Tomlins

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## Abstract

## The People's Capital: The Politics of Popular Wealth in the Gilded Age

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The proliferation of financial practices and institutions throughout the mass of American society throughout the late nineteenth and early twentieth century produced a wide range of social effects. From changing discourses about racial progress and equality to aspirations for integrating rebellious workers into a system of financial-industrial capitalism, anxieties about financial panics to the possibilities of worker-owned cooperatives, popular engagement with the financial apparatus became the very stuff of American life. This dissertation looks at a wide range of primary sources—political pamphlets, bank statements, cooperative prospectuses, reform newspapers, trade journals, novels, and congressional testimony—to link changes in the form and nature of popular wealth to the development of mass politics. As the scattered but substantial wealth of the American working classes began to congeal in institutional forms, a wide variety of historical actors struggled over what to do with *the people's capital*.

## Acknowledgments

As is the case with all dissertations, “The People’s Capital” reflects the hard work, attention, and dedication of many individuals. Over these past seven years, I have learned a great deal from my dissertation committee, mentors, and peers alike. They have advised me on sources, given me guidance in terms of organizational structure, and have always been ready to offer intellectual challenge and critique when it came to mapping out the scholarly terrain that this dissertation seeks to explore. The collective nature of academic tasks is among the least acknowledged but most fundamental truths of intellectual life. The strengths of this dissertation emerge from such mentorship and guidance, while the remaining imperfections are certainly my own.

My dissertation committee has been a fantastic resource for me throughout the process of writing the dissertation, and even before. From Robin Einhorn, I have learned what it meant to be an engaged scholar and to take my role as an educator seriously. Someone who approached the task of giving lectures to 600 undergraduates in a survey course with as much poise, seriousness, and passion as presenting research findings at a conference or writing field-defining books. Her zeal for lecturing and debating set a fire off in my brain, and has carried me to where I am today. Caitlin Rosenthal has taught me what close personal mentorship looks like, and has helped me maintain the balance between intellectual seriousness and a perspective on the importance of life outside the academy. She has spent many hours reading, editing, and talking with me about what this dissertation is and what I wanted it to be. Helping her develop a course syllabus for the History of American Capitalism gave me a sense of ownership over my own teaching that has inspired me throughout my graduate career. David Henkin has modeled serious and compassionate intellectual inquiry from my first year in graduate school, combining unrivalled seminar-facilitation skills with a methodical and thoughtful approach to the process of editing. His intellectual hunger is omnivorous, and seems to never end. And from Christopher Tomlins, I have learned to more seriously confront the role of theory in the study of history, as well as how to combine intellectual sophistication with humor and directness.

While not directly involved in the writing of this dissertation, there are other Berkeley faculty that I would like to acknowledge for their friendship, mentorship, and boundless intellectual energy. James Vernon was steadfast in his support for my intellectual and political development, his office always open for a conversation about history, politics, or sports. Brian DeLay was instrumental in helping me my research project on the history of the Freedman’s Bank, and the rigor with which he pursues his own research inspires his own students to push themselves further. Stephanie Jones-Rogers allowed me to audit her writing seminar in order to stitch that research on the Freedman’s Bank into what became the third chapter of this dissertation. While we only overlapped at Berkeley for a year or two, her intellectual generosity and enthusiasm for that chapter is reflected in its strengths. A hearty thank-you is also warranted to Rebecca McLennan, Mark Brilliant, and Waldo Martin for helping to make the US history field such a rich intellectual resource at Berkeley. One final faculty acknowledgement is for Seth Rockman, whose class on nineteenth-century American history rocked my world as an undergraduate, and whose advice and guidance were crucial for helping me to develop myself intellectually at an important age.

The bedrock of intellectual, political, and social life for history graduate students at Berkeley are, well, other graduate students. They make this endeavor worth doing. I would like to extend a special acknowledgement to my own cohort of U.S. historians: Aaron Hall, Natalie Novoa, Camilo Lund-Montano, Ivana Mirkovic, Yana Skorobogatov. I have learned so much from your friendship and our endless conversations. The same goes for Sheer Ganor, Anthony Gregory, Sophie Fitzmaurice, Sam Wetherell, Danny Kelly, Joey Kellner, Ari Edmundson, Derek O’Leary, Joel Pattison, Sebastian Peel, Grace Goudiss, Lois Rosson, Gene Zubovich, and many more. For any of

those who I've failed to name, it simply reflects the limits of my own memory in trying to think through the many faces who have shaped my experience while writing this dissertation.

As a materialist, it also behooves me to acknowledge the funding that has allowed me to complete this dissertation. Thank you to the History Department, the Graduate Division, and the American Cultures Engaged Scholarship program at UC Berkeley for your ongoing support, thank you to the Business History Conference for helping to fund my travel and scholarship, and thank you to the University of Wisconsin-Madison and the Wisconsin Historical society for your funding, hospitality, and archival resources that have allowed me to research and write this dissertation.

Finally, I owe a huge debt of gratitude to my family. To Marge, Sue, Zvi, Tali, Will, Mike, Nina, Diana, Russ, and Josh—I am lucky to have a group of extended kin like you in my corner. To my mom and dad, Leslie and David, you have taught me how to love reading, learning, and debating. First and foremost, however, you have taught me how important it is to be a mensch. You've seen this project from the beginning, and your unending generosity, curiosity, energy, and love are what has powered me through. To my brother, Ben—I am so proud to be your brother, navigating this world together, and knowing that we've got each others' backs through everything. Your perspective is unique and your insights into what's important in life are bracing and always welcome. Last but certainly not least, Megan Svoboda, without whom this project and my life would look a whole lot different. Perhaps more than any other person, you've gotten to see and experience what it's been like for me to carry out this thing to its completion. Your intellectual and political vitality, your warm support, your welcome perspective when I'm getting too far in the weeds, and your occasional but crucial interventions have made this project what it is. I cannot imagine life—political, personal, intellectual—with anyone else. You are my inspiration, my best friend, and my partner on life's big adventure.

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## Introduction: The People's Capital

During the latter half of the nineteenth century and the first decade of the twentieth, increasing numbers of ordinary Americans began directly participating in formal financial institutions for the first time and at a large scale. They deposited their money in savings banks, purchased insurance policies, took on mortgages for homes and farmland, started agricultural cooperatives, joined labor-based benefit societies, and learned about financial practices in public schools. In the years between the Civil War and the First World War, a wide range of Americans, from bankers and farmers to labor agitators and preachers, came to view the collective financial resources of the American working classes as a source of immense political, economic, and cultural power. And they saw the institutions that aggregated those resources as potential mechanisms to alleviate, alter, or challenge the political-economic dynamics of industrial capitalism. “The People’s Capital” demonstrates that the ability to institutionalize, accumulate, and invest those flows of popular wealth became one of the primary terrains of political struggle in the Gilded Age.

American farmers and workers had, of course, owned property before the Gilded Age, in the form of farmland, workshops, tools, houses, and animals. But the Civil War and post-bellum industrialization helped erode that earlier regime of popular property ownership. Military service, the drastic expansion of railroads and the production of war materiel, the destruction of chattel slavery, and the increasing shifts towards wage work and mortgage-dependent, mechanized staple agriculture had transformed the landscape of work for millions of people. Ordinary Americans became much more reliant on wages and the cash nexus, more directly proximate to the forms of value that drove the expansion of capitalism. As Karl Marx put it, capital is “value in motion,”<sup>1</sup> and the valuable assets controlled by working Americans were certainly in motion during the late nineteenth century. Bank account balances, insurance policies, farm mortgages, and building society shares were more mobile, quantifiable, and aggregable than farmland, small workshops, and their attendant tools and implements. And it was precisely the mobile and virtual nature of this new popular wealth that opened up space for new political-economic entanglements that contained within them the potential for both prosperity and ruin. Working-class resources, denominated in dollar form and crystallized within the ledgers of legally incorporated institutions, became increasingly legible to governments, reform organizations, labor unions, and profit-oriented corporations.

At first blush, it makes sense to associate the the erosion of freehold agriculture and artisanal production—and the consequent development of an industrial working class—with the *lack* of asset ownership. The process of proletarianization is generally characterized as one in which farmers or artisans lose their abilities to produce their own sustenance through their ownership of productive assets (farm land, tools, raw materials, workshops), and are thus forced to sell their labor for wages either in factories or on large farms. And indeed, the data tell us that the savings or investment of individual workers and farmers were often small and temporary.<sup>2</sup> But at the aggregate level, and over time, the working-class wealth passing through formal institutions came to comprise a large portion of available investment capital in the United States. The raw numbers are instructive. In 1855, American savings depositors numbered over 400,000 (out of a nation of approximately 25 million) and held about \$84 million in their accounts. Half a century later, those numbers had mushroomed:

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<sup>1</sup> Karl Marx, *Capital: A Critique of Political Economy, Volume Two* (London: Penguin Classics, 1992), 211.

<sup>2</sup> Claudia Goldin, George Alter, Elyce Rotella, “The Savings of Ordinary Americans: The Philadelphia Saving Fund Society in the Mid-Nineteenth Century,” *Journal of Economic History* 54 (1994), 748.



8.3 million active depositors (in a country of approximately 80 million) with over \$5 billion in deposits.<sup>3</sup> And those deposit totals in the early 1900s were accompanied by \$1.4 billion in building and loan associations, almost \$15 billion worth of life insurance, and \$5.3 billion of farm mortgage debt.

The purpose of this dissertation, though, is not to precisely adjudicate the relative wealth or poverty of American farmers and workers at different moments throughout the Gilded Age. Rather, it is to demonstrate that, over the course of several decades, the changing *character* of popular asset ownership precipitated new modes of thinking about and participating in collective political-economic life. When nervous workers in one city could set off a savings bank run with national ramifications, when the success or failure of a farmer cooperative impacted the decisions of Wall Street brokers, and when low savings rates in one geographical area could be blamed for regional patterns of economic underdevelopment, contemporary observers were forced to reckon with the fact that mass participation in formal systems of financial circulation had become a central and permanent feature of American capitalism. These shifts in the nature of popular wealth reshaped the political landscape. From above and from below, Gilded Age Americans struggled over *the people's capital*: what it meant for the working classes to accrue financial wealth, what institutions would mediate its flows, and to what ends it would be wielded.

“The People’s Capital” links the aggregation and institutionalization of popular wealth with the development of modern mass politics. The gradual shift in the nature of working-class assets from tools, animals, and un-mortgaged land to bank accounts, cooperative societies, mortgages, and insurance policies made possible the type of class politics pursued by organizations like the Farmers’ Alliance and the Knights of Labor. While the changing character of workplaces and neighborhoods clearly shaped popular organizing in the Gilded Age, scholars have not paid enough attention to the impact of popular financial participation on these movements. Attempts to aggregate or transform popular wealth in democratically-controlled institutions formed a core element of American farmers’ and workers’ strategies for gaining power in an industrializing world. Among the most ambitious proposals was the Populist plan for a Sub-Treasury system, which would have basically made the federal government the largest player in both staple crop warehousing and the agricultural credit markets. On a smaller but still significant scale were the presence of the Knights of Labor and other reform groups in organizing cooperative stores and fraternal insurance, at a much greater scale than previously estimated.<sup>4</sup> This dissertation will demonstrate the ways in which Gilded Age labor unions and farmer organizations not only participated in organized politics against capital, but in the organized politics *of* capital.

From the perspectives of bankers, capitalists, politicians, and many middle-class moral and religious reformers, these new forms of popular wealth also opened up new political, economic, and cultural horizons. As more and more workers lived in cities and earned wages, bankers—who had traditionally serviced the needs of businesses, rich individuals, and governments—moved belatedly

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<sup>3</sup> R. Daniel Wadhvani, “Citizen Savers: Family Economy, Financial Institutions, and Public Policy in the Northeastern U.S. from the Market Revolutions to the Great Depression” (dissertation, University of Pennsylvania, 2002), 390.

<sup>4</sup> Scholars have noted the 10-15 cooperative firms owned directly by the central Knights of Labor, but newspapers and Local Assembly records show hundreds of firms in a broad range of industries operated by local Knights chapters or loosely coordinated by prominent local Knights. In 1887 alone, the Knights received annual reports from over 50 member-run cooperative grocery stores, “Reports from Grocery Stores,” *Proceedings of the 11<sup>th</sup> Knights of Labor General Assembly Held at Minneapolis, Minnesota* (Philadelphia: General Assembly, 1887), 1617.

but decisively into the field of deposit banking for the masses. The principle of low margins and high volume that had begun to revolutionize industrial production and consumer retail made their way into mass finance. But the spread of financial participation was not merely intended to line the pockets of bankers in the short term. The proliferation of mass finance was explicitly pitched by capitalists, economists, and reformers alike as a means of linking workers' economic interests to the continued profitability of capitalism. As workers deposited their small savings in the bank, the banks could turn around and lend those savings to profitable businesses, who would then (in theory) hire more workers at higher wages.

Not only would workers benefit through higher wages, but the interest they earned on their loaned-out deposits would transform them into small capitalists, investing their modest savings and earning returns on their investment via bank interest.<sup>5</sup> As one building and loan association publication claimed, the working-class depositor or shareholder, because they "have seen their small capitals increase," would refuse "to be engaged in any rioting or disorder."<sup>6</sup> The pages of Gilded Age reform literature, financial industry publications, and the popular press are replete with unequivocal arguments for the politically conservatizing effects of mass financial participation. And this line of thought found its way into the popular culture and literature of the era as well. As the local banker Ezra Stowbody declared in Sinclair Lewis' 1920 novel *Main Street*, "Trouble enough with these foreign farmers; if you don't watch these Swedes they turn socialist or populist or some fool thing on you in a minute. Of course, if they have loans you can make 'em listen to reason."<sup>7</sup>

Widespread participation in finance could, these reformers claimed, impact the lives of American workers beyond their political predilections. The spread of savings accounts and insurance to the working classes had the potential to completely re-shape the relationships and obligations between a state and its citizens. These financial vehicles could virtually replace the "outdated" poor relief schemes of the nineteenth century. Instead of relying on local, state, or federal governments for general welfare and relief for illness or unemployment, working citizens could rely on their own savings and insurance policies. The government's new role would be to ensure access to these institutions and regulate best practices, but citizens would rely on their own thrift and frugality to see them through hard times. By encouraging workers to deposit their savings and purchase insurance, bankers and reformers saw themselves as part of a project to transform the masses by teaching them the values of thrift and homeownership, constructing a private social welfare state, and tying their material interests to the continued expansion of financial-industrial capitalism.

Trade unionists, cooperative utopians, progressive social scientists, African American ministers, farmer Populists, bankers, and industrialists did not hold many shared political assumptions during the late nineteenth century. But they all advocated, in their own ways, the aggregation and rationalization of working-class wealth as a solvent for social conflicts arising from inequality. Gilded Age politics featured a variety of competing and contradictory political-economic ideologies that all placed the proper management of *the people's capital* at the heart of social progress. For many liberal as well as radical reformers, transcending "the labor problem" could only be achieved by implementing what we might call "the capital solution." The precise nature of that solution was constantly up for debate, and that is the primary topic of investigation in this dissertation. "The People's Capital" shows that ideas, practices, and institutions of mass finance

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<sup>5</sup> Nineteenth-century savings banks would often compete for depositors with very high interest rates (exceeding 6%), but some state-level regulations limited this risky practice. See R. Daniel Wadhvani, "Protecting Small Savers: The Political Economy of Economic Security," *Journal of Policy History* 18 (2006), 133.

<sup>6</sup> "General Notes," *American Building Association News* (Cincinnati), March 1897.

<sup>7</sup> Sinclair Lewis, *Main Street* (Webster's Thesaurus Edition, San Diego: ICON Classics, 2005), 63.

fundamentally shaped the character of late nineteenth-century class politics, as workers, farmers, capitalists, and politicians tried to build and influence the institutions channeling popular wealth.

The proliferation of paper wealth in the Gilded Age coincided with a proliferation of paper knowledge that attempted to describe and diagnose contemporary social ills. That era featured an explosion of reform newspapers, trade journals, government reports, academic treatises, business prospectuses, and political pamphlets addressing the conflicts and opportunities that came with the development of industrial capitalism in the United States. These documents form the primary source base of this dissertation, and are useful in a variety of ways. On the one hand, they contain valuable information about the changing legal and institutional contexts of mass finance, as well as the numbers and geographical distribution of dollars and depositors. But I also use these documents to reconstruct the ideologies that undergirded both financial practice and reform politics. In their descriptions of savings bank expansion or the formation of cooperative land companies, these sources offer scholars a perspective into how Gilded Age Americans articulated the politics of class conflict, racial uplift, citizenship, and economic development in the midst of a rapidly changing world.

This flood of quarterly reports, pamphlets, newspaper columns, and statistical tables was also a crucial element of this developing political-economic phenomenon in and of itself. With the growth of popular financial wealth, a potentially massive source of political and economic power, the American state, financial institutions and social scientists took up the project of counting, categorizing, and compiling these new forms of mass wealth and the processes by which it accumulated and moved. Between the 1870s and 1910s, both state and federal governments featured the formation or transformation of taxation agencies, savings bank and insurance commissioners, the Census, and the Bureau of Labor statistics. This impulse to compile transparent and legible information about a mass financial system, as well as general data on wages, production, and trade, was driven by a variety of desires: to identify new sources of revenue for the state, to prove or disprove ideas about social progress, to identify new avenues for private investment, and to serve as a salutary check on bad financial behavior. As the potential risks and profits of an industrial society multiplied, statistical knowledge and regulatory agencies worked to make mass financial practice legible to a broadly-conceived public in the best interests of “the industrial forces of the Country.”<sup>8</sup>

“The People’s Capital” builds upon a recent body of scholarship, often identified with the “new history of capitalism,” that has explored the ways in which late nineteenth-century financial and industrial expansion shaped new conceptions of risk, the self, democracy, and law.<sup>9</sup> This literature, in its innovative use of primary sources and its attempts at conceptual synthesis, has helped identify new ways of thinking about political economy in the shadow of the cultural turn. At its best, this body of work is attuned to the ways in which relations of finance, production, exchange, and consumption have been bound up in the changing discursive fields of race, gender, nation, and ideology. As Julia Ott and William Milberg put it in their manifesto on the new capitalism studies, “Capitalism is a social process. Institutions, history, and cultural context shape the

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<sup>8</sup> Horace G. Wadlin, *Carroll Davidson Wright: A Memorial* (Boston: Wright & Potter, 1911), 31.

<sup>9</sup> Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalist and Risk in America* (Cambridge: Harvard University Press, 2012); Scott Sandage, *Born Losers: A History of Failure in America* (Cambridge: Harvard University Press, 2006); Julia Ott, *When Wall Street Met Main Street: The Quest for an Investors’ Democracy* (Cambridge: Harvard University Press, 2011); John Fabian Witt, *The Accidental Republic: Crippled Workingmen, Destitute Widows, and the Remaking of American Law* (Cambridge: Harvard University Press, 2004); Alex Preda, *Framing Finance: The Boundaries of Markets and Modern Capitalism* (Chicago: University of Chicago Press, 2009).

specific form that capitalism assumes.”<sup>10</sup> They seek to identify “power relations—whether organized by state policy and laws, structured by social norms and institutions, articulated in ideology, or embedded within racial, gender, and class relations—as critical determinants of economic outcomes.” In other words, the new history of capitalism pushes scholarship towards re-integrating a variety of burgeoning subfields focusing on legal and state institutions, race, gender, and intellectual history with a renewed focus on how their objects of study shape and are shaped by the continual process of capital accumulation.

Despite its strengths, this current of scholarship would benefit from a more thoroughgoing engagement with the world of organized politics: how historical actors self-consciously understood themselves as taking part in collective political projects aimed at changing their worlds. Much of the literature that accomplishes this task is focused on the twentieth-century politics of housing in the United States, and is only partially linked with the new history of capitalism. Robert Self’s *American Babylon* and Thomas Sugrue’s *Origins of the Urban Crisis* stand as momentous accomplishments precisely because they combine meticulous political-economic appraisals, a keen analysis of the changing patterns and meanings of race, and a focus on how these dynamics shaped the building of coalitions and the articulation of explicit political demands in the struggles around fair housing.<sup>11</sup> These books’ deeply local orientations—towards Oakland and Detroit, respectively—are the source of some of their strengths but also point to their limitations. We need broader accounts of how changing political-economic dynamics shape ideological and political life at regional, national, and transnational scales.

Within the literature on the new history of capitalism, Jonathan Levy’s landmark book *Freaks of Fortune* stands apart in its approach towards the mutual construction of a political-economic order of financial industrialization with the ideological project of liberalism in the late nineteenth century. *Freaks of Fortune* takes up an intellectual history of the concept of “risk,” demonstrating how actuaries, bankers, farmers, and judges helped shape financial instruments designed both to hedge and commodify the risky enterprise of life during an age of industrialization.<sup>12</sup> Levy argues that the financialization of risk built upon and helped entrench the emerging ideology of liberalism, in particular the ways that liberalism emphasized a personal responsibility to mitigate one’s own individual risk. And Levy also describes how the rise of the risk-assuming individual led to the rise of corporations designed to insure against that risk. Individual risk had been transformed into corporate profit by the alchemy of insurance and other forms of finance. This dissertation takes Levy’s book as a starting point, an invitation to examine mass participation in financial processes from a variety of perspectives. This dissertation aims to investigate the *politics of popular wealth*. The framework of *politics* allows us to interrogate the phenomena of popular finance with an eye towards questions of how different groups marshalled those ideas and practices in their self-conscious quests for empowerment and progress.

This conception of *politics* differs in some key ways from recent literature that has relentlessly sought to identify infrapolitics in rumor networks or other forms of micro-resistance.<sup>13</sup> Without discounting the importance of studying those phenomena, there is something to be gained from slightly tightening the scope of inquiry. While we can find politics in everyday objects and seemingly

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<sup>10</sup> Julia Ott and William Milberg, “Capitalism Studies: A Manifesto,” *Public Seminar* (2014).

<sup>11</sup> Robert Self, *American Babylon: Race and the Struggle for Postwar Oakland* (Princeton: Princeton University Press, 2003); Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996).

<sup>12</sup> Levy, *Freaks of Fortune*, 4.

<sup>13</sup> Steven Hahn, *A Nation Under Our Feet: Black Political Struggles in the Rural South from Slavery to the Great Migration* (Cambridge: Harvard University Press, 2005), 7.

non-political action, this dissertation will focus primarily on the ways in which historical actors formed groups, organizations, and movements that explicitly sought to re-shape their society and communicated their ideas about how to do so. Scholarship within the new history of capitalism have been somewhat reticent to focus their attention on political organizations and movements, partially due to the lingering influence of the cultural turn and its skepticism of taking historical actors' public-facing rhetoric at face value. However, scholarship on the history of capitalism can effectively assess both the connections and discontinuities in American political life by combining analyses of ideological rhetoric, the actual functioning of these organizations and movements, and the changing political-economic landscape in which they were attempting to intervene.

Even as this dissertation slightly narrows the ambit of the *political*, it seeks to expand the framework of the *financial*. While much of what follows will directly address savings banks, insurance companies, and Wall Street financiers, I take financial life to encompass a broader range of activities that move wealth through institutions and across time. For example, post-Emancipation black churches who collected dues, purchased buildings, budgeted for educational services, and coordinated relief efforts were deeply engaged in questions of wealth and time. In some sense, even state actions like taxation and redistribution are governed by similar considerations of the motion of wealth through a variety of institutions, across time, with some kind of outcome which can be measured and assessed for efficacy. Scholars like Rob Aitken and others in the “cultural economy” school have pointed to the ways in which even the techniques and institutions of formal finance have been central to the “practices of the self” that have often defined life under capitalism, structuring the tension between “a broadly liberal governmentality framed in terms of an autonomous, capable self, and the temptation to govern those everyday selves in more illiberal and paternalistic kinds of ways.”<sup>14</sup> In a world characterized by the private ownership of capital, wage labor, mass consumption, and popular savings, the movement of wealth between people, firms, and the state—in other words, financial flows—frames both daily life and explicit political struggle for millions and millions of people.

“The People’s Capital” takes up the task of linking the scholarship broadly identified as the “new history of capitalism” with the more well-established scholarship on the rise of mass politics and cooperative reform in the late nineteenth century.<sup>15</sup> Works like Charles Postel’s *Populist Vision* and Leon Fink’s *Workingman’s Democracy* have laid the groundwork for this dissertation, reconstructing the ideologies and political practices of groups like the People’s Party and the Knights of Labor. By firmly situating these organizations in their wider historical and ideological

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<sup>14</sup> Rob Aitken, *Performing Capital: Toward a Cultural Economy of Popular and Global Finance* (New York: Palgrave MacMillan US, 2007), 46.

<sup>15</sup> Charles Postel, *The Populist Vision* (Oxford University Press, 2007); Elizabeth Sanders, *Roots of Reform: Farmers, Workers, and the American State, 1877-1917* (Chicago: University of Chicago Press, 1999); Leon Fink, *Workingmen’s Democracy: The Knights of Labor and American Politics* (Urbana: University of Illinois Press, 1983); Kim Voss, *The Making of American Exceptionalism: The Knights of Labor and Class Formation in the Nineteenth Century* (Ithaca: Cornell University Press, 1993); Omar H. Ali, *In the Lion’s Mouth: Black Populism in the New South, 1886-1900* (Jackson: University Press of Mississippi, 2010); Leslie Brown, *Upbuilding Black Durham: Gender, Class, and Black Community Development in the Jim Crow South* (Chapel Hill: University of North Carolina Press, 2008); Steven Hahn, *A Nation Under Our Feet: Black Political Struggles in the Rural South from Slavery to the Great Migration* (Cambridge: Harvard University Press, 2005); Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge: Belknap Press, 1998); Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York: Vintage Books, 1955); Steve Leikin, *The Practical Utopians: American Workers and the Cooperative Movement in the Gilded Age* (Detroit: Wayne State University Press, 2005).

contexts, scholars like Postel and Fink helped to clarify debates within these movements and helped future scholars to assess the full complexity and contradictions contained within their orbits. However, these studies can be occasionally constrained by the very weight of the historiographical debates that circle around important but sometimes-limiting questions: the question of why there was no labor party in the United States and the debate over the Populists' modernity or atavism.

The scholarship on Gilded Age political movements can be advanced by focusing on a heretofore unacknowledged element of the late nineteenth century, which is the role that popular financial participation played in shaping the trajectories of groups like the Knights of Labor, the Farmers' Alliance, the Union Leagues, cooperative colonists, and back-to-Africa emigration societies. Leslie Brown's *Upbuilding Black Durham* is a model for this type of approach, weaving seamlessly between discussions of class and gender divisions within Durham's Jim Crow-era black community, a political economy of that city's tobacco, cotton, retail, and financial sectors, and an assessment of both the ideological and practical practices of black Durham's political, religious, and fraternal organizations. In one of her masterful conclusions, Brown determined that the development of Durham's Jim Crow-era black business and financial institutions interacted with church and fraternal infrastructure to produce a black civil society whose strategy of black empowerment was oriented towards securing professional jobs for black men and women, "self-help, capital accumulation, and autonomy."<sup>16</sup> Like Self and Sugrue, Brown's book gains an analytical sharpness in large part from the geographically limited scope of her study. The challenge for historians is to draw on the lessons of these scholars while attempting to sketch out larger conclusions across space and time.

Reckoning with the significance of mass reform movements in the late nineteenth century means reckoning with how changing forms of popular wealth and the expansion of mass finance profoundly shaped both the political imaginations and the daily operations of those movements. From savings banks to agricultural cooperatives, company towns to utopian colonies, bank runs to benefit societies, Gilded Age Americans engaged in a wide range of political life that was entwined in the ideas and practices of finance. The potential energy trapped in the small savings of the masses both explicitly and implicitly shaped the political vision and practice of some of the major actors in American political life. Ultimately the visions of the reformers discussed throughout this dissertation were simultaneously empowered and delimited by the logics of finance capital. Even as the tectonic changes in the nature of popular wealth opened up new material and ideological possibilities, the drive towards accumulation and the volatility produced by these same changes foreclosed many of the radical futures contained in the dreams of cooperative advocates. These dilemmas were by no means contained to the Gilded Age. Across a wide range of geographies and temporalities, capitalism has produced desire for radical change and immense technological and social shifts that might enable such radical change. The question of how to harness the raw material of capital accumulation—physical, social, and ideological—into a political project for a world beyond such accumulation is an eternally relevant and elusive one.

Each chapter in "The People's Capital" addresses a different facet of this developing politics of working-class wealth. The first chapter, "Saving the People's Capital," focuses on the rapid growth of savings institutions between the Civil War and the turn of the 20th century, as they became the primary destination for popular wealth. Savings bank boosters, most of whom were bankers, industrialists, or bourgeois reformers, understood those institutions as a central mechanism for harmonizing the relations between labor and capital. They thought that if workers could be materially invested in the process of capital accumulation by saving money and accruing interest, workers might achieve a modicum of financial prosperity and thus be less likely to go on strike or

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<sup>16</sup> Brown, *Upbuilding Black Durham*, 139.

engage in radical politics. Savings institutions might ensure that the rising tide of capitalist development really did lift all boats. Furthermore, the people's savings could sustain them in times of infirmity and unemployment. Aspirations for liberal governance in a capitalist republic rested on the assumption that savings institutions could produce material and moral benefit for the working class, mitigating the need for direct government assistance in addressing the social maladies of the Gilded Age.

Savings institutions also served a crucial function in what this chapter identifies as an incipient theory of local, regional, and national economic development. A variety of academic economists as well as savings bank boosters and politicians began to articulate a vision by which a geographical area's general prosperity was structurally linked to the frugality and financial savvy of its popular classes. Every dollar that a thrifty worker deposited in the bank, these theorists claimed, would result in stimulated economic activity. Savings institutions would invest that dollar in local businesses or real estate, and thus build up the economic vitality of the town or region. In the middle of the twentieth century, Keynesians would point to the consumption and spending of the masses as growth engine of capitalist economies. But the bank boosters and political economists of the Gilded Age took the inverse tack. While they also looked to the activities of the masses as the dynamo of economic expansion, they located the potential energy not in the *spending* of the working classes, but in their capacity to *save*.

Chapter two, "Cooperative Commonwealths," explores how farmers and workers organized to aggregate popular wealth on their own terms. If bank boosters and economists wanted workers to save in corporate-controlled financial institutions so that capitalists might put their surpluses to good use, cooperative reformers sought to create new institutions that could accumulate and invest popular savings in a more democratic fashion. Organizations like the Knights of Labor, the Farmers' Alliance, and People's Party, as well as utopian colonists and cooperative reformers, identified professional capitalists as middle-men who reaped unjust and inefficient rents. For cooperative reformers, shifts in popular wealth opened up space for "the people" to become their own capitalists. Charles Postel's groundbreaking work on the Populist coalition highlighted their modern vision, and pushed back against previous scholars' claims of their atavistic political tendencies.<sup>17</sup> Their political program was animated by a desire for scale, network, and rural economic development. While Postel and others have written convincingly about the Populists' forward-facing vision, scholars have not fully considered the centrality of the changing forms of popular wealth in these groups' political strategies.

The push to create large and democratic institutions for cooperation among farmers and workers prompted a crucial strategic question: who should facilitate cooperation? An empowered federal government, or a set of large, networked, and independent cooperatives? Reformers who gravitated towards either answer found themselves beset with contradictions. The federal government was deeply hostile towards organized farmers and workers and quite resistant to reform. But the volatile economic fluctuations of the era consistently destroyed independent cooperative firms. The struggle for a cooperative commonwealth—its gains, failures, and contradictions—would shape American reform politics for decades to come. In the ideological vision they constructed as well as the practical contradictions they attempted to navigate, the broad cooperative movement spanning the labor, farmer, and urban reform movements of the Gilded Age were fundamentally shaped by the changing nature of popular wealth.

"Black Capital and the Politics of Freedom," the third chapter, turns specifically to the role of wealth accumulation in African-American political life after emancipation. Major institutions such as the Freedman's Savings Bank along with smaller-scale farmer cooperatives, black-owned

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<sup>17</sup> Postel, *The Populist Vision*, 9.

businesses, back-to-Africa emigration companies, and church benefit societies exposed some of the primary dilemmas in African-American politics: what types of accumulative institutions black communities should form, and what their end goals should be. We need to avoid the trap of casting debates in post-emancipation black politics as a simple battle between W.E.B. Du Bois and Booker T. Washington. By focusing first and foremost on the way that the ideological foundations of a wide range of black politics—organized farmer and worker cooperatives, black business institutions, church-based mutual aid, and emigrationist movements focused on the United States as well as West Africa—we can understand the connections as well as the divisions in black political ideas and practice. In the decades following emancipation, practices of black wealth aggregation became deeply entwined with developing ideologies of racial solidarity. Through analysis of the Freedman’s Savings and Trust Company, black businesses in the age of Jim Crow, and the emigration societies of the nineteenth century, this chapter demonstrates the centrality of popular finance to black politics in the age of emancipation.

In the half-century that stretched between Emancipation and the Great Migration, black political life was firmly rooted in ideas about wealth accumulation. On the practical end of things, black political institutions—from the Union Leagues of the Reconstruction period to Callie House’s National Ex-Slave Mutual Relief, Bounty, and Pension Association—relied on contributions from black farmers, workers, and artisans to maintain their day-to-day operations. Grassroots black political organizations held bank accounts, often incorporated under state law, and elected associational officers to monitor their finances. On the other side of the equation, black-owned businesses, like the North Carolina Mutual Insurance Company, took on a responsibility not just for profit accumulation but also racial uplift, “enriching the race in the process of enriching themselves.”<sup>18</sup> As legislative pathways for black empowerment were increasingly closed off throughout the late nineteenth century, many African-Americans, especially those living in cities or towns, looked towards the possibility of mass savings and racially-oriented economic practices as a means of salvation.

Chapter four, “The Politics of Panic,” addresses the major financial panics of the Gilded Age, occurring in 1873 and 1893. In the wake of these crashes, Americans tried to allocate blame. Financial panics were stark illustrations of how capitalist development had tightened the links of mutual interdependence in economic life, and increasingly bound general economic prosperity to the health of financial institutions. Relying on newspapers, diaries, and government testimony, this chapter demonstrates that as formal financial relations intensified and became more widespread, Americans increasingly articulated their participation in financial institutions on civic terms. The broad imperative to participate responsibly was central to ideas of what I call the development of a *financial public*. Ordinary Americans took on a civic duty to save money and buy insurance, avoid speculative assets, but most importantly, to avoid pulling one’s money out the system during a panic. As the entanglements of modern financial capitalism began to bind people together in new and confusing ways, Gilded Age observers attempted to re-inscribe a sense of legibility onto financial crisis, grounded in notions of morality, masculinity, and good business sense.

As the Gilded Age progressed, greater numbers of Americans came to understand mass participation in financial institutions as having the capacity to engender prosperity—or ruin—for both individuals and societies. And so traditional ideas about the central role of moral, individual decision-making began to erode, feeding into a broader crisis of accountability. In a situation when virtuous individual behavior could not be clearly mapped onto positive collective outcomes, how could one assign blame? Commenters on late nineteenth- and early twentieth-century American

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<sup>18</sup> Walter B. Weare, *Black Business in the New South: A Social History of the North Carolina Mutual Life Insurance Company* (Durham: Duke University Press, 1993), 28.



finance toggled back and forth between individual, racial, environmental, and structural explanations. Though we can identify a broad shift over time from individual explanations towards structural ones, the crisis moment of panic itself produced an avalanche of contradictory ideas about the nature of economic entanglement, and where the blame lay. The panics of 1873 and 1893 served as crucibles, crystallizing political ideas about mass financial participation in the heat of a crisis.

“The People’s Capital” draws from a variety of different source bases, touching on a number of topics whose stories have been told by generations of historians. Scholarly works from the past several decades of historical scholarship have addressed the Freedman’s Savings and Trust Company, the Knights of Labor, the Farmers’ Alliance, the rise of the savings bank, and the financial panics of the late nineteenth and early twentieth century.<sup>19</sup> But instead of assessing those phenomena separately, this dissertation attempts to knit them together, using observations about the changing nature of popular wealth to draw connections between these distinct historical processes, events, and groups. “The People’s Capital” insists on identifying this shift in popular assets—from the concrete implements of agricultural or artisanal production and towards dollars in account books—as one of the central processes shaping almost every part of social, economic, political, and cultural life in the Gilded Age.

From the organizing strategies of black sharecroppers in Alabama to the theories expounded in the seminar rooms of Yale, from the anxieties of bankers hunched around the ticker tape in Wall Street offices to the anxieties of workers trying to run a cooperative textile factory in Philadelphia, from the mid-sized cotton farmers of Texas to the all-female laundry cooperative in Denver, the metastasizing of financial practices across social strata had a tangible impact on Americans’ daily lives. The scholarship of the late nineteenth- and early twentieth-century United States has paid close attention to the ways that the expansion of capitalism, wage labor, urbanization, and commercialization shaped the ways in which ordinary Americans changed their patterns of work and consumption. This scholarship has also been attuned to the ways in which those changing patterns of work and consumption fed into or counteracted the broader trends in American life. This dissertation will argue that we should extend that logic beyond just the realm of work and consumption. The interaction between working Americans and new forms of institutionalized wealth played a crucial role in the processes of capital accumulation, class conflict, and mass politics in the Gilded Age.

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<sup>19</sup> Carl Osthaus, *Freedmen, Philanthropy, and Fraud: A History of the Freedman’s Savings Bank* (Champaign: University of Illinois Press, 1976); Fink, *Workingmen’s Democracy*; Voss, *The Making of American Exceptionalism*; Postel, *The Populist Vision*; Wadhvani, “Citizen Savers”; Elmus Wicker, *Banking Panics of the Gilded Age* (Cambridge: Cambridge University Press, 2000).

## Chapter 1: Saving the People's Capital

*If you invest your tuppence wisely in the bank, safe and sound  
Soon that tuppence safely invested in the bank, will compound  
And you'll achieve that sense of conquest, as your affluence expands  
In the hands of the directors, who invest as propriety demands*

*You'll be part of railways through Africa  
Dams across the Nile, fleets of ocean Greyhounds  
Majestic, self-amortizing canals  
Plantations of ripening tea*

“Fidelity Fiduciary Bank,” *Mary Poppins* (1964)

In his 1889 textbook, *An Introduction to Political Economy*, noted economist and reformer Richard T. Ely acknowledged that “the labor problem”—the strikes, unemployment, and inequality that attended the rise of capitalist industrialization—was the core political question facing American society in the Gilded Age. In cataloguing the various currents of reform aimed at resolving the labor problem, he concluded “all those who advocate these [reform] projects want to make the laborer at the same time a capitalist.”<sup>20</sup> Ely went on to list the variety of late nineteenth-century reform programs aimed at transformer laborers into capitalists, including plans for industrial profit-sharing, state socialism, and worker cooperatives. But foremost among them in terms of size and prominence were those who thought “the problem can be solved along existing lines by savings banks, building associations, and the acquisition by laborers of shares in the corporations which employ them.” Over the course of the late nineteenth century, savings banks, and related institutions such as building associations, became a primary mechanism through which governments, middle-class reformers, and industrialists sought to manage and potentially transcend the tensions between labor and capital.

Like the labor problem itself, the reform programs intended to resolve it emerged from the changing material bases of American capitalism. Although many Gilded Age savings reformers traced their political and intellectual lineages to the reform discourses of the antebellum era,<sup>21</sup> the viability of their programs flowed from tectonic changes in the nature of working-class wealth in the United States. The assets of antebellum farmers and workers generally took the form of farmland, animals, workshops, tools, and un-mortgaged houses. But the Civil War and post-bellum industrialization intensified the transition of working-class wealth towards currency, bank accounts, insurance policies, and mortgages. Mass-based financial institutions could only anchor the reform imagination when large numbers of working people consistently interacted with the institutions of wage labor and the cash nexus.

The expansion of savings institutions and practices to the American working classes happened at a large scale and a steady but remarkable pace. In 1855, the United States was home to

<sup>20</sup> Richard T. Ely, *An Introduction to Political Economy* (New York: Chautauqua Press, 1889), 65.

<sup>21</sup> “One Hundred Years of Savings Bank Service: A Brief Account of the Origin, Growth, and Present Condition of the Provident Institution for Savings in the Town of Boston,” (Boston: Provident Institution for Savings, 1916), 7.

215 savings banks, serving 432,000 depositors and containing about \$84 million in deposits.<sup>22</sup> By 1875, the number of savings banks depositors had more than quintupled, standing at 2.3 million depositors with more than \$924 million in deposits at 771 different institutions. By 1895, there were 1,017 banks, 4.3 million depositors and \$1.8 billion in deposits. And on the eve of the First World War the savings industry stood at 2,159 banks, 8.3 million depositors, and \$5 billion in deposits. Nor were savings banks the only game in town. By 1914, American building and loan associations controlled over \$1.4 billion in assets.<sup>23</sup> The life insurance business underwent a similar boom, growing from 1860, where there were 43 companies and \$173 million dollars of life insurance in force, to 1910, where 284 companies held 29 million policies that were collectively worth \$14.9 billion dollars.<sup>24</sup> Between the Civil War and World War I, mass-based financial institutions grew from a meaningful but ultimately niche phenomenon to a major player in American economic life.

Scholarly assessment of nineteenth-century savings institutions has, after a long period of dormancy and relegation to specialist sub-fields, risen again to the fore of academic debate.<sup>25</sup> Historians, economists, and sociologists have published studies appraising the highly localized saving patterns of particular communities, detailing the legal and institutional changes within the fields of banking and insurance, as well as attempting big-picture assessments of the ways that shifting financial relations interacted with new conceptions of risk, the household, democracy, and the law. “Saving the People’s Capital” takes these studies as a point of departure, an intellectual and historical foundation from which to explore other phenomena of popular finance and to draw connections between those phenomena and different currents of American life. This chapter will focus on the particular ways in which contemporaries imagined that savings institutions might mediate the economic, moral, and political life of a nation.

Bankers, workers, farmers, politicians, and middle-class reformers during the Gilded Age came to understand mass savings institutions as vehicles for establishing techniques of governance that could manage the ongoing social conflicts of their era. We can identify roughly four different modes through which savings bank advocates sought to wield these institutions in order to manage or dissipate these dangerous social divisions. The first of these was a project to encourage working people to see themselves as materially and ideologically invested in the process of capital accumulation through the mechanism of interest on bank deposits and the slow accumulation of their own wealth. Secondly, savings banks sought to tap into the previously non-financialized assets of the masses in order to fund the never-ending expansion of the American economy. Thirdly, reformers saw mass savings institutions as alternative mechanisms for delivering social services to working classes without direct state provision. And finally, they sought to leverage mass savings to

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<sup>22</sup> R. Daniel Wadhvani, “Citizen Savers: Family Economy, Financial Institutions, and Public Policy in the Northeastern U.S. from the Market Revolutions to the Great Depression” (dissertation, University of Pennsylvania, 2002), 390.

<sup>23</sup> David L. Mason, *From Buildings and Loans to Bail-Outs: A History of the American Savings and Loan Industry, 1831-1995* (Cambridge: Cambridge University Press, 2004), 53.

<sup>24</sup> Eugene N. White, “Life Insurance—number of companies and life insurance in force, by type: 1759-1998), Table C;713-722, in Susan B. Carter et al., *Historical Statistics of the United States, Earliest Time to the Present* (New York: Cambridge University Press, 2006).

<sup>25</sup> Claudia Goldin, George Alter, Elyce Rotella, “The Savings of Ordinary Americans: The Philadelphia Saving Fund Society in the Mid-Nineteenth Century,” *Journal of Economic History* 54 (1994); Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in America* (Cambridge: Harvard University Press, 2012); Mason, *From Buildings and Loans to Bail-Outs*; Nicholas Osborne, “Little Capitalists: The Social Economy of Saving in the United States, 1616-1914” (dissertation, Columbia University, 2014); Wadhvani, “Citizen Savers.”

inculcate a certain vision of individual responsibility and social harmony that drew on prevailing discourses of race, gender, childhood, and immigration in powerful but contradictory ways.

The *American Building Association News* proclaimed in 1897 that savings institutions were “pointing the way to a righteous, satisfactory, and permanent settlement of the much vexed questions continually arising between capital and labor and disturbing the whole industrial and political world.”<sup>26</sup> And the central mechanism of resolving the labor problem was deceptively simple: turning laborers into capitalists. In 1885, George B. Chandler, the treasurer of the Amoskeag Savings Bank in New Hampshire, told the Senate Committee on the Relations Between Labor and Capital, “as I understand it from my position in a savings bank, it seems to me that in the present position of a laborer, our laborers are rapidly becoming capitalists; by capitalists I mean persons who have money at interest.”<sup>27</sup> Bankers assumed that the spread of deposits would push workers towards their own hard-money position in the great gold standard debates of the Gilded Age, opining that small depositors “would be the first injured by a depreciated currency.”<sup>28</sup> As minister H.W. Cadman of the American Sunday-School Union wrote in his published sermon entitled *The Christian Unity of Labor and Capital*, “Each dollar that labor can save lessens the distance between itself and capital.”<sup>29</sup>

The vision of making workers into capitalists was also connected to advancing ideas about local, regional, and national economic development. In other words, savings institutions would not just smooth the sharp edges of class conflict, they could lubricate the flows of capital investment within or across neighborhoods, cities, regions, and beyond. One Northern economist saw the potential for Southern economic development in mass savings, “what the South needs to-day more than Northern capital is a safe way of saving its own small sums.”<sup>30</sup> A Kentucky banker concurred with this assessment, claiming in 1897 that savings banks and building associations would be the central means by which “the people of the South” could stimulate “the development and upbuilding of that section of the country.”<sup>31</sup> Building associations would, in this line of thinking, bolster their municipalities and their nation because every new home built for a working-class family will be “added to the taxable list of city property...an event worthy of celebration almost equal to the addition of a new star in the blue field of ‘Old Glory.’”<sup>32</sup> In the midst of rapid economic development, savings institutions offered a means of tapping into the vast pool of potential capital held collectively by the American people. More importantly, that wealth could be put to good use by investors seeking to build homes, businesses, and infrastructure. And that increased activity would lead to a virtuous cycle of higher government tax revenue, better infrastructure, more jobs, and local, regional, and national prosperity.

Savings institutions also took on crucial political functions beyond the direct process of savings and investment, particularly in their ability to act as private safety nets. Historian Daniel Wadhvani argues that reformers promoted savings banks as “the cornerstone of the social policy of

<sup>26</sup> “A Remarkable Showing,” *American Building Association News*, May 1897.

<sup>27</sup> Interview of George B. Chandler, “Volume III—Testimony,” *Report of the Committee of the Senate Upon the Relations Between Labor and Capital* (Washington: Government Printing Office, 1885), 91.

<sup>28</sup> “To Thrift and Economy,” *American Building Association News*, March 1897.

<sup>29</sup> H.W. Cadman, *The Christian Unity of Capital and Labor* (Philadelphia: The American Sunday-School Union, 1888), 185.

<sup>30</sup> Interview of Edward Atkinson, “Volume III—Testimony,” *Report of the Committee of the Senate Upon the Relations Between Labor and Capital* (Washington: Government Printing Office, 1885), 343.

<sup>31</sup> J.H. Westover, “Building Associations in the South,” *American Building Association News*, January 1897.

<sup>32</sup> “Effects of Hard Times,” *American Building Association News*, August 1897, reprint from the *Philadelphia Press*.

a liberal state.”<sup>33</sup> Instead of providing direct relief for citizens in distress, states would provide the legal and administrative frameworks for private savings institutions through which working-class citizens could administer their own welfare. From the philanthropic savings banks of the antebellum era to the Reconstruction-era Freedman’s Savings Bank, from the pensions and profit-sharing in early twentieth-century “welfare capitalism” to the rise of 401(k) retirement plans in the 1980s and ‘90s, the idea of private savings vehicles as a replacement for direct government assistance formed a linchpin of liberal reform discourse.

Savings institutions of the Gilded Age were not intended merely to shape material realities, but also the change the political and social imagination of those who participated in them. Workers who were materially invested in the process of capitalist development would, following this line of thought, be more likely to become ideologically invested in that same process. Bankers, employers, politicians, and political economists were explicit in their desire to use savings practices to discourage labor strikes and other political agitation. The extent to which this strategy was effective is somewhat unclear, given that the late nineteenth-century push for savings coincided with some of the most intense labor unrest in United States history. But by outlining the contours of “the savings society,” we can more clearly understand the ways in which questions of political economy were deeply bound up in questions of morality and personal behavior. The savings discourse of the Gilded Age interacted with ideas about class, race, and gender, though in complex and often contradictory ways. For instance, savings institutions were generally oriented towards male wage workers, but reformers unleashed a constant stream of didactic literature praising the frugal nature of women, often describing them as the driving force behind household savings.

Reformers seeking to ameliorate the worst impacts of capitalist industrialization saw the expansion of savings institutions as a win-win-win: by shepherding the assets of the working class, they could stem the wave of industrial conflict, help working people provide for themselves in times of distress, and tap into previously-idle capital that could catalyze economic development. In making banking “more amenable to ‘the people,’”<sup>34</sup> Gilded Age capitalists and reformers reshaped the American financial system, as well as fundamental ideas about the relationship between property ownership, class, and democracy.

The expanding domination of capitalism over daily life in the United States helped produce a set of social and economic dynamics marked by instability, volatility, institutional change, and the intensification of monetary relations. The changing nature of popular wealth in this society opened up a whole set of possibilities for altering the trajectory of political and economic development of industrial capitalism. While organized farmers and workers attempted to grasp those possibilities in a number of different ways,<sup>35</sup> the story of Gilded Age savings institutions is largely one of attempts to govern class conflict from above.

Growing from antebellum-era philanthropic institutions into behemoths of Gilded Age capital circulation, savings banks and similar institutions became pivotal instruments with which governments, capitalists, and reformers of all stripes attempted to harmonize the relations between labor and capital. Mass-based savings institutions, in this vision, could be the missing link in a virtuous circuit of capitalist prosperity, ensuring that wealth flowed more freely between capitalist firms and worker-savers, accruing to the benefit of the nation as a whole. As the trustees of the San Francisco Pioneer Land and Loan Bank wrote in an 1877 pamphlet, “The same money that the

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<sup>33</sup> Wadhvani, “Citizen Savers,” 8.

<sup>34</sup> Thomas Ashley Mackay, “Making Banks Fit for the People: Confidence, Democracy, and the Rise of Banking Alternatives in America, 1880-1914,” *American Nineteenth Century History* 16 (2015), 308.

<sup>35</sup> The second chapter of the dissertation, “Cooperative Commonwealths,” addresses those attempts, mostly driven by groups like the Knights of Labor, the Farmers’ Alliance, and the People’s Party.

employer pays his workmen, if placed in the Savings Bank, makes money easier in the market, aids the enterprise of capitalists, and increases wages. So every patron of these banks is, to the extent of his little deposit, a public benefactor.”<sup>36</sup>

### Making Labor into Capital

Savings institutions of the Gilded Age were, among other things, mechanisms of class formation. For any given working person, the experience of life was generally defined by the mad and never-ending rush to secure enough money to live on. You couldn’t necessarily count on your savings or your assets to see you through life, and often had to wipe it all out to pay for a doctor, for winter heating fuel, or for food during times of unemployment or bad harvest. But from a birds-eye view, working-class life, particularly in cities and towns, was becoming increasingly characterized by participation in asset-holding financial institutions. Historian Lendol Calder has articulated this central paradox of a capitalist economy, “that even while money increases quantitatively, from the point of view of wage earners money always seems scarce.”<sup>37</sup> And so at the aggregate level, and over time, working-class wealth flowing through formal financial institutions came to comprise a large portion of available investment capital in the United States. Economic historians have pointed to the significant impact that the savings of ordinary people had in financing the growth of the nineteenth-century American economy.<sup>38</sup> Over time, the quasi-charitable function of the savings bank had developed into one of the central conduits of capital circulation in a rapidly expanding economy.

The world of reformers championing the spread of mass-based financial institutions was arrayed along a broad political spectrum. Some agreed with the likes of Henry S. Rosenthal, a printer and influential cooperative advocate from Cincinnati, who anchored what might be called the left-wing of the savings advocacy milieu. Rosenthal claimed that cooperative savings institutions were “the best method by which workingmen, and others with limited incomes, can become their own capitalists, thus rendering this class, in a measure at least, independent of other capitalists.”<sup>39</sup> In this schema, workers could form a separate and competing capitalist class, which could maneuver politically and economically to become independent from or even outcompete the existing capitalist class. On the other end of the political spectrum were those who advocated workers’ savings so that they might become more sympathetically inclined towards existing capitalist institutions. New Hampshire cotton factory owner Charles H. Dalton encouraged his workers to deposit in savings banks because it made them “interested in the corporations, because the corporations use and employ a great deal of this savings bank money.”<sup>40</sup> Somewhere between those positions was a Maryland social worker named Mary Willcox Brown, who hedged her bets by claiming that “the laboring classes are bettering their condition when they are enabled by large opportunities to become, in a manner, their own capitalists.”<sup>41</sup>

<sup>36</sup> *Semi-Annual Report*, Pioneer Land and Loan Bank of Savings and Deposit (San Francisco: Slocum Printers, 1877).

<sup>37</sup> Lendol Calder, *Financing the American Dream: A Cultural History of Consumer Credit* (Princeton: Princeton University Press, 2001), 79.

<sup>38</sup> Claudia Goldin, George Alter, Elyce Rotella, “The Savings of Ordinary Americans: The Philadelphia Saving Fund Society in the Mid-Nineteenth Century,” *Journal of Economic History* 54 (1994), 736.

<sup>39</sup> Henry S. Rosenthal, *Manual for Building and Loan Associations* (Cincinnati: Rosenthal and Co., 1891), 28.

<sup>40</sup> Interview of Charles H. Dalton, “Volume III—Testimony,” *Report of the Committee of the Senate Upon the Relations Between Labor and Capital* (Washington: Government Printing Office, 1885), 91.

<sup>41</sup> Mary Willcox Brown, *The Development of Thrift* (New York: The MacMillan Company, 1899), 4.

Bankers, political economists, and reform authors in the Gilded Age wrote consistently of their belief that a fairly administered market society, with a mass financial system, would solidify and highlight the common interests of labor and capital.<sup>42</sup> The economist Freeman Otis Willey wrote in 1896, calling upon “the masses to fully realize...the perfect blending of their interest with that of capital, and how exactly like the large capitalist the small capitalist is.”<sup>43</sup> Speaking directly to the wage workers, Willey chided them, “Remember, we are all capitalists, pursuing the same ends and employing the same business methods. We differ only in the ‘size of our pile,’ as the saying is.” And even if the perfect blending of labor and capital was impossible in the present moment, savings institutions could help usher in a future in which, “the children of the laborer of to-day will be the capitalists and business men of the next generations.”<sup>44</sup> Savings advocates looked to those practices and institutions as mechanisms of civilizational advance, with the potential to resolve one of the most fundamental antagonisms of their capitalist economy.

But the conversion of laborers into capitalists was not a project taken up for merely social and political reasons. The overriding concern of most politicians, economists, industrialists, and savings advocates was to facilitate economic growth for the United States, its regions, and its cities.<sup>45</sup> And popular savings institutions offered a technique of mining previously-untappable veins of capital, locked deep within the social strata of the American working classes. When workers placed their money into savings banks instead of storing it in coffee tins or, worse, wasting their surplus on alcohol, they increased the available capital for local builders, governments, and manufacturers to create new homes, businesses, and public improvements. During the Gilded Age, working-class wealth came to be understood almost like an under-exploited natural resource, a pool of potential wealth that could be brought into circulation by engineering the proper habits and institutions among the population. By tapping into the previously-idle wealth of the working classes, savings banks could become driving institutional forces for economic development. In this respect, savings banks played a central role in an incipient development theory articulated by American capitalists, policymakers, and academics in the latter decades of the nineteenth century.

This emerging set of ideas—hitching the nation’s economic development to the saving capacity of its popular classes—was being incubated in the burgeoning world of the social sciences, located in the academy, government, and political organizations. One constellation of academics and reformers, known as the “social economists,” were one of the driving intellectual forces behind this holistic vision of savings as a mechanism for ameliorating the social inequalities of the Gilded Age. Led by the likes of University of Wisconsin economist Richard T. Ely and Columbia economist E.R.A. Seligman, they began to sketch a vision of how the institutions of industrial capitalism might be significantly reformed in order to protect against revolutionary fervor and increased inequality.<sup>46</sup> The significant expansion of mass savings emerged as a potential answer to two of the most essential questions confronted by the social economists and other Gilded Age reformers: how to maintain the economic development of industrial society, and how to solve the labor problem by decreasing economic inequality.

One of the strongest and most visceral arguments made by savings advocates was the impact that savings institutions would have on local economies. Boston-based lawyer, philanthropist, and

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<sup>42</sup> Jeffrey Sklansky, *The Soul’s Economy: Market Society and Selfhood in American Thought, 1820-1920* (Chapel Hill: University of North Carolina Press 2002), 135.

<sup>43</sup> Freeman Otis Willey, *The Laborer and the Capitalist* (New York: Equitable Publishing Co., 1896).

<sup>44</sup> “To Thrift and Economy,” *American Building Association News*, March 1897.

<sup>45</sup> Osborne, “Little Capitalists,” 283.

<sup>46</sup> Rosanne Currarino, “The ‘revolution now in progress’: social economics and the labor question,” *Labor History* 50 (2009), 3.

reformer Robert Treat Paine, Jr. (great-grandson of a signer of the Declaration of Independence), was a major advocate of savings banks, and used the cotton-manufacturing town of Waltham, Massachusetts as a didactic example. “Think of the enormous sums paid out in wages each month in Waltham—over \$100,000...The savings of Waltham can build 25 houses a month; 300 a year. Think of how active business would be in town.”<sup>47</sup> Paine underlined the civic virtues of saving even further, “Money laid up means money paid out to labor...These are the benefits of thrift to the whole town. To each person who saves, who learns to save, the benefits are of untold value.” In Paine’s estimation, savings would act as a sort of supply-side financial multiplier, in which every dollar saved would have economic benefits to a local economy beyond its mere value to the depositor.

Charles T. Greene, of the Williamsburg Savings Bank of Brooklyn, wrote that “every savings bank depositor may feel a certain pride in his contemplation of the rapid increase of homes and other structures in his own city. For, it is by his aid alone that this development has been made possible.”<sup>48</sup> R.W. Hilliard, a building and loan advocate from Massachusetts, spelled out the advantages of savings from the perspective of public finance: “there has been added to the taxable value of the town, say \$3000, which will pay \$50 a year, and all of this would have been done but for the Co-operative Bank.”<sup>49</sup> These arguments about savings overlapped with the way contemporaries spoke in terms of local economic boosterism, and the ways in which the fate of working-class residents of a certain locale were yoked to the broader prosperity of that city or region.<sup>50</sup>

Politicians, investors, and economists could also use data about popular savings to track economic development. An editor from the *Pittsburgh News* wrote in 1897 that savings institutions “constitute a barometer” of economic activity, and that “the actual savings of the common people of Pennsylvania” offered contemporaries an accurate picture of the economic conditions of the state.<sup>51</sup> Also commenting on the economic situation in that state, W.C. Farnsworth, an administrator in the Pennsylvania Secretary of State’s office, referred to the annual reports issued by savings banks and building associations as “an index to prosperity.”<sup>52</sup> The *Chicago Times-Herald* concurred, “The general prosperity of any community is indicated by the thrift of its working class.”<sup>53</sup>

Reformers enunciated the benefits of savings institutions to a whole variety of imagined communities, be they towns, cities, regions, races, nations, and civilizations. One Kentucky banker opined that “the South is destined to become a land of home owners and the race questions will settle themselves as fast as the building association teaches the colored man to become an economist, a saver, and a home builder.”<sup>54</sup> One Michigan building association claimed that “every

<sup>47</sup> Robert Treat Paine, Jr., *Cooperative Savings Banks, or Building Associations* (Boston: Tolman and White, 1880), 4.

<sup>48</sup> Charles T. Greene, *Robinson Crusoe’s Father: The Projector of Savings Banks* (New York: The Williamsburg Savings Bank of Brooklyn, 1910).

<sup>49</sup> R.W. Hilliard, “The Relation of the Co-Operative Banks to the Community,” *American Building Association News*, January 1897.

<sup>50</sup> Leslie Brown, *Upbuilding Black Durham: Gender, Class, and Black Community Development in the Jim Crow South* (Chapel Hill: University of North Carolina Press, 2009), 71.

<sup>51</sup> “The People’s Savings Banks,” *American Building Association News*, October 1897, reprint from *The Pittsburgh News*.

<sup>52</sup> W.C. Farnsworth, “An Index to Prosperity,” *American Building Association News*, August 1897.

<sup>53</sup> “Insure Against Embezzlement,” *American Building Association News*, January 1898 reprint from the *Chicago Times-Herald*.

<sup>54</sup> Westover, “Building Associations in the South.”



house built by the aid of the association furnishes employment for the unemployed, a home for some of the homeless; enhances the value of all adjacent property.”<sup>55</sup> Carroll D. Wright, famed economist and the first U.S. Commissioner of Labor, proclaimed boldly that “every man who participates [in savings], even to the extent of one dollar, is helping society to a greater and healthier prosperity.”<sup>56</sup> Wright went on to claim that “small depositors in Savings Banks...know that banks are the great debtors and not the great money owners...The stability of the banks, therefore, is the greatest concern to the people at large, who are interested in them. They realize that stability of the debtor is the stability of the country itself.” This identification of both material and ideological unity between labor, capital, locality, and nation lay at the heart of this Gilded Age project to stimulate mass savings.

Workers’ responsibility to save became increasingly imperative not just for their own benefit, but for the benefit of their town, region, nation, and society.<sup>57</sup> Francis Amasa Walker, prominent economist, statistician, and civil servant, claimed that “the frugality of the working classes, contributing to the increase of the wealth available for the purposes of industry, secures indirectly an increase in production.”<sup>58</sup> Another reform economist named Edward Atkinson surveyed the mill towns of his home state and found that “savings banks have loaned to the factories of Massachusetts the working capital, which has consisted in large measure of the deposits of workingmen and operatives in those very factories.”<sup>59</sup> This incipient development theory identified the activity of the working masses as one of the main drivers of economic growth. But instead of focusing on popular consumption and aggregate demand like the Keynesians of the mid-twentieth century, Atkinson, Walker, and others argued that popular savings propelled economic development, and had become a central component of a modern, industrial form of capital accumulation.

Atkinson, like most economists and reformers of his era, sought to encourage greater saving and depositing within the working class. But, perhaps counterintuitively, he identified one of the main political-economic problems of the Gilded Age as a savings glut. Surveying the massive growth of savings institutions by the late 1890s, he saw that working people had been saving for decades, and that financiers and economists are “now seeking what to do with this great pile...the working capital of our country, in order that we may expand it in some kind of reproductive work.” In Atkinson’s estimation, laborers had already become small capitalists, and it was up to the large capitalists, with the assistance of state and municipal bond issues, to lead, guide, and channel the people’s capital into increased development. While cooperative reformers like Henry Rosenthal critiqued non-cooperative savings banks as encouraging “routine, mechanical” depositing without “occasion for the exercise of judgment” among its working-class clientele, it was precisely this division of labor between experts and depositors that economists like Atkinson saw as a virtue.

Economist Richard T. Ely described this system similarly, almost an ideal state. Savings banks would collect the small savings of the people, “and those small sums forming large aggregates are productively employed by joint-stock companies and other concerns...capital is thus

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<sup>55</sup> *Constitution and By-Laws of the Huron Valley Building & Savings Association* (Ann Arbor: Courier Printing, 1890).

<sup>56</sup> Carroll D. Wright, “Savings Institutions as a Social Force,” in Frederic B. Stevens, *History of the Savings Bank Association of New York, 1894-1914* (New York: Doubleday, Page & Company, 1915), 196.

<sup>57</sup> Osborne, “Little Capitalists,” 247.

<sup>58</sup> Francis Amasa Walker, *The Wages Question: A Treatise on Wages and the Wages Class* (New York: Henry Holt and Company, 1876), 345.

<sup>59</sup> Edward Atkinson, *One Function of the Savings Bank: Its Importance as a Lender and Distributor of Capital* (New York: J.S. Babcock, 1897), 21.

concentrated but its returns are scattered among the people.”<sup>60</sup> While Ely’s argument is less prescriptive than Atkinson’s, they both reflect a growing consensus among the social economists that mass savings could be a way for citizens to materially benefit from an expanding capitalist economy without diminishing capitalists’ control over investment decisions.<sup>61</sup> Although he held out hope that working people might develop the capacity to make sound investment decisions through public education and experience in cooperative enterprises, Ely concluded that, in the present moment, “the masses are generally poor financiers, and especially poor bookkeepers.”<sup>62</sup>

Institutions like savings banks and building societies provided, in this vision, the pivotal link between the expertise of investors and the capital of the masses. That nexus might propel industrial development in a more materially equitable direction by allowing laborers to become small capitalists. Contemporaries across the political spectrum characterized this system in a wide variety of ways. Emerson Keyes, a New York bank regulator, waxed poetically that mass savings “conjoined all the elements conducing to the prosperity of monetary institutions; industry active in every department, and abundant currency and facilities for speedy and profitable investment.”<sup>63</sup> The German socialist Karl Kautsky, immediate intellectual heir to Marx and Engels, wrote that the combination of savings banks and corporations meant that “the savings of the little people are made available to the large capitalists, who use them as though they were their own funds, and thereby enhance still further the centralizing force of their own large fortunes.”<sup>64</sup> The New Jersey Knights of Labor concurred, “the aggregate amount of money deposited in savings institutions by laboring people...is loaned to individuals and corporations, who use it to oppress them.”<sup>65</sup>

Despite disagreement on the benevolence or malignancy of this dynamic, by the end of the nineteenth century observers from a number of different political traditions identified the development a new pattern of capital accumulation. The working classes were not only central to capitalist industrialization by the labor that they rendered; their accumulated savings were becoming a key facilitator of capital circulation. If workers were, by virtue of the changing institutional nature of their assets, becoming small financial capitalists, reformers hoped that they might benefit from and come to support the advancing system of financial-industrial capitalism. While the project of making laborers into capitalists may not have borne obvious and immediate fruit in the Gilded Age, the strategy of yoking the material well-being of workers to the health of private financial institutions was consistently taken up by governments and employers throughout the twentieth century and beyond. As savings institutions lubricated economic development and attempted to ease wealth inequality, they became contested political ground, touching on processes of class formation, identity, and new relationships between states and citizens.

### A Private Safety Net

Beyond their implications for local, regional, or national economic development, savings institutions also re-shaped the ways that governments, capitalists, and working people talked about and provided for social welfare. The buffeting winds of unemployment, unstable wages, high rent, and fluctuating crop prices fed into the social crises of late nineteenth-century America.

<sup>60</sup> Ely, *An Introduction to Political Economy*, 200.

<sup>61</sup> Osborne, “Little Capitalists,” 270.

<sup>62</sup> Richard T. Ely, *The Labor Movement in America* (New York: Macmillan and Co., 1905), 203.

<sup>63</sup> Emerson W. Keyes, *A History of Savings Banks in the United States* (New York, Bradford Rhodes, 1878), 547.

<sup>64</sup> Karl Kautsky, *The Road to Power: Political Reflections on Growing into the Revolution*, trans. Raymond Meyer (New Jersey: Humanities Press, 1996., orig. 1909), 17.

<sup>65</sup> “Co-Operative Shoe Factory,” *Journal of United Labor*, September 1884.

Contemporaries understood that it was precisely the volatility of the Gilded Age economy that spurred the increased participation in savings institutions. According to one Ohio banker, “the imperative necessity of each individual saving his surplus, to supply his individual wants in time of emergency, has been so constantly and universally forced into the experience of all classes” by recurrent depressions.<sup>66</sup> In the face of this instability and insecurity, ordinary Americans turned to institutions of mass finance as a shelter from the storm. While a significant number of workers saved in hopes of starting a business or purchasing a farm, most were forced to use their savings on the everyday expenses like rent, heating, clothing, health care, and education.

As historian Jonathan Levy has written, the proliferation of new financial arrangements for protection against “life risks” during the Gilded Age made ordinary Americans “ever-more dependent upon new financial institutions, markets, and forms of wealth for their security.”<sup>67</sup> Daniel Wadhvani argues that popular savings institutions were part and parcel of “nineteenth-century poor law reforms designed to promote social welfare but prevent dependence.”<sup>68</sup> Savings banks, building associations, and insurance companies were not only profit-oriented enterprises, in the late nineteenth century they also became central to the governance and provision—or self-provision—of welfare for working people. In the words of one Gilded Age economist, saving was “an insurance against the casualties of life.”<sup>69</sup>

Historical data demonstrates that workers did tend to withdraw funds from savings banks at higher rates during the winter months, indicating the predilection for dipping into their savings account during periods of more frequent illness, a tighter labor market, and higher expenses for basics like home heating.<sup>70</sup> While savings institutions sought to invest their capital in *productive*, money-making ventures like real estate or businesses, workers, in practice, tended to treat their small accounts as a means of ensuring *social reproduction*—the provision of food, housing, heating, and education. John T. Dickerson, a Missouri postal employee and Knight of Labor, acknowledged that savings banks had benefited “thrifty workingmen,” who, if they were able to maintain regular deposits, “has something to fall back upon.”<sup>71</sup> Some contemporaries, like economist Francis Amasa Walker, even went so far as to say that changes in the interest rate would have a limited effect on the savings rate of working-class people, since most people saved not as a means of accumulating fortunes via compound interest, but to “provide against old age and sickness.”<sup>72</sup> British reformers Sidney and Beatrice Webb concurred, “the strongest motives for savings—the desire to provide for sickness and old age, or for the future maintenance of children—go on, as the hoards of the French peasantry show, whether profit or interest is reaped or not.”<sup>73</sup>

But there was an interesting temporal dimension to these arguments. Academics, economists, politicians, and bankers might claim that saving could protect against the vicissitudes of life. But from the perspective of the individual worker or family, what happened after they had weathered the illness by spending their savings? The 1885 testimony of New Hampshire cotton mill workers in front of the Senate Committee on the Relations of Labor and Capital provided some

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<sup>66</sup> “Ninth Annual Meeting of the Ohio Building Association League,” *American Building Association News*, August 1897.

<sup>67</sup> Levy, *Freaks of Fortune*, 4.

<sup>68</sup> Wadhvani, “Citizen Savers,” 34.

<sup>69</sup> Walker, *The Wages Question*, 235.

<sup>70</sup> Goldin, Alter, and Rotella, “The Savings of Ordinary Americans,” 735.

<sup>71</sup> John T. Dickerson, “Correspondence,” *Journal of United Labor*, September 1884.

<sup>72</sup> Walker, *The Wages Question*, 235.

<sup>73</sup> Sidney and Beatrice Webb, *Industrial Democracy* (London: Longmans, Green, and Co., 1905), 624.

interesting perspectives.<sup>74</sup> Frank Mead, who worked as a carder in the Amoskeag Mills, was asked by the Committee, “Could you save a little?” Frank answered, “I could under reasonable circumstances; but I have not saved much because I have had a good deal of sickness in my family.” When asked if her co-workers were diligent savers, Sara Bachelder of the Stark Mill in Manchester replied that some were, but that “some people have sickness, and some have families, and some are widows with children, and of course with those it would be impossible.” Dock worker Michael H. Enwright gave another perspective on the barriers to savings: “The workingmen who have to pay such heavy rents cannot save any money...If I had to lose my job, and had to pay \$15 or \$16 a month in rent and could not get work for three or four weeks, where would I be, with the landlord after me for the rent?”

A small segment of the academic and reform milieu, led by labor statistician Carroll D. Wright, claimed that—under the prevailing social conditions, and at the level of an individual worker—savings banks could not be the salvation that others claimed. Before serving as the first U.S. Commissioner of Labor, Wright headed up the Massachusetts Bureau of Statistics of Labor, which compiled some of the first systematic reports on wages, cost of living, and savings behavior of that state’s working class. In 1872, the Massachusetts Bureau released a report which, in its conclusion, demonstrated the conundrum of savings from the perspective of a working-class family.<sup>75</sup> The Bureau calculated that a male worker, working all year at full time, made an average wage at \$611. They also calculated an annual cost of living, which included basic necessities plus a few modest comforts like a library subscription, dentistry, and decent clothing, and came out to \$676.

The report did not conclude that it was strictly impossible for ordinary Americans to save. Some workers made more than the average wage, many working-class women and children also contributed to earning a family wage, and it was possible to scrimp and save on life’s small comforts. But on a systemic level, Wright and his colleagues in the Bureau were skeptical that, unless workers’ wages increased significantly, working-class savings could act as a dependable and sufficient safety net. As was the case with male wage workers in Massachusetts in Carroll D. Wright’s study, most working-class women were not able to save regularly, year after year. Nearly 20 years later, in 1891, the Michigan Bureau of Labor and Industrial Statistics surveyed over 13,000 working women in the state, and found that only 2,382, or about 18%, were able to save anything from their wages over the course of the previous year.<sup>76</sup> Much of this was due to the fact that, between 1865 and 1905, real wages for non-agricultural workers only rose about 7%.<sup>77</sup> The economists Helen Sumner and Thomas Sewell Adams wrote that savings institutions, and building societies in particular, could not serve the majority of workers, “who are obliged to live from hand to mouth because to save would mean the deprivation of those minimum necessities which represent the standard of life.”<sup>78</sup>

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<sup>74</sup> “Volume III—Testimony,” *Report of the Committee of the Senate Upon the Relations Between Labor and Capital* (Washington: Government Printing Office, 1885), 139-143, 405.

<sup>75</sup> Massachusetts Bureau of Statistics of Labor, *Third Annual Report of the Bureau of Statistics of Labor* (Boston: Wright and Potter, 1872), 533

<sup>76</sup> Michigan Bureau of Labor and Industrial Statistics, *Ninth Annual Report* (Lansing: Robert Smith & Co., State Printers and Binders, 1892), 102.

<sup>77</sup> Robert A. Margo, “Daily and annual earnings of employees—all and nonfarm: 1860-1929,” Table BA4280-4282 in Susan B. Carter, et al., *Historical Statistics of the United States, Earliest Times to the Present: Millennial Edition* (New York: Cambridge University Press, 2006).

<sup>78</sup> Thomas Sewell Adams and Helen R. Sumner, *Labor Problems: A Text Book* (London: The Macmillan Company, 1905).

Edward Atkinson estimated that 90% of the population “spend nearly all that they earn,” and a portion may have small savings accounts, threadbare life insurance, or a small home mortgage.<sup>79</sup> Of the remaining 10%, most could only save enough “to protect them from want in their later years,” and only about 1% “need not work unless they choose.” But among savings advocates, Wright, Sumner, Adams, and Atkinson were broadly outnumbered. Most of the Gilded Age discussion of savings banks sounds less like Wright and Atkinson and more like minister H.W. Cadman, who claimed that every dollar in a saving’s bank was “a day’s holiday for the autumn of life, a sack of flour for the granary...how largely the mass of want, anxiety, and discontent would be reduced if the surplus earnings went into the savings bank instead of the saloon!”<sup>80</sup>

So how can we square the massive increase in the number of savings banks, insurance companies, and building societies during the Gilded Age with the data indicating the myriad pressures faced by individual workers trying to save anything beyond their monthly expenses? The rapid growth of mass-based financial institutions did not necessarily reflect an ever-wealthier American working class in real terms—though in some places, that was certainly the case. Rather, the growth of savings banks and similar institutions were generated by the changing *forms* of working class wealth like wages, insurance, and mortgages. Workers in possession of cash wages required a different set of social institutions than workers in possession of farm animals, even if the given value of a wage was no greater than the value of the animal. These changing forms of working-class wealth, and the institutions that arose to channel them, opened up new political and economic possibilities.

Savings advocates associated their ideas of steady depositing to insure against old age and misfortune with a broader set of changes in the relationship between struggling workers and government relief. Savings bank depositing could be a means of shifting the balance so that “the poor could be encouraged to provide for themselves.”<sup>81</sup> Ella Bodman Church, giving financial advice in the *Ladies’ Home Journal*, wrote of the countless women who, instead of relying on antebellum institutions like town workhouses, “work hard for eight to ten hours a day, and...has a modest sum in the bank that will pay for her admission into a ‘Home for the Aged.’”<sup>82</sup> The ability of working people to securely hold their savings for times of need, in this system, depended on the presence of a mass-based financial system. In this way, the savings bank and its cousins were not only crucial for the process of capital accumulation, but took on an important role on social governance.

Daniel Wadhvani argues that savings bank proponents “looked to fundamentally reshape the assumptions that guided the distribution of organized relief, to create a distinction between a legitimate right to one’s benefits and savings and the abject dependence of charity.”<sup>83</sup> Ordinary Americans could look towards private but state-regulated savings institutions as legitimate organs of public service provision. Instead of making claims on a particular amount of money or other in-kind relief, citizens in distress could only claim the right to fairly participate in the process of capital accumulation. One Philadelphia-based savings advocate asserted that “borrowers get their loans not as a favor, but as a matter of right, a privilege for which they pay.”<sup>84</sup> In this understanding, “rights”

<sup>79</sup> Edward Atkinson, *The Industrial Progress of the Nation* (New York: G.P. Putman’s Sons, 1890), 197.

<sup>80</sup> Cadman, *The Christian Unity of Capital and Labor*, 185-187.

<sup>81</sup> Peter Payne and Lester Davis, *The Savings Bank of Baltimore, 1818-1866* (Baltimore: Johns Hopkins Press, 1956).

<sup>82</sup> Ella Bodman Church, “Some Hints on Money-Making,” *The Ladies’ Home Journal*, April 1888.

<sup>83</sup> Wadhvani, *Citizen Savers*, 34.

<sup>84</sup> Addison Burke, “The City of Homes and its Building Societies,” *Journal of Social Science* (February 1882), 134.

were prerogatives bestowed upon consumers and borrowers as part of their pecuniary participation in a financial transaction, rather than an entitlement of civic personhood.

During the late nineteenth century, most reformers projected confidence that savings-based techniques of social welfare would lift the downtrodden from the industrial slums, both on the material plane as well as the spiritual. Baltimore social worker and philanthropist Mary Willcox Brown wrote that the purpose of savings banks was “not only that the savers may have a reserve fund for future contingencies, but that they may have the consciousness of being moved by their savings from the burden of relief-receiving.”<sup>85</sup> Another Baltimore reformer, savings bank director James Carey, Jr., claimed that “the Savings Bank is probably the most effective of any of the institutions of the present century for promoting thrift and economy and so of preventing pauperism.”<sup>86</sup> Explicitly differentiating between savings banks and government welfare, Brooklyn savings banker Charles T. Greene claimed that “our savings banks of to-day are private benefactions...the purpose of the organizers of the New York Institution for Savings, which was the first savings bank established in this country, was to banish pauperism.”<sup>87</sup>

Despite the explicit juxtaposition of “private benefaction” with government-provided relief, savings advocates outlined a quite important role for the state within the governance and regulation of savings institutions. Indeed, because of the central role that savings banks could play in “the social policy of a liberal state,”<sup>88</sup> public oversight became crucial to the vision of savings-bank welfare. Emerson Keyes, a New York state bureaucrat charged with overseeing bank regulations, understood that “Savings Banks, as a force affecting society beneficially...makes them so especially a subject of State solicitude and protection.”<sup>89</sup> Even savings bank directors often advocated for greater state oversight of their activities. H.A. Shroetter, a Kentucky building and loan president, wrote that because savings banks were “public benefactors” and existed for the “protection of the meager spare pennies of the working classes,” banks and governments were responsible “for the establishment of absolute safety of those investments, and for the enactment of the best laws to effect this.”<sup>90</sup> Well into the 1890s, the state of Kansas had no particular laws regulating building and loan associations, and the Kansas State Building Association League lobbied the legislature to enact strong guidelines in order to protect the small assets of their depositors.<sup>91</sup>

Bellamy S. Sutton, Democratic politician, newspaper editor, and court clerk, delivered an ode to the working-class depositors of his state on the floor of the Indiana state Senate, and advocated for greater state regulation of savings banks in light of their social importance. “The members composing this grand army who, from day to day, lay by a little portion of their scanty means, to be sued when sickness, misfortune, or old age shall come upon them ask—nay, demand—that the pledges made to the ear, shall not be broken.”<sup>92</sup> If mass savings institutions were to become trusted and viable mechanisms for providing social welfare, Sutton and others called for regulations to

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<sup>85</sup> Willcox Brown, *The Development of Thrift*, 33.

<sup>86</sup> James Carey, Jr., “The Provident Savings Bank of Baltimore and Postal Savings Banks,” in Charity Organization Society of Baltimore, *Report of a Conference on Charities* (Baltimore: William K. Boyle & son, 1887), 115.

<sup>87</sup> Greene, *Robinson Crusoe's Father*.

<sup>88</sup> Wadhvani, “Citizen Savers,” 8.

<sup>89</sup> Keyes, *A History of Savings Banks in the United States*, 546.

<sup>90</sup> H.A. Shroetter, “Kentucky League,” *American Building Association News*, May 1897.

<sup>91</sup> “Kansas Should Get Into Line,” *American Building Association News*, January 1898.

<sup>92</sup> Bellamy Sutton, “A Great Speech in the Indiana Senate,” *American Building Association News*, March 1897

protect the people's savings, and by extension, their well-being in times of distress, from fraud and speculation.

In the primary published organ of the savings and loan industry, *American Building Association News*, calls for greater regulation were motivated by fears of fraud, financial panic, and loss of public confidence. In May of 1897, the editors responded to the wave of savings bank frauds, in which “a number of laboring people have seen their little fortunes swept away.”<sup>93</sup> The editors went on to advocate for stronger government supervision of bank assets and officers, fearing that their absence “will offer little security to the poor and little incentive to frugality, and, hence, will be unable to perform for society those valuable services for which they should be so well adapted.” If savings institutions were meant to perform the quasi-state services of helping the working-class provide for its own welfare and increasing the circulation of capital, the state would need to be directly involved in regulating and supervising these crucial public-private “benevolences.” And between the 1870s and the 1890s, dozens of states enacted legislation designed to increase deposit security, often to the detriment of higher returns and interest rates.<sup>94</sup>

Writing at the height of the Progressive Era, future Supreme Court justice Louis Brandeis crystallized this perspective as he demanded that public authorities from state and federal bank examiners, superintendents of insurance, attorneys general, and the Interstate Commerce Commission “examine the records of every bank, trust company, insurance company.”<sup>95</sup> For Brandeis, because changes in the economy had resulted in the withering away of “the archaic doctrine of *caveat emptor*,” the state could no longer be passive in allowing these firms to self-report and passively expect the public to investigate, which would be “almost as ineffective as if the Pure Food Law required a manufacturer merely to deposit with the Department a statement of ingredients, instead of requiring a label to tell the story.”<sup>96</sup> When the state of California created its Board of Bank Commissioners, they endowed the Board with examining all financial corporations in the state, with the power to rescind their charters for any legal violations. But the act creating the Board also gave them leeway to revoke charters if they found any firm “conducting business in an unsafe manner.”<sup>97</sup> For savings advocates and bank reformers across the spectrum, the expansion of mass financial practices into the heart of public life, from top to bottom, demanded a new kind of state action.

For others, the emphasis on banks as quasi-public institutions that should prize its depositors' security led reformers towards lobbying for a government-run savings bank operated through the post office. Postal savings institutions had existed in Europe since the 1860s, and gained real prominence beginning in the 1880s.<sup>98</sup> And postal savings had near-universal support among the major democratic reform movements of the late nineteenth century, such as the Grange, the Knights of Labor, the Populists, and the early Progressives. But of course, the large financial institutions within the United States, most prominently organized through the American Bankers'

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<sup>93</sup> “Regulating Building and Loan Associations,” *American Building Association News*, May 1897.

<sup>94</sup> R. Daniel Wadhvani, “Protecting Small Savers: The Political Economy of Economic Security,” *Journal of Policy History* 18 (2006), 127.

<sup>95</sup> Louis D. Brandeis, *Other People's Money: And How the Bankers Use It* (New York: Frederick A. Stokes Company, 1914), 61.

<sup>96</sup> *Ibid.*, 104

<sup>97</sup> H.W. Magee, *A Work on State Banks and Bank Officers* (Los Angeles: Charles W. Palm, 1898), 100.

<sup>98</sup> R. Daniel Wadhvani, “The Institutional Foundations of Personal Finance: Innovation in Savings Banks, 1880s-1920s,” *Business History Review* 85 (2011), 508.

Association, vehemently opposed such a scheme.<sup>99</sup> The opposition was effective; despite the widespread support from both the more radical and moderate wings of Gilded Age cooperative reform movements from the 1870s, the United States would not enact a postal savings bank until 1911, and it was never as fully elaborated as most of its European counterparts.

Within the savings bank movement itself, there was considerable debate about the potential value of postal savings. Banker, judge, and political economist Seymour Dexter opposed postal savings because it “tends to the growth and development of the paternal idea of government.”<sup>100</sup> Others claimed that local savings institutions were preferable to national-scale postal savings because local institutions circulated money close to home, where postal savings banks “would gather the savings, and in seeking investment for them they would rob the average community of thousands of circulating capital.”<sup>101</sup> On the other side, American reformers looked at the success of European postal savings banks, and claimed that Americans “who are deterred from savings by the frequent failure of savings banks and building associations would recognize in the government an absolutely safe custodian of their money.”<sup>102</sup> If the primary purpose of a savings bank was to incentivize the working class to save, and if the failures of private-sector banks were discouraging workers from saving, then wouldn’t a failure-proof government bank serve that function? The influence of the corporate banking industry’s organized trade associations would serve as a bulwark against postal savings during the most intense period of Gilded Age reform.

Of all the Gilded Age mass financial institutions meant to promote the social welfare of the popular classes, perhaps the most prestigious and the most venerated were the building and loan societies. They were relatively late entrants into the field of mass finance, not really expanding in scale until the mid-1880s, but they would control over \$1.4 billion in assets by the outbreak of the First World War.<sup>103</sup> The politics of homeownership, in particular the question of working-class homeownership, played a major role in discussions of class and prosperity during the Gilded Age. Historian Margaret Garb contends that “the celebration of home ownership as the symbol of the American dream” during the late nineteenth century was central to a politics that downplayed the deep inequalities of that era as either inconsequential, deserved, or solvable by gradual reform.<sup>104</sup>

Building associations—also known as building and loan associations, building societies, or savings and loan associations—varied in their particular rules and practices, but they shared a common mission. Building and loan manager and advocate Henry S. Rosenthal described in broad strokes the tripartite charge of building and loan associations: “enabling persons with limited means and small incomes to become the owners of homesteads or real property,” serving as a “money-saving institution...in the regular depositing by each of its members of a certain portion of his earnings,” and becoming a “money-making institution in that the funds thus accumulated are so used and applied as to secure for the association a good rate of interest.”<sup>105</sup> While specific practices differed, the basic concept was simple. Members purchased stock in the association, often through a

<sup>99</sup> Alethia Jones, “Immigration and Institutional Change: The Urban Origins of U.S. Postal Savings Banks,” in Richardson Dilworth, ed., *Bringing The City Back In: The City in American Political Development* (New York: Routledge, 2009), 237.

<sup>100</sup> Seymour Dexter, “The Proposed United States Postal Savings System,” *American Building Association News*, January 1898.

<sup>101</sup> “Postal Savings,” *Elkhart (Ind.) Review*, December 1897.

<sup>102</sup> “The Savings of the Poor,” *New York Journal*, September 1897.

<sup>103</sup> Margaret Garb, *City of American Dreams: A History of Home Ownership and Housing Reform in Chicago, 1871-1919* (Chicago: University of Chicago Press, 2005), 48.

<sup>104</sup> *Ibid.*, 5.

<sup>105</sup> Rosenthal, *Manual For Building and Loan Associations*, 21.



series of regular deposits, with each share accruing interest and reaching “maturity” after a set number of years. Members could apply for a home loan from the association, with their shares used as collateral, or they could simply invest in the shares themselves without taking out a home loan. And, unlike most savings institutions of the era, most building associations were operated with democratic participation from their members. Members elected a board of trustees or some other governing body, and held meetings at regular intervals, with one vote per shareholder as opposed to one vote per share.

It was this democratization of financial practice that led Richard T. Ely to boldly claim in 1905 that building associations were “the most successful form of co-operation in the United States.”<sup>106</sup> Fellow economists Thomas Sewell Adams and Helen R. Sumner, in that same year, would go so far as to claim that building associations “have attained far greater results in the United States than all other forms of cooperation combined.”<sup>107</sup> For many building association advocates, particularly those connected with the broader cooperative movement, the primary selling point of those associations were their ability to aid in working-class organization and cooperation, often framed in some kind of conflictual relationship to the currently-existing capitalist class. Henry S. Rosenthal claimed that cooperative governance of “the combined savings of those working-men” could “save for themselves the tribute they must otherwise pay to some money-lender.”<sup>108</sup>

But for others in the building and loan milieu, the primary purpose of building associations was to promote working-class homeownership. James P. Fritze, a building and loan president from Peoria, Illinois, wrote in 1891 that “the best citizen is the one who owns a home...and the family rests in the secure hope of better days.”<sup>109</sup> These linkages between homeownership, family, respectability, and civic duty animated a large portion of the building-and-loan movement. The *American Building Association News* featured a slogan below their title on every edition: “The American Home: The Safeguard of American Liberties.” Robert Treat Paine, Jr. claimed one of the primary advantage of building association is to “educate all their members, men and women, in business, in the management of their property and money.”<sup>110</sup> Investment in a building association would, Paine asserted, result in working-class people “discussing how best to manage, consulting and comparing notes about housing, size and share, and cost.”

Philadelphia’s building and loan associations stood as the crowning achievement of the movement. In the so-called “city of homes,” building associations had financed the construction of over 75,000 homes for working- and middle-class Philadelphians by the turn of the twentieth century.<sup>111</sup> By some estimates, building associations had financed over a quarter of the entire housing stock in the city.<sup>112</sup> Joseph K. Gamble, the Treasurer of the United States League of Local Building Associations, boasted of the “thousands of dollars in taxes in the city treasury” and the “the many thousands who have been employed” in the city because of the building associations.<sup>113</sup> But Gamble emphasized above all the conversion of workers into “tax-payers and owners of property...who are lay-abiding, and will defend its laws.” Social reformer Mary Willcox Brown was even more explicit about the political effects of homeownership, claiming that “there is no spirit of anarchism in

<sup>106</sup> Ely, *The Labor Movement in America*, 196.

<sup>107</sup> Adams and Sumner, *Labor Problems*.

<sup>108</sup> Rosenthal, *Manual for Building and Loan Associations*, 30.

<sup>109</sup> James P. Fritze, *Investment Building and Loan: Reasons Why* (Peoria: James P. Fritze, 1891).

<sup>110</sup> Paine, *Cooperative Savings Banks*, 6.

<sup>111</sup> E.B. Lindsley, “A Pointer in Civics,” *American Building Association News*, October 1897.

<sup>112</sup> Rosenthal, *Manual for Building and Loan Associations*, 26.

<sup>113</sup> Joseph K. Gamble, “What Local Building and Loan Associations Have Done for Philadelphia and Her People,” *American Building Association News*, October 1897.

Philadelphia, the city in which the movement to organize building and loan companies had its rise, and that in 1879 not one of the stockholders joined the great strike.”<sup>114</sup>

The vision of working-class homeownership in an industrial age sat at the crossroads of several major reform discourses in the late nineteenth century.<sup>115</sup> Homeownership was associated with healthier and more sanitary living conditions than were found in tenement slums, the creation and maintenance of a properly gendered family order, the cultivation of civic engagement and political conservatism, the promotion of asset ownership, and the maintenance of a private safety net. Though there were unprecedented amounts of capital flowing through building and loan associations, the leaders of those groups and their allies tended to describe their institutions as a “movement” rather than an “industry.”<sup>116</sup> Bankers, social workers, and cooperative advocates looked to building and loan associations as a mechanism for incorporating workers into the material expansion of financial capitalism as well as the moral rhythms of virtuous proletarian home life.

While independent savings and loan institutions stitched together the majority of the actually-existing private safety net, a set of large and powerful non-financial firms began experimenting with their own practices of employer-based welfare during the Gilded Age. What came to be known as “welfare capitalism” would not reach its full prominence until the 1920s, but during the last decades of the nineteenth century a number of leading manufacturing and railroad firms began to develop company-sponsored insurance, pension plans, profit sharing, and compulsory savings funds. These welfare capitalist practices, like their counterparts in the savings industry, had a variety of political and economic goals. But as historian Nicholas Osborne concludes, firms consistently prioritized their welfare programs’ ability to quell labor unrest over their ability to produce additional finance capital for the company in question.<sup>117</sup>

During the 1880s and 1890s, firms like the Pullman Car Company, the American Waltham Watch Factory, the Carnegie Steel Company, and the Baltimore and Ohio Railroad experimented with a number of policies designed to decrease the threat of unionization and encourage thrift among their employees. Many of these programs basically replicated the services of other insurance and savings institutions, but either offered workers better interest rates, made depositing more convenient by allowing deposits at the workplace, or made deposits compulsory by withholding directly from workers’ paychecks. Employees of the Pullman Car Company were actually paid with checks claimable at the company-owned Pullman Loan and Savings Bank in order to encourage depositing portions of their paychecks directly at the bank.<sup>118</sup> Other companies, like the Illinois Steel Works in Joliet, founded a whole slate of institutions, from a savings bank to a life insurance plan, and even highly-discounted fire insurance for their workers.<sup>119</sup> Many companies enticed their workers to deposit by offering highly inflated rates of interest.

One of the first and largest of the Gilded Age welfare capitalist projects was undertaken by the Baltimore and Ohio Railroad. Still reeling from the massive strike wave of 1877, the company’s

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<sup>114</sup> Willcox Brown, *The Development of Thrift*, 74.

<sup>115</sup> Calder, *Financing the American Dream*; Garb, *City of American Dreams*; Elaine Lewinnek, *The Working Man’s Reward: Chicago’s Early Suburbs and the Roots of American Sprawl* (New York: Oxford University Press, 2014); Olivier Zunz, *The Changing Face of Inequality: Urbanization, Industrial Development, and Immigrants in Detroit, 1820-1920* (Chicago: University of Chicago Press, 1982).

<sup>116</sup> Mason, *From Building and Loans to Bailouts*, 22.

<sup>117</sup> Osborne, “Little Capitalists,” 220.

<sup>118</sup> Richard T. Ely, “Pullman: A Social Study,” *Harpers* 70 (1885).

<sup>119</sup> Nicholas Paine Gilman, *A Dividend to Labor: A Study of Employers’ Welfare Institutions* (Boston: Houghton, Mifflin, and Co., 1899), 214.

president and one of his primary lieutenants moved to established the Baltimore and Ohio Employees' Relief Association in 1880. The Relief Association offered life, sickness, and accident insurance to all of the railroads' workers, and was actually compulsory for all full-time employees. These services were heavily utilized by the workers—participation in the Relief Association grew from 14,000 in 1881 to 26,000 in 1899, and up to a massive 52,000 by 1905.<sup>120</sup> The Relief Association also operated a savings bank, a real estate company, and building and loan associations, with the Savings Fund containing over \$500,000 in worker deposits in 1887, and over \$2.8 million by 1905. The Baltimore and Ohio's building association borrowed money from their Savings Fund, and built thousands of homes on land owned by the B&O, adjacent to their railroad lines. The Relief Association would be folded into employee pension and benefit programs as the twentieth century progressed and the B&O merged with and was purchased by other companies during waves of consolidations.

Of all the firm-based welfare practices, the one that garnered some of the most intellectual and political attention was profit sharing. Despite the fact that there were fewer than 40 large profit-sharing firms in the United States by the turn of the twentieth century, reformers across the U.S. and Europe spilled gallons of ink arguing about it.<sup>121</sup> Like other welfare practices discussed in this chapter, profit sharing could take a variety of forms and be subject to a range of different conditions. Political economists Thomas Sewell Adams and Helen Sumner described the three primary models of Gilded Age profit sharing: direct cash payment, deferred compensation through direct company deposit in a savings bank or annuity, and payment to workers in stock shares.<sup>122</sup> The most common method in the United States was direct cash payment, though companies often used favorable financial terms to heavily incentivize workers to deposit the cash in a savings bank or to purchase company stock.

For employers, the logic of profit sharing was relatively straightforward. One French paper manufacturer wrote to an American profit-sharing advocate that “participation in profit stimulates the zeal of the workmen, and attaches them, through self-interest, to the establishment and its prosperity. Moreover, it leads them to watch each other in the execution of their work, and often prevents waste.”<sup>123</sup> By creating more direct linkages between a firm's profitability and the wealth of its workers, advocates thought that profit sharing would encourage efficiency among workers. One company reported satisfaction with their profit-sharing plan, mostly because of “increased individual and collective efficiency, development of good will...but, particularly, in stabilizing the working force of the plant, which prior to the introduction of the plan was in a constant state of flux.”<sup>124</sup> At its most basic, profit-sharing was an attempt to increase workers' psychological as well as material attachment to the particular firm for which they worked.

Most profit-sharing employers did not justify their practices through “acknowledgement of injustice in the present distribution of wealth...but rather as a method in increasing the total product

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<sup>120</sup> John K. Cowen, “The Baltimore and Ohio Relief Association,” in Charity Organization Society of Baltimore, *Report of a Conference on Charities* (Baltimore: William K. Boyle & Son, 1887), 128; John F. Stover, *History of the Baltimore and Ohio Railroad* (West Lafayette, Indiana: Purdue University Press, 1987), 201.

<sup>121</sup> Nicholas Paine Gilman, *Profit Sharing Between Employer and Employee: A Study in the Evolution of the Wages System* (Boston and New York: Houghton, Mifflin and Company, 1889), 391.

<sup>122</sup> Adams and Sumner, *Labor Problems*, 333.

<sup>123</sup> Gilman, *Profit Sharing Between Employer and Employee*, 114.

<sup>124</sup> Boris Emmett, “Profit Sharing in the United States,” *Bulletin of the U.S. Bureau of Labor Statistics* (Washington: Government Printing Office, 1916), 115.

of industry and thereby benefiting both employer and employee.”<sup>125</sup> Profit sharing was “in essence paternalistic, preserving all the motives of enterprise on the part of the employer and at the same time arousing new motives of enterprise on the part of the employee.” Put simply, profit sharing was designed to incentivize workers to begin thinking about a firm’s profitability like a capitalist might. One of the primary apostles of profit sharing, a theologian and sociologist named Nicholas Paine Gilman, was explicit on this account, “the progressive employer will make it easy for his workmen to acquire shares in the stock of his corporation...the shareholder-workman is the most desirable link between capital and labor, partaking of the interests of both.”<sup>126</sup>

If some advocates talked about profit sharing from the perspective of actively and positively promoting labor loyalty and *esprit de corps*, others were more candid in their desire to stave off labor unrest. John W. Briton, the owner of Brewster and Co., a profit-sharing carriage manufacturer in New York, explained his reasoning in *The World*: “Our business is chiefly an order business. When full of orders under the old [non-profit-sharing] system we were always liable to unjust and inopportune demands from the men. Once we came very near a strike.”<sup>127</sup> Others, like the early marginalist economist John Bates Clark, advocated profit sharing as a “door of possible progress to the laboring class” that might forestall the growth of the “communistic poison that has begun its work.”<sup>128</sup> Nelson O. Nelson, a prominent profit-sharing advocate and proprietor of a factory in St. Louis, wrote that, in lieu of a “revision of the whole system of property and its distribution,” the “division of profits” is one of the best method employers can use to “as a rule, obviate strikes.”<sup>129</sup> Adams and Sumner, in their study of profit sharing, concluded that the practice “has been used as a method of breaking the power of a labor organization.”<sup>130</sup>

The carriage manufacturer Briton, who corresponded with renowned British economist John Stewart Mill on the particulars of his profit-sharing plan, described it as a hard-headed business move, “simply a partnership of profits” in which “employees have neither voice in the management of the business nor property in the concern.” While Briton, writing to others in the capitalist press, presented this aspect of profit sharing as a positive, those in the cooperative movement saw it as a distinct weakness. One member of the Knights of Labor, describing a profit-sharing firm in comparison to a thoroughly cooperative firm, described it thus, “the employer retains control of the business operations, but shares a portion of his profits with his workers.”<sup>131</sup> At best, these “industrial partnerships” might be “schools in which workingmen are educated for the grander goal of productive co-operation.” Though profit sharing, in practice, did not shape the everyday lives of workers to the extent that savings institutions did, it reflected the broader impetus behind the politics of popular finance in the Gilded Age: harmonizing the relations between labor and capital and placing the impetus for social welfare on private actors.

Savings practices of all stripes—from banks to building associations, employee stock ownership to life insurance—played a significant role in the ways that working-class people attempted to navigate the daily upheavals of life during the Gilded Age.<sup>132</sup> Bankers, reformers, and

<sup>125</sup> Adams and Sumner, *Labor Problems*, 334.

<sup>126</sup> Gilman, *A Dividend to Labor*, 22.

<sup>127</sup> John W. Briton, “Industrial Partnerships: Nuptials of Capital and Labor,” *The World* (New York), August 31, 1871.

<sup>128</sup> “Clark’s Philosophy of Wealth,” *Journal of United Labor*, August 1887.

<sup>129</sup> N.O. Nelson, in William E. Barnes, ed., *The Labor Problem: Plain Questions and Practical Answers* (New York: Harper & Brothers, 1886), 88.

<sup>130</sup> Adams and Sumner, *Labor Problems*, 344.

<sup>131</sup> “Profit Sharing,” *Journal of United Labor*, June 1887.

<sup>132</sup> Levy, *Freaks of Fortune*, 4.

politicians made a self-conscious effort to displace antebellum practices of poor relief that relied on direct provision of local governments with a new type of safety net, in which individual workers were made responsible for saving for their own future sustenance. Savings institutions were key to the broader vision of liberal governance that many savings advocates advanced. Economist Frances Amasa Walker laid out this tripartite vision for the role of a liberal state in a modern, capitalist society. Firstly, the state would be responsible for “thorough primary education of the whole population,” secondly, for “providing a strict system of sanitary administration” and thirdly, for “securing by special precautions the integrity of banks of saving.”<sup>133</sup> Working people could not make claims directly upon the state for relief or employment, but they could expect education, sanitary regulation, and a safe place to deposit their savings.

But these institutions of mass savings did not merely arise from a purely ideological aversion to state intervention in economic affairs. They were part of a broad, dedicated effort to use financial practices to undermine the influence of trade unions, and also to tap into the wealth of working-class people in order to fund capitalist development. Savings banks arose at the confluence of several different reform projects, linking the changing relationships between governments and citizens to changing relationships between firms and workers, all while solidifying the increasing influence of financial institutions within American capitalism. By saving to ensure their own social reproduction, workers also contributed to financing of productive capitalist development.

### A Society of Savers

Savings institutions were intended to shape both the material and moral landscapes of working-class Americans. But what were the contours of the moral, political, and gendered social life that these institutions attempted to produce? As demonstrated throughout this chapter, savings advocates were broadly preoccupied with the effect of financial practice upon class identification, but class was only one part of the social landscape that mass savings sought to influence. The project of converting laborers into capitalists was not merely an economic one, but a political and a cultural one. Many reformers understood mass savings and working-class homeownership as an engine with the potential to “renew democratic citizenship” in an era of inequality and social unrest.<sup>134</sup> As the logics of capitalism became more deeply entrenched in everyday life, market exchange and its attendant financial practices became more than just a means of exchanging productive goods, but rather “the social source of economic values and interests.”<sup>135</sup> Political theorist Rob Aitken identifies popular financial institutions throughout the nineteenth and twentieth centuries as processes that “bind average individuals to the broader contours of the nation.”<sup>136</sup>

Over the course of the Gilded Age and beyond, discourses of saving became entangled not just in questions of governing class conflict, but also in ideas about the household, gender relations, racial progress, the assimilation of immigrants, and citizenship. One Michigan banker wrote that by saving money, the worker gains “an object in life—he is no longer the man who is only anxious for the whistle to blow or the bell to ring; his thoughts are on a higher place, and this is the material of which good citizens are made.”<sup>137</sup> A workers’ “ownership of property makes him a better

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<sup>133</sup> Walker, *The Wages Question*, 403.

<sup>134</sup> Julia C. Ott, *When Wall Street Met Main Street: The Quest for an Investor’s Democracy* (Cambridge: Harvard University Press), 2011, 16.

<sup>135</sup> Sklansky, *The Soul’s Economy*, 9.

<sup>136</sup> Rob Aitken, *Performing Capital: Toward a Cultural Economy of Popular and Global Finance* (New York: Palgrave MacMillan US, 2007), 56.

<sup>137</sup> Lindsley, “A Pointer in Civics.”

citizen...and teaches all members of the family how to save systematically.”<sup>138</sup> Carroll D. Wright spoke vividly of the ways in which savings inculcated civic morality: “Somebody has said that a wife and children are God’s policemen. It may well be said that a man who has been careful and economical enough to put away some part of his earnings...is one of the Government’s free policemen.”<sup>139</sup>

The latter decades of the nineteenth century saw millions of immigrants arrive to the United States, including dramatically increased numbers from eastern and southern Europe. Many immigrants founded ethnic-based savings, insurance, and mutual-aid societies, which flourished during the early decades of the twentieth century, though most would collapse during the Great Depression.<sup>140</sup> San Francisco’s Chinese community also formed a variety of semi-formal credit associations known as *hui*, which functioned remarkably well in providing startup capital for small Chinese-run businesses during the late nineteenth century.<sup>141</sup> But migrants to the United States were also crucial participants in mainstream, multi-ethnic savings institutions, placing their money alongside U.S.-born depositors. By the early twentieth century, the Philadelphia Savings Fund Society, the oldest and most venerable of American savings banks, employed translators speaking Yiddish, Russian, Polish, Slavic dialects, German, French, Italian, Spanish, Portuguese, Greek, Turkish, Serbian, Romanian, Bulgarian, and Lithuanian.<sup>142</sup>

Many migrants from southern and eastern Europe remitted money back across the Atlantic or saved up significant amounts in order to withdraw them completely when they planned to migrate back to Europe. But large numbers of immigrants saved in order to purchase housing, begin a business, and save for education or health care in the United States. From the perspective of savings advocates, financial institutions might have a similar effect on the “problems” of immigration as it would on the “labor problem.” J. Warren Baily, who was the president of the United States League of Building and Loan Associations, was concerned about European immigrants “bringing with them their socialistic and anarchistic ideas.”<sup>143</sup> It was only the encouragement of systematic savings, and particularly homeownership, that could provide the “means whereby this heterogeneous mass may become Americanized.” In fact, much of the argument in favor of a Postal Savings Bank, when it finally passed in the early twentieth century, was about expanding the “civilizing” mission of savings institutions by making them more attractive to European immigrants.<sup>144</sup>

The civilizational mission of savings banks also shaped the expansion of financial practices into African-American life in the decades after the Civil War. A fuller consideration of the role played by African-American wealth in political struggles, and in particular the case of the Freedman’s Savings and Trust Company, is taken up in a different chapter of this dissertation.<sup>145</sup> But the arguments surrounding the Freedman’s Bank indicate an understanding of mass savings institutions as a mechanism of social reform and assimilation. One Southern black newspaper praised the

<sup>138</sup> *Constitution and By-Laws of the Huron Valley Building and Savings Association.*

<sup>139</sup> Wright, “Savings Institutions as a Social Force,” 196.

<sup>140</sup> Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago: 1919-1939* (Cambridge: Cambridge University Press, 1990), 238.

<sup>141</sup> Yong Chen, *Chinese San Francisco, 1850-1943: A Trans-Pacific Community* (Palo Alto: Stanford University Press, 2000), 69.

<sup>142</sup> Wadhvani, “Citizen Savers,” 202.

<sup>143</sup> J. Warren Baily, “Moral Effect upon the Community of Systematic Saving,” *American Building Association News*, August 1897.

<sup>144</sup> Osborne, “Little Capitalists,” 290.

<sup>145</sup> Chapter 3 of this dissertation, “Black Capital and the Politics of Freedom.”

Bank—chartered as a Reconstruction safeguard for the newly earned wages of former slaves—as a “relay house of the African on his road to independence,” a “district school” that “taught him a great lesson, that every free man who will work, can make more money than he needs, and can save the balance against a rainy day.”<sup>146</sup> That same newspaper identified the Freedman’s Bank as an antidote to the “improvidence” of freed people in the wake of emancipation, teaching them to become self-reliant and with every deposit reinforcing the lesson that “he must restrain his appetites and exercise that self-control which is the high distinguishing characteristic of a rational being.”<sup>147</sup>

William R. Pettiford, an African-American minister and founder of the Alabama Penny Savings Bank in 1890, relied heavily on narratives of racial up-building when discussing the effect of his bank on the black residents of Birmingham. Speaking to the annual meeting of the National Negro Business League, Pettiford explained that his bank—through its material accumulations as well as the beneficial effects of regular depositing—rendered black Alabamans “more independent and substantial citizens.”<sup>148</sup> Another black businessman from Birmingham, T.W. Walker, affirmed Pettiford’s sentiments, saying that “when you teach a people to be frugal, industrious, and saving, you have done much toward making them moral and religious and useful citizens.”<sup>149</sup>

The project of inculcating good citizenship achieved a particular urgency in the journey of African-Americans from slavery to freedom, but reformers spoke of savings banks as schools of citizenship for all segments of the American working classes. Often, the concept of savings banks as schools went beyond metaphor. The school savings movement began to develop in Europe during the 1870s and spread to the United States, such that by 1893, there existed 340 school-based savings banks in over 150 cities across the United States.<sup>150</sup> Under these systems, children would bring their spare pennies once a week, and deposit them with their classroom teacher, who kept a ledger and stamped the children’s bank books. One pamphlet on “How to Institute a School Savings Bank” recommended that teachers have their weekly depositing first thing on Monday mornings, in order to insure promptness and the feeling of regularity in depositing that students would need when they fully matured into worker-depositors.<sup>151</sup>

Sara Louisa Oberholtzer, a major figure in the temperance and school savings movements, reminded reformers and bankers that the point of the program was not for individual students to accumulate large amounts, but rather to instill “the principles of thrift, economy, and business forethought.”<sup>152</sup> J.H. Thiry, the Franco-Belgian immigrant who, along with Oberholtzer, spearheaded the school savings movement in the United States, wrote to the American Social Science Association, claiming that school savings banks were a useful antidote to the “many temptations for the wasteful expenditure of small sums” on items like candy and toys.<sup>153</sup> One report from Mrs. J.T. Foote, who superintended the school savings program in Cleveland, Ohio,

<sup>146</sup> “The Freedman’s Savings Bank,” *The Semi-Weekly Louisianian*, October 26, 1871.

<sup>147</sup> “Shreveport Freedmen and Their Thrift,” *The Louisianian*, January 12, 1871.

<sup>148</sup> William R. Pettiford, “The Savings Bank,” *Proceedings of the National Negro Business League* (Boston: J.R. Hamm, 1900), 92.

<sup>149</sup> T.W. Walker, “Negro Coal Mining Company,” *Proceedings of the National Negro Business League* (Boston: J.R. Hamm, 1900), 106.

<sup>150</sup> Sara Louisa Oberholtzer, “School Savings Banks,” *Annals of the American Academy of Political and Social Sciences* 4 (May, 1894), 116.

<sup>151</sup> “How to Institute a School Savings Bank,” *Thrift Tidings*, April 1907.

<sup>152</sup> Oberholtzer, “School Savings Banks,” 117.

<sup>153</sup> J.H. Thiry, “The Early History of School Savings Banks in the United States,” *Journal of Social Science, Containing the Transactions of the American Association*, (Boston: Cupples, Upham, & Co.), 168-172.

emphasized the program's effect on juvenile delinquents. Foote reported that in Cleveland, they had specifically given 30 troubled youths start-up money to begin their school savings accounts, and in the following year "only two of the boys had since that time been up in the court for any misdemeanor."<sup>154</sup>

But Thiry and Oberholtzer's aims were not simply about inculcating a thrifty morality in the next generation. Thiry's vision for school savings banks was a broader vision of how education and financial practice might shape the economic lives of the American people; "it is a necessity of our time to extend the sphere of the education of our children so as to prepare them...for the many difficulties that they will be called upon to meet as tradesmen or ordinary laborers in competing with foreign labor and trade." School savings were intended to teach an important set of practices—mathematical, institutional, and moral—to hundreds of thousands of children throughout the late nineteenth century. Oberholtzer concurred, claiming in her quarterly publication *Thrift Tidings* that the purpose of education in general, and savings programs in particular, was not to make students into "good Latin scholars, or even finished mathematicians," but rather "intelligent and worthy citizens of our great Republic."<sup>155</sup> In an era of such massive circulations of money, good citizenship required that children should be taught about money, "its powers of accumulation; the effect of self-denial in little expenditures, and the pleasure of owning and using wisely."

Women like Sara Oberholtzer took on prominent roles in leading the crusade to educate children in the methods of frugality. But the responsibilities of women within the world of mass savings went far beyond the education of young people. Gendered ideas and language took on particular importance in discussion about the links between mass savings, home life and civic conservatism. Though savings banks routinely oriented their advertising, didactic literature, and treatises towards the male wage earner, American women played a crucial role in the development of savings institutions. Both in their concrete savings practices as well as their perceived ideological position as frugal household administrators, Gilded Age women fundamentally shaped the growth of American savings.

Savings advocates consistently pointed out the relatively high participation of women in their institutions. Occasionally, these facts were presented with an air of bemused curiosity, but in other moments women's savings were framed as crucial to the broader social mission of savings. Reform economist Freeman Otis Willey proudly cited the statistic that women comprised 50% of all depositors in Massachusetts savings banks, and used it as evidence for the ability of mass savings to promote solidarity between genders, "One sex does not accumulate and the other fall behind. The lot of the two sexes are cast together, and their condition and prospects are necessarily the same"<sup>156</sup> While most savings advocates, even those on the more cooperative side of the movement, shied away from boldly advocating full gender equality, many understood mass finance as a means of empowering ordinary women within the framework of industrial capitalism.

During the latter decades of the nineteenth century, American women were estimated to have comprised between one-third and one-half of depositors in urban savings banks, and accounted for one-quarter of all shareholders in building and loan associations.<sup>157</sup> The Pennsylvania State Bureau of Industrial Statistics estimated in 1894 that the women of his state owned over 75,000 shares in building associations, valued at over \$30,000,000.<sup>158</sup> But despite the prominence of

<sup>154</sup> J.T. Foote, "Instances of the Practical Benefits of Thrift Teaching," *Thrift Tidings*, April 1907.

<sup>155</sup> Sara Louisa Oberholtzer, *Thrift Tidings*, April 1907.

<sup>156</sup> Willey, *The Laborer and Capitalist*, 175.

<sup>157</sup> Wadhvani, *Citizen Savers*, 181; "Compound Interest," *National Building and Loan Herald*, March 1894.

<sup>158</sup> "Pennsylvania Building Associations," *National Building and Loan Herald*, August 1894.



women as participants in these burgeoning mass financial institutions, relatively few of them gained prominence in the leadership and operation of those institutions. Throughout the 1890s, there were scattered reports of several women becoming elected to the directing boards of some banks and associations, though within the industry press those elections were often presented as novelties.<sup>159</sup>

At the legal and institutional level, married and unmarried working-class women in the nineteenth century maintained significantly greater mastery over their savings accounts than was possible over other forms of property.<sup>160</sup> Though state laws varied as to the independence of married women's property from their husbands, Boston lawyer Mary A. Greene advised women, particularly married Southern women, to "save her earnings by depositing them in a savings bank before her husband gets possession of them."<sup>161</sup> The *American Building Association News* sought to assuage married women in Pennsylvania after some legal doubt over their ability to hold accounts in their own names: "There need to be no fear on the part of the ladies. They are welcome members of every building association and their interests are carefully looked after."<sup>162</sup>

The discourses of saving and morality during the Gilded Age often relied heavily on discussions of working- and middle-class women. The process of deciding household expenditures was a constant push and pull, and American women exercised a significant amount of power over household finances. As the sociologist Viviana Zelizer concludes, women in the late nineteenth century were "caught in the strange predicament of being cashless money managers," exercising agency over spending and saving decisions but denied equal access to most of the money-circulating institutions of daily life—factories, newspapers shops, banks, or the federal government.<sup>163</sup> In their position as both waged workers and household spending arbiters, American women occupied a crucial role in the circulation of working-class wealth, and Gilded Age reformers paid particular attention to women when it came to questions of how the working classes would provide for their own social welfare.

During the late nineteenth century, working-class women were frequently depicted as responsible actors reining in the wild spending of their drunken husbands. Some bankers upheld the role of married women as the central axis of the saving system, giving thanks to "thrifty housewives whose weekly savings from their husbands' earnings go to make a very large proportion" of total national savings.<sup>164</sup> This gendered division of labor in terms of household wealth circulation—men earn, women administer and save—was linked to a large set of assumptions about gender and money. One banker's periodical wrote in sweeping terms, that "men are naturally born speculators... On the other hand, women are cautious, suspicious, and honest. By all means give the sisters a chance."<sup>165</sup> D. Eldredge, a cooperative advocate from Boston, wrote that "in large numbers of instances, [women] induce the male member of the household to stick, when otherwise he would withdraw and spend the money."<sup>166</sup> We can see strands of this discourse active today; Ananya Roy's scholarship on microfinance in the global South emphasizes the ways in which philanthropic lenders focus on working-class women, who are imagined as more responsible stewards of capital than

<sup>159</sup> Murrell, "Woman's Place in the Building Association Movement."

<sup>160</sup> Wadhvani, *Citizen Savers*, 180.

<sup>161</sup> Mary A. Greene, *The Woman's Manual of Law* (New York: Silver, Burdette, and Company, 1902), 63.

<sup>162</sup> "Pennsylvania Law Governing Holding of Stock by Married Women," *American Building Association News*, May 1897.

<sup>163</sup> Viviana Zelizer, *The Social Meaning of Money* (Princeton University Press, 1997), 42.

<sup>164</sup> "To Thrift and Economy," *American Building Association News*, March 1897.

<sup>165</sup> "Speaking of Women" *American Investments Classified*, March 1894.

<sup>166</sup> "Last Week," *The Outlook: A Family Paper, New Series of the Christian Union* (New York), July 1893.

working-class men, because they embody “an altruistic propensity to utilize income for social development.”<sup>167</sup>

Mary B. Murrell, a prominent savings and loan advocate from Little Rock, Arkansas, spoke directly to the leaders of the movement in 1893, claiming that men tended to create financial institutions focused on “the accumulation of immense sums of money,” but that the “feminine mind naturally inclines to that which benefits, ennobles, and elevates the race.”<sup>168</sup> If working-class savings were to be leveraged towards civilizational advance and resolving “the war between capital and labor that engenders strikes and makes a feeling of socialism and anarchy possible,” then, Murrell claimed, women would have to be an integral part of that project. Savings advocates sought to draft working-class women as foot soldiers for the *mission civilisatrice* of mass savings: “Women will advertise the workings [of savings institutions] in their daily conversation...thousands could interest their husbands in taking the initiatory step.”<sup>169</sup> Such an effort would be “Christianizing, civilizing, and advancing the standard of citizenship...wherever education and civilization have gone, woman has gone with it.”

A history of the Williamsburgh Savings Bank of Brooklyn recalled fondly the Monday mornings in which always featured clean and respectable “German women, waiting to put away their money.”<sup>170</sup> The rhythms of daily depositing, particularly the fact that many savings institutions were only open during normal business hours, meant that middle- and working-class women were often the primary depositors. A Buffalo, New York newspaper reported that one woman arrived at her savings bank every week carrying seven account books, one for herself, one for her husband, and one for each of her five children.<sup>171</sup> A Michigan building and loan supervisor praised the women in his association; “Week after week, they come and go as regular as the setting of the sun, until the last payment is reached.”<sup>172</sup> The regular temporality of depositing, linked to the weekly cadences of payday and household chore schedules, was, for savings boosters, a healthy practice worth praising.

Robert Waters, a working-class homeowner from Jersey City, claimed that women understood the advantages of savings more readily than men, because they “appreciate the value of a home.”<sup>173</sup> Waters pushed his analysis further, implying that savings could be a mechanism for women to gain independence from men—when women learned that “every dollar saved is a little workman who...never gets tired, sick, hungry, or drunk, and never ceases to work as long as its owner lives.” As savings institutions attempted to assure women that their independent stock or assets would be legally safe, they used a variety of anecdotes to model the gendered patterns of saving. One claimed that if a “worthless fellow” attempted to claim ownership of his wife’s assets in a building society, he would quickly understand “that he cannot finger a penny of her savings

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<sup>167</sup> Ananya Roy, *Poverty Capital: Microfinance and the Making of Development* (New York: Routledge, 2010), 3.

<sup>168</sup> Mary B. Murrell, “Woman’s Place in the Building Association Movement,” *Financial Review and American Building Association News*, November 1893.

<sup>169</sup> L.J. Wolcott, “Women’s Work in Building and Loan Associations,” *The Co-Operative News*, September 1898.

<sup>170</sup> Edgerton G. North, *The First Hundred Years, 1851-1951* (New York: The Williamsburgh Savings Bank, 1951), 36.

<sup>171</sup> “The Seven Ages,” *The National Building and Loan Herald*, December 1894, reprint from *Buffalo Courier*.

<sup>172</sup> Wolcott, “Women’s Work in Building and Loan Associations.”

<sup>173</sup> Robert Waters, “Building and Loan Societies,” *National Building and Loan Herald*, April 1894.

without her consent, and he usually, if he has the least spark of manhood left, leaves the association several degrees lower in his own estimation.”<sup>174</sup>

While the full data is somewhat scattered, studies from individual urban savings banks indicate that women tended to comprise almost half of savings depositors, and their cumulative balances were actually larger on average than their male counterparts.<sup>175</sup> But women’s role in the savings movement was not merely practical—women, and particularly married women, were positioned discursively as prudent savers, stowing away small sums to protect for a rainy day. Indeed, some limited data actually supports elements of this trope. Late nineteenth-century women did not save more annually than men, but they tended to withdraw less frequently and keep their accounts open longer, mostly withdrawing in large sums during winter months, or in their older years.<sup>176</sup> While savings banks facilitated capital accumulation and local real estate development, they were also used in order to facilitate the social reproduction of family life in the absence of state-based relief.

As depositors, shareholders, reformers, and household managers, Gilded Age women acted as major participants in the institutionalization of working-class wealth. And broader ideas about gender and family life were central to arguments about the importance of saving in general, and saving for homeownership in particular. Reformers’ attempts to reshape the boundaries of economic life and capital circulation were inextricably entangled with a moral, cultural, and civilizational mission, leveraging new patterns of asset ownership to encourage virtuous habits of working-class life. Both the institutional and imaginative worlds of working-class wealth relied on the gendered household order in order to maintain its healthy processes of saving, depositing, and the social-reproductive ends to which that saved wealth should be directed.

The pages of Gilded Age savings industry publications, reform conference reports, academic treatises, and sermons were filled with sweeping claims about the moral impacts of routinized savings on the American populace. Mary Willcox Brown summed up the argument of savings advocates, that “small accumulations of savings represented, necessarily, much self-denial,” which necessarily led to the development of “such civic virtues as neighborliness, sobriety, and morality.”<sup>177</sup> In this mode of thought, the economic advantages faded slightly into the background, and the end goal of savings became as much about the inculcation of good habits and morals as it was about wealth accumulation. Others, like New York bank regulator Emerson Keyes, thought that it was “hardly possible...to separate the material from the moral aspects” of regular depositing. And as capitalist money relations came to dominate more aspects of daily life, contemporaries like the Alabama banker W.R. Pettiford concluded that “proper use of money is one of the chief means in the advancement of our civilization”<sup>178</sup> The vision offered by Brown, Keyes, Pettiford, and others articulated a civilizational project, one of re-making the patterns of capital accumulation and the patterns of virtuous behavior as a means of advancing the industrial world past the slums of the Gilded Age.

Participation in the burgeoning world of popular savings institutions was a major facet of life for millions of ordinary Americans living during the Gilded Age. The extent to which this participation structured their deeply-held worldviews and values, however, is difficult to ascertain. The persistence of militant labor conflict in the late nineteenth century indicates that broad swathes

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<sup>174</sup> “Pennsylvania Law Governing Holding of Stock by Married Women,” *American Building Association News*, May 1897.

<sup>175</sup> Wadhvani, “Citizen Savers,” 180.

<sup>176</sup> *Ibid.*, 187.

<sup>177</sup> Brown, *The Development of Thrift*, 79.

<sup>178</sup> Pettiford, “The Savings Bank,” *Proceedings of the National Negro Business League*.

of the American working classes did not necessarily come to see themselves as “little capitalists” whose economic and social interests were aligned with employers and the financial system. While movements of organized workers and farmers were deeply influenced by changing forms of working-class wealth,<sup>179</sup> the project led by employers, bankers, and reformers to use savings institutions as a way to “obviate strikes” fell short of that goal.<sup>180</sup> Ongoing problems of poverty, alcoholism, and relatively low rates of homeownership in comparison to the mid-twentieth century certainly indicate that the moral, sober, and civic-minded “saving subject” promoted through bank literature and reform tracts never rose to the level of hegemonic cultural standard.

What is more clear, however, are the ways in which regular, routinized depositing of cash in a savings institution became increasingly prevalent for a wide range of Americans, from public school children in Cleveland to formerly enslaved people in Charleston, cotton mill workers in Massachusetts to German housewives in Brooklyn. As ordinary Americans became increasingly reliant on the techniques of popular finance to save their wages, create a private safety net, and insure themselves against the vicissitudes of life under industrial capitalism, they encountered new ideas about the connections between financial practice and gender relations, civic morality, and education. As a nexus between questions of political economy, the role of the state, and the nature of the family, mass savings institutions became a cultural and conceptual touchstone of American capitalism in the late nineteenth century.<sup>181</sup> These changing ideas would form the intellectual basis for American reform movements over the course of the Gilded Age and beyond.

### Conclusion

In 1876, the economist Francis Amasa Walker noted that “a vast body of wealth is held by the laboring classes of the United States in movable form.”<sup>182</sup> The political-economic processes driving popular wealth towards a more “movable form” would only accelerate over the following years. The collective ledger of the American working classes would become increasingly monetized, comprised of cash and deposits. During the final decades of the nineteenth century, the changing nature of working-class wealth had stimulated a new institutional landscape of popular finance, and helped to reshape the American economy and society. The expansion of savings institutions influenced prevailing theories on economic development, the state’s changing role in the provision of relief, and visions of what a virtuous working-class existence looked like. Savings banks and building associations did not themselves inaugurate the shift in working-class assets towards the dollar form, but they became one of the preeminent institutional beneficiaries of those changes.

Because of their location at the nexus of those major political-economic currents, savings practices became critical governing techniques of the Gilded Age. The venues of Gilded Age class conflict were not only the workplace, the streets, or the ballot box, but also the lines of bank books, building association meetings, and the columns of banking trade publications. In their attempts to manage ongoing conflicts between labor and capital, as well as their attempts to create working class with the capacity to support itself in times of need, savings institutions and their advocates became one of the primary actors in the contentious class politics of the late nineteenth century. The paradoxes of capitalist expansion meant that working-class poverty as well as working-class wealth occupied such a prominent place in the political debates of the late nineteenth century.

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<sup>179</sup> This topic is addressed extensively in Chapter 2 of this dissertation, “Cooperative Commonwealths.”

<sup>180</sup> Nelson, in Barnes, ed., *The Labor Problem: Plain Questions and Practical Answers*, 88.

<sup>181</sup> Osborne, “Little Capitalists,” 263.

<sup>182</sup> Walker, *The Wages Question*, 345.

Considerations of how to govern the savings, circulation, and investment of popular wealth became fundamental to urgent social questions of class formation and re-formation.

During the Gilded Age, the ongoing project of turning laborers into capitalists found one of its most potent material expressions in savings institutions. By encouraging workers to think like small capitalists, and by recapturing control of workers' surplus wages in the form of bank deposits, savings advocates understood those institutions as organs of class governance. As economist Edward Atkinson claimed in his 1886 speech addressed to "the Workingmen in Providence, R.I.," the growth of savings institutions would help workers understand that "laborers employ capitalists in their service just as truly as capitalist employ laborers."<sup>183</sup> Through their deposits, workers employ the services of bankers and trustees, expecting interest on their deposit, and thus become beneficiaries of the process of capital accumulation. Reformers like Atkinson did not intend to abolish class relations, but rather attempted to use savings institutions in order to redistribute the rewards and responsibilities of capital accumulation in an industrial world.

Of course, Atkinson's description of the system as an ideal circuit did not always square with the realities of life for working-class depositors. While some workers were able to use the financial system to start small businesses or purchase homes, most depositors used their savings to pay for everyday expenses, or to stave off destitution in moments of illness or unemployment. And despite the massive numbers of working-class depositors in America's cities and towns, there were still significant numbers of ordinary people who either could not or chose not to become consistent depositors. Individuals' experience with saving in the Gilded Age was often fragmentary, disappointing, and discontinuous. But in the aggregate, and over time, the institutionalization of working-class wealth became a major factor in the capitalist economic development in the United States.

By the turn of the twentieth century, the growth of savings institutions led contemporaries in the banking industry to claim that "the people are now shareholders in the nation."<sup>184</sup> Though the birth of a mass investor class via the stock market would not arise until later in the twentieth century, Gilded Age savings reformers used the indirect investment of savings banks to connect individual financial activity with the health and wealth of the nation at large.<sup>185</sup> The theories of economic development assembled by the social economists like Richard T. Ely emphasized the ability of mass savings to promote the "small accumulations" of workers "to provide for emergencies and old age" while simultaneously driving forward the credit system and broader dynamics of national capital accumulation for the benefit of "the people."<sup>186</sup> These new ways of thinking about the complex and multi-directional interaction between the micro-behavior of workers and the macro-dynamics of political economy would shape the decisions of policymakers and bankers in the decades that followed.<sup>187</sup>

While focus on macro-dynamics and aggregates began to dominate in certain corners of the academy, most reform discourse continued to stress the importance of individual behavior. The emphasis on moral betterment through processes of thrift and saving held a long pedigree in American reform traditions. But the changing economic relations of the late nineteenth century gave these somewhat abstract moral sentiments a larger and more concrete institutional basis. And Gilded Age savings banks also represented a fusion of this discourse of individual moral amelioration with new ideas about political economy and capital accumulation. The dynamics of accumulation that

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<sup>183</sup> Edward Atkinson, *Address Upon the Labor Question* (Boston: Franklin Press, 1886), 4.

<sup>184</sup> "The Savings of the Poor," *The American Building Association News*, October 1897.

<sup>185</sup> Ott, *When Wall Street Met Main Street*, 12.

<sup>186</sup> Ely, *An Introduction to Political Economy*, 200.

<sup>187</sup> Osborne, "Little Capitalists," 361.

drove forward the processes of industrial modernity were thus dependent upon the thrifty practices of working-class Americans. The discursive power of this argument was anchored in material reality; economic historians have found that high rates of aggregate savings in the nineteenth century were a primary factor in economic expansion of that era. As Goldin, Alter, and Rotella have concluded, “the macroeconomics and the microeconomics of savings are inextricably tied.”<sup>188</sup>

A renewed study of the material, institutional, and cultural role of late nineteenth-century savings banks helps us understand Gilded Age class politics in a new light. The levers of money and banking were not simply the purview of robber barons, but rather a constitutive piece of working-class life. For ordinary Americans, the economic transitions of the post-bellum era did not merely result in a broad, gradient transition from country towards city, farm towards factory. They also brought a shift in the form and meaning of wealth itself. While bankers, economists, politicians, and middle-class reformers created institutions to manage newly lubricated flows of popular wealth, ordinary farmers and workers began to develop their own institutional responses to this new world of working-class capital. As capitalist industrial relations intensified across the continent, Gilded Age Americans organized to harness the potential energy stored in the small savings of the people.

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<sup>188</sup> Goldin, Alter, and Rotella, “The Savings of Ordinary Americans,” 736.

## Chapter 2: Cooperative Commonwealths

*We are weary of the 'cornering' of grain by boards of trade  
 Why should they double tribute take on corn our labor made?  
 The railroad combination takes the crop to pay the freight  
 Monopolistic capital has captured every state  
 We've borne the burden many years, we're ready for the fight  
 Let counter-combination now protect the toilers' right*

A.A. Smith, "Shouting the Battle-Cry of Labor" (1891)<sup>189</sup>

Most scholars would not associate the Gilded Age labor movement with glowing praise for the business strategies of Cornelius Vanderbilt and John D. Rockefeller. And yet, an 1886 proposal from A.J. Bishop—New York Knights of Labor member and operator of the People's Co-Operative Supply Association—offered such praise. Bishop's letter and attached diagram put forward a detailed plan for an association that would cooperatively buy and sell everyday goods at an immense scale. This organization would buy in mass quantities, sell to members at cost, and be entirely funded and controlled by the Knights of Labor.<sup>190</sup> By explicitly emulating the scale of market influence achieved by the horizontal monopolies of Standard Oil and the Vanderbilt railroad network, Bishop envisioned the Order of the Knights of Labor coordinating "a cheap distribution of commodities among themselves, and influence the treatment, by manufacturers, of the wage-workers employed in producing them."

Though Bishop's proposal was never enacted by the Knights of Labor, it reveals something important about the political and economic frameworks through which the Knights and other Gilded Age reformers understood their changing world. Far from embracing an atavistic and anti-modern critique of centralized monopolies, groups like the Knights of Labor and the Populists envisioned legally incorporated and cooperatively managed "people's monopolies" as a means of transcending Gilded Age industrial capitalism. Indeed, some of these reformers saw the massive economic transitions of their age as salutary, and most identified them as at least irreversible. The tantalizing near-future of the cooperative commonwealth beckoned, an age in which the technological and organizational innovations of the Gilded Age would be harnessed in the public interest. This cooperative impulse of network, scale and democracy was one of the central forces in late nineteenth-century American reform politics.

The idea of a cooperative commonwealth, at its core, focused on the institutionalization, circulation, and democratization of what I term *the people's capital*. The blooming of the cash nexus in the post-Civil War era meant that more people than ever held paper wealth, and the attendant growth of mass finance—primarily in the form of savings accounts and insurance—re-shaped that wealth into assets mediated by formal financial institutions. This institutional mediation of working-class wealth gave it a new political valence, and as these trends intensified, a politics of popular finance began to emerge. Reform movements saw that banks and insurance companies had begun to gather the scattered but collectively substantial wealth of the working classes. And so they began to develop a politics that envisioned leveraging large pools of popular wealth in service of a cooperative

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<sup>189</sup> *The Alliance Songster: A Collection of Labor and Comic Songs, For the Use of Grange, Alliance, and Debating Clubs* (Wakefield, Kansas: H. & L. Vincent), 1891.

<sup>190</sup> A.J. Bishop, "A Proposal," Knights of Labor Records, 1882-1902, Wisconsin Historical Society Archives, Madison.

economy. In the words of one member of the Knights of Labor, “if the trifling amount of five cents per member were laid aside each month we might be, in a few years, knights of capital.”<sup>191</sup>

And so while the strife and dislocations of the Gilded Age produced a high degree of alienation, the rapidity of the social, geographic, and economic changes also rendered possible a certain type of optimism. Cooperative reform groups operating in the United State during the last quarter of the nineteenth century identified great potential in the transformations wrought in American finance, transportation, and communications. The expansion of financial techniques in particular—savings bank accounts, insurance policies, the corporate form, and cooperative enterprise—held within them the possibilities of forging a new political economy based on the principles of scale, interconnectedness, and democratic operation. This vision of a cooperative commonwealth powered political thinking in the twin pillars of late nineteenth-century economic reform politics, the Knights of Labor and the Populist movement.

The cooperative imagination embraced a sense of ambivalence towards the social and economic structures of American capitalism. On the one hand, cooperative reformers recognized that professional capitalists did perform a vital economic function, namely the allocation of capital investment for infrastructure and industry. But reformers identified the role of capitalists as one that could be collectively managed by “the people” through a mix of cooperative, private, and state-owned firms, banks, and exchanges.<sup>192</sup> In this schema, capitalists were middle-men, members of a profession that would fade with changing technology and the increased capacity of the working classes. One labor author proclaimed that “science and progress” demanded the dissolution of capitalists as a profession, “just as the railroads have enabled us to dispense with stagecoaches.”<sup>193</sup> Bolstered by the expansion of financial practices to the broader population, Gilded Age cooperators searched for a modern industrial society without a professional capitalist class

Despite its conceptual power, or perhaps because of it, the cooperative commonwealth never represented a unitary political ideology. The central fault line within the cooperative impulse revolved around the question of which institutions should facilitate cooperation: the state or independent popular organizations. In the case of railroad monopolies, Farmers’ Alliance and Grange member John W. McArthur clearly identified this duality: “The government must operate the railroads; or the business must be conducted by co-operative associations.”<sup>194</sup> This tension produced an important strategic crossroads. Could mass cooperative movements ever effectively control the American state, with its corruption, its federal structure, and its violent hostility towards labor? Could independent associations ever gain enough influence to shape social change without the power of the state? These questions of orientation were not unique to Gilded Age cooperators, and have been some of the most salient questions of modern political movements. While this dichotomy is useful in our analysis of the cooperative impulse, we should not understand it as describing two opposing factions in a movement, but rather as distinct and overlapping tendencies within a body of political thought.

The non-state-oriented, associational tendency within cooperative thought had a rich legacy in Anglo-American politics. Reaching its fullest flowering with the Rochdale cooperatives in England in the 1850s and beyond, this mutualistic form of cooperation emphasized the ability of working people to collectively produce and distribute their own goods through a cooperative firm,

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<sup>191</sup> “Letter from Delaware, OH,” *Journal of United Labor*, November 26, 1887.

<sup>192</sup> Charles Postel, *The Populist Vision* (Oxford University Press, 2007), 133.

<sup>193</sup> “Chapters on Labor,” *Journal of United Labor*, September 10, 1885.

<sup>194</sup> John W. McArthur, *New Developments: Including the Grange, Anti-Monopoly, Farmers’ Alliance, Co-Operative Fire Insurance, and the Economic Barn* (Oneonta: The Oneonta Press, 1886), 109.



and to profit collectively from it.<sup>195</sup> During the Gilded Age, American reformers in this tradition read the economic and technological changes of their times as an opportunity to build large-scale cooperative institutions for the purposes of accumulating capital within the working class. These stores, farms, factories, banks, and insurance companies would serve as vehicles for political education, provide sustenance for working-class communities in a volatile economic world, and act as the germ of a more thoroughgoing cooperative future.

A cooperative piano manufacturer explained the essence of associational cooperative logic in a fundraising circular: “a hundred thousand men and women, poor though they may be individually; have, when they unite, not only the brains to originate, but also the capital to successfully carry on *any* business they choose to engage in.”<sup>196</sup> One Knight of Labor put this formula in grander and more historical terms, predicting a cooperative future ushered in by “a great industrial union, possessing sufficient natural resources and so industrially organized that its members shall, through their own labors, supply themselves with all those things necessary to the comfort of their lives.”<sup>197</sup> Rooted mostly in the more fraternal elements in the labor movement, utopian colonization groups, and business-oriented farmer Populists, this associational politics understood the accumulation of capital in popular institutions as a means of independence from the competitive dynamic. Robust, independent economic institutions could, in this way of thinking, guide the nation on the path to a cooperative future.

But the bulk of cooperative politics did orient itself towards the state, albeit to varying degrees. As historian Charles Postel has explained, the People’s Party—and their predecessors in the Farmers’ Alliance—envisioned an expanded bureaucratic state, modeled along the lines of the Post Office.<sup>198</sup> This idea of a “people’s bureaucracy” had its roots in the Knights of Labor and a variety of other reform organizations, and linked new conceptions of efficiency and monopoly with the rhetoric of radical labor republicanism. As Joseph Labadie, Knights of Labor member and future president of the Michigan Federation of Labor, declared to his fellow Knights, “State-help is *self-help*. The people themselves *are the State*.”<sup>199</sup> While the associational tendency within cooperative politics always maintained a certain rhetorical power, most of the influential cooperative organizations of the day endorsed massive expansion of the federal state into the realms of transportation, communications, finance, and even energy.<sup>200</sup>

These two primary currents of the cooperative impulse—the associational and the state-oriented—converged to produce the broad political-economic contours of the cooperative commonwealth dreamed of by reformers. The state should nationalize, partially or fully, the means of transportation (railroads), communication (telegraphs), and finance (postal savings banks and a sub-Treasury system), while keeping the primary production of goods and services in the hands of private or associational-cooperative owners. Because large “natural monopolies” like railroads, telegraphs, and other utilities were arranged around massive infrastructure networks, the state was deemed the most effective agent of co-operation for these industries.<sup>201</sup>

<sup>195</sup> Steve Leikin, *The Practical Utopians: American Workers and the Cooperative Movement in the Gilded Age* (Detroit: Wayne State University Press, 2005), 4.

<sup>196</sup> “Letter from the Executive Board of the Co-Operative Lawrence Manufacturing Company,” 19 April 1884, John Samuel Papers, Wisconsin Historical Society, Madison, WI.

<sup>197</sup> “Letter from the Knights of Labor General Executive Board,” 28 May 1884, Hoboken, N.J., John Samuel Papers, Wisconsin Historical Society, Madison, WI.

<sup>198</sup> Postel, *The Populist Vision*, 18.

<sup>199</sup> Joseph Labadie, “To the Readers of the Journal,” *Journal of United Labor*, June, 1882.

<sup>200</sup> “Platform of the Massachusetts People’s Party,” *The New Nation*, September 30, 1893.

<sup>201</sup> Richard T. Ely, *Monopolies and Trusts* (New York: Macmillan Company, 1906), 59.

As the scale and interconnectedness of America's industrial economy developed at a rapid clip, reform movements sought to harness the techniques and imagination of capitalist industrial development in order to steer the economy in a more cooperative direction. By appropriating and adapting the corporate form, the tenets of academic political economy, and the language of prosperity and democracy, groups like the Knights of Labor and the People's Party reached impressive heights of political relevance and power during the Gilded Age. Their dream of a cooperative commonwealth and a "people's monopoly" were not immediately forthcoming, in many ways stymied by the same dynamics of financial capitalism that they attempted to harness. But their conceptual apparatus, and the reforms that they pursued, would shape the very ground of American capitalism during its most explosive and volatile era.

### Scale, Combination, and Cooperation

"This is an age of combination, of great organizations."<sup>202</sup> Seth Low—president of Columbia University, civic reformer, and future mayor of New York—surveyed his world and saw aggregations. In his Fourth of July address in 1893, he tried to contextualize that moment within the larger march of industrial history. "The individual capitalist is disappearing into the corporation. The individual laborer is disappearing into the trades-union." The mythical past of yeoman farmers, artisans, and individual business owners was dissolving before his eyes, rapidly replaced by consolidation and industrial conflict. During the Gilded Age, the imagery of scale and amalgamation littered the speeches, newspapers, novels, meetings, and legislation of reformers from a variety of political traditions. Rapid increases in social and technological scale, located particularly in finance, transportation, and communications, shaped the dynamic imagination of cooperative reform politics. Members of these organizations debated and experimented with different ways in which large numbers of people could organize themselves to control flows of wealth, goods, and information.

Scholars like Naomi Lamoreaux have identified the decade between 1895 and 1904 as the height of the "Great Merger Movement." Intense price competition during the Gilded Age, exacerbated by the growth in capital-intensive manufacturing and changing financial structures facilitated unprecedented numbers of corporate mergers.<sup>203</sup> But the trends that crystallized during that period had begun to escalate in the preceding decades, and Gilded Age reform organizations took the rise of combination as a *fait accompli* in their political organizing. Even those who lamented the power of monopolies in their society recognized "solid business reasons for the advent of the trust."<sup>204</sup> But while the accumulation of great trusts concentrated control of the economy in fewer hands, the corporate form and the public trading of their securities actually made these institutions more theoretically vulnerable to public influence.<sup>205</sup> The Polish-German socialist Rosa Luxemburg, no friend to capitalist corporations, understood the shifting structures of capital ownership in the late 1880s: "the industrial capitalist of today is a collective person...it has become *socialized*."<sup>206</sup>

<sup>202</sup> "Growth of Industrial Combinations," *The New Nation*, July 29, 1893.

<sup>203</sup> Naomi R. Lamoreaux, *The Great Merger Movement in American Business, 1895-1904* (Cambridge: Cambridge University Press, 1988).

<sup>204</sup> Edward Bellamy, "Plutocracy or Nationalism—Which?," May 31, 1889 (Boston: Nationalist Club of Boston).

<sup>205</sup> William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton: Princeton University Press, 1997), 271.

<sup>206</sup> Rosa Luxemburg, "Social Reform or Revolution," 1888, *The Rosa Luxemburg Reader* (New York: Monthly Review Press, 2004), 147.

In the United States, one of the great popular theorists of consolidation and cooperative reform began his political career not as a union organizer or a cooperative business owner, but as a novelist. Edward Bellamy, born in Chicopee Falls, Massachusetts in 1850, spent the first two decades of his adult life as a mediocre lawyer and newspaper editor before producing a string of moderately successful romance novels. But his 1888 utopian science fiction novel, *Looking Backward*, would propel him to international literary fame and into new life as a political writer and organizer. *Looking Backward* became the third best-selling American book at the turn of the twentieth century, behind only *Uncle Tom's Cabin* and *Ben-Hur*, and its intellectual influence extended far beyond a mass novel-reading audience. Eugene Debs would credit it for influencing his move towards socialism and founding the American Railway Union, and Charles Beard and John Dewey each placed it second on their lists of the most important late-nineteenth century books, trailing only the imperious *Das Kapital*.<sup>207</sup> The pioneering political economist John R. Commons put *Looking Backward* on his graduate seminar syllabus at the University of Wisconsin.<sup>208</sup>

In the novel, the protagonist is put into a hypnotic sleep in 1887 to treat his insomnia, only to awaken in the distant future, the year 2000.<sup>209</sup> Much of the rest of the book describes the nature of social and economic organization in 2000, forming the basis for much of Bellamy's political philosophy, which he came to call "Nationalism." In the year 2000, labor is intensively coordinated by the national state, with massive reduction in working hours, national ownership of the means of production, and goods are distributed through cooperative stores with equally-distributed national credits as currency. In the wake of its publication, *Looking Backward* spawned the formation of "Nationalist Clubs" across the United States, groups dedicated to discussing reform literature and bringing about the Bellamyite version of the cooperative commonwealth. With over 160 clubs in the United States, the Nationalists held a numerically small but intellectually significant influence over the Populist coalition.<sup>210</sup>

The politics of scale and financial-industrial consolidation lay at the center of Bellamyite ideology. In an essay explaining the philosophy of *Looking Backward's* utopian future, Bellamy described that society as "the union of the entire nation in a general business partnership, in which every man and woman is an equal partner."<sup>211</sup> Furthermore, while he recognized the utopian nature of the book, he called this future society the "logical conclusion of the tendency now observable to the consolidation of entire trades under the single management of great corporations," which would lead to their "absorption into the great trust of the nation." Laurence Gronlund, author of the 1884 best-seller *The Cooperative Commonwealth* wrote along similar lines, "Is it Utopian to expect that all enterprises will become more and more centralized...in *one* monopoly, that of society? Are not, indeed, *Anti-monopolists*—as far as they believe they can crush the big establishments and prevent their growth—the real Utopists?"<sup>212</sup>

Gilded Age reform groups—from farmer populist, labor, socialist, cooperative, or civic reform traditions—consistently used the metaphor of "trusts," "corporations," and "joint-stock companies," to model the role of states, businesses, or labor organizations in a cooperative future.

<sup>207</sup> Erich Fromm, introduction to *Looking Backward: 2000-1887* by Edward Bellamy (New York: Signet Classics, 1960, orig. 1888), v.

<sup>208</sup> J.H. Hamilton, letter to Edward Bellamy, 2 March 1894, Edward Bellamy Correspondence, 1850-1898, Houghton Library, Harvard University (Cambridge, Mass.).

<sup>209</sup> Edward Bellamy, *Looking Backward: 2000-1887* (New York: Signet Classics, 1960, orig. 1888), 38.

<sup>210</sup> Postel, *The Populist Vision*, 207.

<sup>211</sup> Edward Bellamy, "Brief Summary of the Industrial Plan of Nationalism Set Forth in 'Looking Backward' For Class Study," *The Dawn*, September 15, 1889.

<sup>212</sup> Gronlund, *The Cooperative Commonwealth*, 103.

The Farmer's Alliance proclaimed that "corporate wealth is pulling together from every quarter of the globe...and unless labor resorts to the same scheme, there is nothing but serfdom for the industrial classes in the future."<sup>213</sup> Bellamy exhorted the people to "form themselves into a great joint stock company for the general business of maintaining and enjoying life."<sup>214</sup> Regression to an economy of small and competitive individual firms and workers was impossible, so the people needed to develop networked cooperative institutions that would make the worker into "a capitalist in spite of himself."<sup>215</sup>

One reform newspaper posed the issue in more concrete terms, "If Mr. Rockefeller manages the oil business, Mr. Vanderbilt the railways...if these capitalists can manage these properties for their own selfish ends, then we, the people, can just as well manage them for our own use and benefit."<sup>216</sup> A.O. Grigsby, Minneapolis member of the Knights of Labor, wrote that "Railroads, telegraphs, steamships, banks, and clearing houses are the result of co-operation among capitalists," and claimed that organized labor, in particular an organization the size of the Knights, "possesses sufficient intelligence and executive ability" to "demand co-operation on a large scale—a thorough system of organized exchange."<sup>217</sup>

The political imagination of the cooperative commonwealth was striking in its sweeping vision, its willingness to conceive of large-scale changes in the way that economies and societies might be collectively managed. Most cooperative reformers were not naïve about the intensity of struggle that would be required to achieve their goals—indeed, labor unionists and black farmer Populists in particular faced violent repression by the armed forces of the state, private militias and vigilantes.<sup>218</sup> But there was a curious optimism that permeated the reform milieu of the Gilded Age. Agitators for the cooperative commonwealth looked for ways in which modern, capital-accumulating institutions could produce large-scale social and economic change.

The Knights of Labor dreamed of scaling their models upwards: "if only half the workingmen of this country became members of Co-Operative Societies they could accumulate funds at the rate of ten million a year, which might be employed in the purchase of farms, factories, workshops, mills and mines, and the construction of dwellings."<sup>219</sup> This formulaic prescription, aggregating large numbers of people and wealth in modern cooperative institutions and thus ushering in a more equal future, was repeated over and over again across the reform literature of the Gilded Age. The role of numbers, particularly the calculation of large aggregates and their extrapolation over time, was central to reform politics of this era. These computations allowed readers and listeners to approach the scale of their society and their politics in a way that produced both awe and a sense of mastery. This desire for numerical knowledge has a hallmark of the late nineteenth and early twentieth centuries. As the famed economist Francis Amasa Walker wrote, "the country is hungry for information: everything of a statistical character, or even statistical appearance is taken up with an eagerness."<sup>220</sup>

<sup>213</sup> *The National Economist Almanac* (Washington: The National Economist Print, 1890), 10.

<sup>214</sup> Edward Bellamy, "Plutocracy or Nationalism—Which?"

<sup>215</sup> Albert Shaw, "Co-Operation in a Western City," *Publications of the American Economic Association* (Baltimore: John Murphy and Co., 1886), 45.

<sup>216</sup> "A Point Well Taken," *The New Nation*, April 18, 1891

<sup>217</sup> A.O. Grigsby, "Address to the Chairman of the Special Committee on Co-Operation," *Proceedings of the 11<sup>th</sup> Annual Knights of Labor General Assembly* (Philadelphia: The General Assembly).

<sup>218</sup> Postel, *The Populist Vision*, 185.

<sup>219</sup> "Circular from Local Assembly 4289, St. Louis, MO," n.d., John Samuel Papers, Wisconsin Historical Society, Madison, WI.

<sup>220</sup> Horace G. Wadlin, *Carroll Davidson Wright: A Memorial* (Boston: Wright & Potter, 1911), 14.

This widespread hunger for statistical information was not just free-floating, it began to inform the shape of state institutions. As one scholar has noted, numbers “carry with them a whiff of that almost alchemical process by which the private becomes public, and the personal becomes social.”<sup>221</sup> Particularly with the establishment of state and federal labor statistics bureaus, the wealth and social conditions of the working class was rendered into a more legible tool of cooperative politics. The establishment of these bureaus was a major demand of the labor movement during the 1870s and 1880s. Indeed, from the founding of the early National Labor Union in 1866, the demand for a national bureau of labor statistics was, along with the eight-hour workday, one of the primary demands that trade unionists made on the government.<sup>222</sup> It was one of the demands in the Knights of Labor’s constitution, and was one of the main points of unity between the Knights-led radical wing of the labor movement and the more conservative American Federation of Labor, headed up by Samuel Gompers.<sup>223</sup>

The first state-level Labor Bureaus began to appear in the late 1860s and 1870s, finally culminating in the formation of the federal Bureau, housed in the Department of the Interior, in 1884. In its early years, there were constant tussles between those in the labor movement who wanted the Bureau to act in a more decisively pro-labor manner and those, like Bureau chief Carroll D. Wright, who maintained that a more neutral and social-scientific orientation would result in an organization that produced “entirely reliable facts, which concern every workingman, and by a knowledge of which we cannot fail to profit.”<sup>224</sup> While many within the Knights of Labor wanted their own leader, Terrence Powderly, to take charge of the Bureau, Carroll D. Wright would take the job in 1885 and stay on for the next 10 years. Wright took his non-partisan task seriously, endeavoring to commission and compile statistics that would show the “true condition” of the working classes. He and others of his ilk presumed that the rigor and uniformity of statistical techniques, rendered in statistical tables and graphs, would inform a “strategy of communication” that lent itself to rationality and social progress.<sup>225</sup>

Some within the cooperative reform and labor movements continued to resist the influence of the putatively impartial Bureau of Labor Statistics, but most followed the lead of people like Gompers, who proclaimed that “impartial investigations create numberless sympathizers in our great cause.”<sup>226</sup> This impulse towards wielding rational, scientific knowledge as a means of popular politics found its home across the labor, farmer, and cooperative movements. Albert Shaw, economist and editor of the *Minneapolis Daily Tribune*, wrote in his study of Minnesota cooperatives that “any man with a clear head and a fair knowledge of arithmetic” could be secure in his knowledge that cooperation in industry would produce “good profits” through the “aggregate period savings of a large number of people.”<sup>227</sup> This instinct would find in some ways its full flowering within African-American political life, where leaders like Alexander Crummell noted the economic advancements of

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<sup>221</sup> Sarah Wilson, “Black Folk by the Numbers: Quantification in Du Bois,” *American Literary History* 28 (2016), 39.

<sup>222</sup> Richard T. Ely, *The Labor Movement in America* (New York: Macmillan and Co., 1905), 70.

<sup>223</sup> Joseph P. Goldberg and William T. Moye, *The First Hundred Years of the Bureau of Labor Statistics* (Washington, D.C.: U.S. Government Printing Office, 1985), 2.

<sup>224</sup> Wadlin, *Carroll Davidson Wright*, 15.

<sup>225</sup> Theodore Porter, *Trust In Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton University Press, 1995), vii.

<sup>226</sup> Goldberg and Moye, *The First Hundred Years of the Bureau of Labor Statistics*, 13.

<sup>227</sup> Shaw, *Cooperation in a Western City*, 83.

the New South and claimed that the “cooperative principle” could be turned into a “great lever” that would uplift the “million masses into great nations.”<sup>228</sup>

The essential logic of cooperative reform, reflected in the words of Shaw and Crummell, was rooted in the process of many small sources of value flowing into a larger current of wealth. Calculations of population and wealth undergirded both the promise and the threat of popular cooperative forces: join us, and you will be empowered by your membership in a large, united group; oppose us, and we will overcome you through popular boycott or sheer accumulation of wealth and market dominance. One pamphlet on cooperative building and loan societies tallied up the wages and savings of the American working class, and concluded that, “alone, the savings of 30 cents a day would accomplish but little; co-operatively, however, the wage-earners of the country can control everything.”<sup>229</sup> For reasons both ideological and tactical, the cooperative impulse relied heavily on the era’s widespread enthusiasm for discussing numbers and statistics.<sup>230</sup>

In addition to its roots in the numerical, Gilded Age cooperative politics had a deep preoccupation with the historical. In what direction was history travelling? What was their location within its assumed march? Members of these reform milieus saw their historical moment as a great watershed between the “competitive” phase of capitalism and the future “cooperative” phase, and understood their role as shepherding modern industrial society through this dangerous crossroads.<sup>231</sup> Through the institutional assemblage and collective management of popular wealth, they might effect “the transition from the wage system to the co-operative system.”<sup>232</sup> Edward Bellamy proclaimed that “the advent of the Trust marks a crisis,” a great historical milestone, “the beginning of the end of the competitive system in industry.”<sup>233</sup> The Sociologic Society, a cooperative reform organization founded in 1883 by Imogen Fales, who would go on to found the Cooperative Congress, wrote in their Declaration of Principles that “co-operation is the next stage of social development.”<sup>234</sup> Fales predicted “the great corporation in its present form must pass away,” and remained confident that labor could organize itself to coordinate a modern economy.<sup>235</sup>

The struggle between competition and cooperation loomed large in the reform imagination. But cooperation and its close cousins, combination, incorporation and monopoly, did not have a clear, inherent moral valence. One unionist and cooperative shoe manufacturer commented on the ability of working people to appropriate the corporate form: “Corporations of capital have built up most of the vast business empires of this country...then why may not corporations of laborers counteract this?”<sup>236</sup> Reform economist Freeman Otis Willey claimed that there was “no natural reason why corporations should not promote the interests of rich and poor alike.”<sup>237</sup> And if

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<sup>228</sup> Alexander Crummell, “The Social Principle Among a People and its Bearing on their Progress and Development,” 1875, J.R. Oldfield, ed., *Civilization and Black Progress: Selected Writings of Alexander Crummell on the South* (Charlottesville: University of Virginia Press, 1995). For more on the role of numbers and statistics in post-emancipation black political life, see Chapter 3, “Black Capital and the Politics of Freedom.”

<sup>229</sup> “Stop Paying Rent! How and Where to Own a Home,” (New York: Building and Loan Publishing Co., 1888).

<sup>230</sup> Postel, *The Populist Vision*, 10.

<sup>231</sup> *Ibid.*, 133.

<sup>232</sup> “Letter from the Knights of Labor General Executive Board,” John Samuel Papers.

<sup>233</sup> Edward Bellamy, “Plutocracy or Nationalism—Which?”

<sup>234</sup> “The Sociologic Society,” *Journal of United Labor*, July 1883.

<sup>235</sup> John W. McArthur, *New Developments*, 109.

<sup>236</sup> “Co-Operative Shoe Factory,” *Journal of United Labor*, September 1884.

<sup>237</sup> F.O. Willey, *The Laborer and the Capitalist* (New York: Equitable Publishing Co., 1896), 44.

corporations were not a clear evil, then neither was the principle of cooperation a clear boon, “Millionaire fortunes have been amassed, and labor robbed in the same proportion, by co-operation enterprise among speculators.”<sup>238</sup> Scale, combination, and cooperation were the primary axes upon which Gilded Age reform politics turned, but they were not virtues or vices in and of themselves. In the words of Populist governor of Colorado, Davis Hanson Waite, the beneficence of any monopoly “depends on whether the monopoly is organized in the interest of a privileged class or of the people.”<sup>239</sup>

Gilded Age reformers understood that competition and combination, though in conceptual tension with each other, were both techniques of capital accumulation: “Competition is a very excellent weapon [for capitalists] to use against their weaker rivals, Combination pays far better in relation to their peers.”<sup>240</sup> In Bellamy’s reckoning, monopoly was the “way of escape” for employers trapped as “slaves of the iron law of competition,” and labor would have to follow suit.<sup>241</sup> If monopoly produced greater direct exploitation of workers and consumers than did a competitive and proprietary capitalism, consolidated and publicly traded firms were more politically vulnerable to challenges from below. And so monopoly and democracy, rather than occupying polar positions at either end of a political spectrum, became distinct but interrelated variables. On the one hand, consolidation tended to “swell the profits of the capitalists.”<sup>242</sup> But it also concentrated industry into fewer and fewer large firms, which would be easier to repurpose into large, nationalized or cooperative industries than the “innumerable small concerns”<sup>243</sup> that had predominated the previous half-century of capitalist development.

Another outcome of increased consolidation and cooperation among capitalists were “economies of management” and an increase in the efficiency of capital.<sup>244</sup> Academic political economists, such as Richard T. Ely, pointed out the many ways in which competitive market relations between antagonistic firms could be “excessively wasteful.”<sup>245</sup> Cooperative reformer Justus O. Woods cited the Post Office as “an illustration of the economy of combined effort,” and asserted that consolidation and cooperation, led by either the state or private actors, could mitigate the waste and excess of a competitive system.<sup>246</sup> Woods claimed that New York was home to 10,000 bars and saloons, an excessive number that tied up social capital in destructive behavior. If those saloons consolidated their rent, labor costs, and inventory costs into 1,000 larger saloons to serve the city’s drinking population, “the public” could save millions of dollars per annum that might be deployed to more socially useful means.

The bulk of the efficiency gains wrung from Gilded Age technological innovation and management consolidation went towards capital’s share of profit. But reformers saw this as an issue of social power rather than a property inherent in consolidation. They sought to coordinate further efficiencies in the industrial system, but pull them toward labor’s side of the ledger. Cooperative reformer Imogen Fales enjoined workers to form “a Labor Congress, whose object should be the

<sup>238</sup> Grigsby, “Address to the Chairman of the Special Committee on Co-Operation.”

<sup>239</sup> “A Western Governor on Public Ownership,” *The New Nation*, July 8, 1893

<sup>240</sup> Gronlund, *The Cooperative Commonwealth*, 48.

<sup>241</sup> “Trend of the Periodicals,” *The New Nation*, April 18, 1891.

<sup>242</sup> Edward Bellamy, “Principles and Purposes of Nationalism,” (Philadelphia: Bureau of Nationalist Literature), 1889.

<sup>243</sup> Edward Bellamy, “How We Shall Get There,” *Twentieth Century*, May 11, 1889.

<sup>244</sup> Bellamy, “Plutocracy of Nationalism—Which?”

<sup>245</sup> Ely, *The Labor Movement in America*, 207.

<sup>246</sup> Justus O. Woods, “The Present Slavery—The Coming Freedom,” *Journal of United Labor*, September 25, 1884.

efficient organization of all wholesome industries.” Some in the Knights of Labor argued that competition did produce some economy in the direct production of goods, but that distribution required a coordinated system of market centers and warehouses to produce efficiency and cheap goods.<sup>247</sup> Others claimed that government operation of savings banks, mines, and manufactories could “save the people” millions of dollars per year.<sup>248</sup>

For many cooperative reformers, the logics of economy and efficiency led to a conclusion larger than any plan for the reorganization of a given industry. In their thinking, the capitalist class itself created a massive drag on the operation of a modern industrial economy, particularly with changes in technology and the consolidation of both capital and labor into ever-larger agglomerations. Richard Elsner, Milwaukee brewery organizer and later a Socialist Party judge and state legislator, wrote that “with the formation of the trusts the capitalist class has ceased to be a useful class to society... We need capital, not the capitalists.”<sup>249</sup> Laurence Gronlund echoed this sentiment in *The Cooperative Commonwealth*: “Labor, indeed, could not get along very well without Capital,” but he remained quite sure that labor would be just fine “if some beneficent spirit should take all our capitalists... especially if they had to leave their Capital behind.”<sup>250</sup>

Generations of scholars have debated whether Gilded Age cooperative ideology, embodied most particularly in the Knights of Labor and the Populist movement, was anti-capitalist.<sup>251</sup> Before addressing this question, it is important to note that the cooperative impulse shaped the trajectories of a wide range of political actors—from Daniel DeLeon, a committed revolutionary socialist, to the 1896 Democratic running mate of William Jennings Bryan, a Maine banker named Arthur Sewell. But at its center, cooperative reform ideology sought a modern industrial economy with state administration of the means of communication, transportation, and finance. Even more importantly, cooperative reform would see an end to or radical restriction of the professional capitalist class, and the dispersal of their power and function to a mix of state and cooperative-associational institutions. At its heart, the cooperative vision was the idea that “the people”, broadly conceived, could and should wield the infrastructures of industrial modernity in their own interests. The main thrust of cooperative reform focused its ire more directly at the capitalist class rather than capitalism as a system.

The cooperative impulse contained diverse tendencies, and swept a multitude of Americans—farmers, workers, activists, and politicians—into its tide. But its central intellectual touchstones remained grounded in the newfound dangers and potentials of social, technological, and economic change of the late nineteenth century. Atop the recently formed ridgeline of a modern industrial society, cooperative reformers saw vistas of democracy, scale, and efficiency. They could not “go back to the old system,” even though many American cooperators had borne the miseries of

<sup>247</sup> “The Economy of Co-Operation,” *Journal of United Labor*, September 25, 1885.

<sup>248</sup> “Nationalistic Sentiment Not Reckoned With,” *The New Nation*, May 9, 1891, reprint from *Galveston News*.

<sup>249</sup> Richard Elsner, “Protect Your Pocketbook,” *Milwaukee Leader*, n.d., Richard Elsner Papers, Wisconsin Historical Society, Madison, WI.

<sup>250</sup> Laurence Gronlund, *The Cooperative Commonwealth in its Outlines: An Exposition of Modern Socialism* (Boston: Lee and Shepard, 1884), 30.

<sup>251</sup> Leon Fink, *Workingmen’s Democracy: The Knights of Labor and American Politics* (Urbana: University of Illinois Press, 1893), 7; Kim Voss, *The Making of American Exceptionalism: The Knights of Labor and Class Formation in the Nineteenth Century* (Ithaca: Cornell University Press, 1993), 89; Leikin, *The Practical Utopians*, 158; Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge: Belknap Press, 1998), 343; Richard Hofstadter, *The Age of Reform: From Bryan to F.D.R.* (New York: Vintage Books, 1955), 47; Postel, *The Populist Vision*, 133;



this systemic transition.<sup>252</sup> The coming of railroads, telegraphs, and trusts had radically re-shaped the landscape of American capitalism, and the sense of scale and network that they embodied had indelibly marked the political forces dedicated to shepherding American capitalism onto a more equitable path.

### Associational Politics and Capital Accumulation

In the quest for a cooperative commonwealth, aggregating the people's wealth was not just an abstract, alienated political-economic concept. Rather than acting solely as vehicles for political agitation and education, reform organizations large and small sought to become economic bodies in and of themselves. Instead of looking towards legislation and partisan politics as the salvation of labor, associational politics sought to combine working-class wealth in cooperative enterprises as a means of effecting transition to a new economy. As A.J. Bishop's 1886 proposal illustrated, political organizations like the Knights of Labor might endeavor to leverage the scale of their membership to become "a controlling partner" in the manufacture and distribution of basic goods.<sup>253</sup> Henry E. Sharpe, cooperative advocate within the Knights of Labor, opined that "there is no better way of making the Order powerful than entering into practical co-operation in a business-like manner," and stated with supreme certainty that "the co-operative department of the Order must obtain possession of property, must manage property, and must distribute property."<sup>254</sup>

The associational tendency within cooperative politics attempted to hybridize the tasks of capital accumulation and political activity from both ends of the equation: businesses would become politicized through cooperative management, and political organizations would gain strength through the operation of their own wealth-producing institutions. Instead of looking towards the state as the agent of cooperation, working people and their institutions could facilitate independent coordination of production, distribution, and consumption. The purpose of this hybridization was three-fold: the sustain the operation of those political organizations, to give working people a buffer against the volatile labor and financial markets of the era, and to begin on a smaller scale the types of cooperative industry that could scale up in the future.

This hybridization meant that cooperative political associations battled the simultaneous and countervailing crosswinds of political efficacy and economic profitability. The pressures and techniques of capital accumulation shaped the institutional formation of these reform groups, from internal bookkeeping and auditing practices, to their corporate structure, to the responsibilities of officers and their external messaging. Over the course of the Gilded Age, the vocabularies and logics of capital accumulation came to govern the daily rhythms of grassroots cooperative reform politics. Faced with the realities of the two-party system and a governing apparatus resistant to democratic change, as well as traditional republican critiques of centralized state power, associational cooperators claimed that "the solution of this labor problem" was not to be found in government agencies or legislation, but rather in "business and book-keeping."<sup>255</sup>

During the late nineteenth century, large numbers of Americans sought out cooperative institutions—fraternal life insurance,<sup>256</sup> union-based accident insurance,<sup>257</sup> cooperative grocery

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<sup>252</sup> "The Nationalist Clubs," *The New Nation*, January 7, 1893.

<sup>253</sup> Bishop, "A Proposal," Knights of Labor Records, 1882-1902.

<sup>254</sup> Henry E. Sharpe, "Co-Operation," *Journal of United Labor*, June 1884.

<sup>255</sup> A.O. Grigsby, "Address to the Chairmen of the Special Committee on Co-Operation."

<sup>256</sup> Levy, *Freaks of Fortune*, 192.

<sup>257</sup> John Fabian Witt, *The Accidental Republic: Crippled Workingmen, Destitute Widows, and the Remaking of American Law* (Cambridge: Harvard University Press), 78

stores,<sup>258</sup> agricultural produce exchanges,<sup>259</sup> and more—as a means of insulating themselves from the economic dislocations of the Gilded Age. From working-class women in Denver who started a cooperative laundry to ease the burdens of housework and piecework<sup>260</sup> to black Knights of Labor sharecroppers from Louisiana who started a cooperative grocery because provisions were “very dear at the plantation store,”<sup>261</sup> Americans turned to cooperatives a measure of security. Even those of a more radical bent who saw the limitations of small-scale cooperative enterprise understood them as “salves to ease...the barbarities of this system of competition, strife, and plunder”<sup>262</sup> These “counter-movements,” the protective response of a society attempting to maintain community in the face of relentless capital accumulation and marketization, would become a primary magnet drawing the American working classes towards cooperative institutions in the Gilded Age.<sup>263</sup>

Despite the imagination of size and network that powered the cooperative impulse, the majority of the actual cooperative enterprises that flourished in the 1880s and 1890s operated at a very small scale. Located primarily in the retail and service sectors, these businesses attracted American workers who sought a means of sustaining themselves within a volatile political economy, while doing their part to usher in a more cooperative future.<sup>264</sup> Most Americans who came into contact with cooperative business during the Gilded Age encountered cooperative retail stores, enterprises that represented a straightforward method of buying high-quality household essentials for cheaper than was possible at non-cooperative stores. Through wholesale buying, cutting out the inflated profits of middlemen, and democratically fixing the salaries of workers and the potential gains of shareholders, the working class could improve and stabilize the costs of their household consumption without engaging in any antagonistic partisan politics.<sup>265</sup>

One of the primary sites of cooperative business formation was the Knights of Labor, whose Executive and Cooperative Boards funded around a dozen co-ops over the course of the 1880s. But most of the Knights’ cooperative activity happened at the local level, with members incorporating cooperative businesses owned by Local Assemblies or simply by independent groups of Knights unionists. In 1887 alone, the Order received annual reports from over 50 member-run cooperative grocery stores spanning the North American continent.<sup>266</sup> Dozens of letters poured into the Knights of Labor’s Executive Board and *Journal* every month, seeking funding for their cooperative venture or information about how to incorporate. Small and medium-sized cooperative stores also sprang up around the Grange and the Farmers’ Alliance, as well as other smaller groups like the Sovereigns of Industry and the Knights of St. Crispin. The Alliance Wholesale Grocery House in Philadelphia promised to deliver cheap groceries to the people of the city by dealing “direct with the Farmers Alliance...and save the middleman’s exorbitant prices.”<sup>267</sup>

Cooperative businesses also served as a core element of economic relief in the case of strike or unemployment. Particularly during the heyday of the Knights of Labor in the mid-1880s, there

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<sup>258</sup> Shaw, *Cooperation in a Western City*, 56.

<sup>259</sup> Postel, *The Populist Vision*, 123.

<sup>260</sup> David Brundage, *The Making of Western Labor Radicalism: Denver’s Organized Workers, 1878-1905* (Champaign: University of Illinois Press, 1994), 65.

<sup>261</sup> “Letter from B.H.L., LA 8408, Schreiver, Louisiana,” *Journal of United Labor*, September 10, 1887.

<sup>262</sup> Charles Simmerman, “Co-Operation,” *Journal of United Labor*, January 12, 1886.

<sup>263</sup> Levy, *Freaks of Fortune*, 192.

<sup>264</sup> Leikin, *The Practical Utopians*, 158.

<sup>265</sup> Geraldine E. Hodgson, “Co-Operative Wholesale Societies,” *The Co-Operative News*, July 1, 1890.

<sup>266</sup> “Reports from Grocery Stores,” *Proceedings of the 11<sup>th</sup> Knights of Labor General Assembly, Held at Minneapolis, Minnesota* (Philadelphia: General Assembly, 1887), 1617.

<sup>267</sup> *The National Economist*, April 30, 1892.

were hundreds of incidents in which striking, laid off, or locked out workers attempted to incorporate cooperatives to sustain themselves while out of waged work. Firms like the Quaker City Co-Operative Carpet and Rug Company emerged from a large Philadelphia textile strike, and striking or locked-out workers founded similar ventures in the pottery business in East Liverpool, Ohio, coal mining in central Indiana, wagon manufacturing in Baltimore, and glassworks in Corning, New York.<sup>268</sup>

Cooperative production, the primary manufacture of raw and finished goods, never reached the prominence or territorial reach of cooperative distribution. But the Knights of Labor did support or affiliate with a number of cooperative producers, from cooperative tobacco manufacturers in Boston and North Carolina to the shirt collar and cuff manufacturers in upstate New York, from the cooperative mines in Indiana to the cooperative cotton gins in Augusta, Georgia.<sup>269</sup> The Gilded Age also witnessed the founding of several cooperative colonies, communities that aspired to self-sufficiency and commodity production. The Kaweah colony in California was a cooperative joint-stock company formed for the purpose of harvesting of timber and other agricultural products,<sup>270</sup> while the Crow Wing colony of Minneapolis Knights of Labor was also organized as a stock company oriented towards agricultural production.<sup>271</sup>

The opportunity to create security and accumulate small wealth was one of the primary attractions of working people to cooperative reform organizations during the turbulent economic days of the late nineteenth century.<sup>272</sup> But it was precisely the tempestuous nature of profit margins and capital accumulation under Gilded Age capitalism that rendered most of these institutions ultimately fragile. Paul Ehrman, a Chicago Knight of Labor, pointed out the contradictions of “small co-operative enterprises” in the Order’s newspaper: “as long as the present mode of capitalistic production prevails, financial panics and crises return in regular intervals about every ten years...and thousands of small producers are swept away entirely by each of these periodic storms.”<sup>273</sup> Very few of the associational cooperatives formed in the Gilded Age would survive the volatile economy of their age, and those that did survive tended to veer away from democratic operation and become “virtually joint-stock companies.”<sup>274</sup>

Two instances of attempts at large-scale cooperation facilitated by political organizations demonstrate both the promise and the pitfalls of linking associational politics to the practice of wealth accumulation. First is the Knights of Labor Benefit Insurance Association. The General Executive Board approved a plan for a mutual insurance association in 1882, early on in the history of the Knights—but it took a while to get the plan started. Six months after its inception, the Insurance Department had not received anywhere close to the 3,000 applicants necessary to begin

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<sup>268</sup> “Some Results of Co-Operation,” *Journal of United Labor*, July 11, 1887; Howard Williams, “Reports of District Master Workmen,” *Journal of United Labor*, July 1883; Richard Heberd Newton, *Social Studies* (New York: G.B. Putnam’s Sons, 1887, 98; Ralph Beaumont, “Report to the General Executive Board,” *Proceedings of the 11<sup>th</sup> Knights of Labor General Assembly*.

<sup>269</sup> “Cooperation,” *Journal of United Labor*, November 15, 1880; John Samuel, “Cooperation,” *Journal of United Labor*, May 1882; “Reports of District Master Workmen,” *Journal of United Labor*, July 1883; “Letter from A.H. Prager,” *Journal of United Labor*, September 10, 1886.

<sup>270</sup> Postel, *The Populist Vision*, 237.

<sup>271</sup> Shaw, *Co-operation in a Western City*, 52.

<sup>272</sup> Leikin, *The Practical Utopians*, xix.

<sup>273</sup> Paul Ehrman, “L.A. 1562 vs. Co-Operation,” *Journal of United Labor*, September 1883

<sup>274</sup> Gronlund, *The Cooperative Commonwealth*, 65. The exception to cooperative failure can be found in several cooperative or mutual financial institutions, and this will be addressed in the chapter on savings banks.

the Department's operation.<sup>275</sup> The Insurance Secretary implored the *Journal's* readers, "It will not cost the member as much for one thousand dollars insurance, as it would in the A.O.U.W.," and reminded members that the Knights required no medical examination to qualify. By 1884, the Benefit Insurance Association was booming, with members finally seeing its operation "no longer as an experiment, but as an assured success."<sup>276</sup> Each month, the *Journal of United Labor* featured a report from the Insurance Secretary on the financial and organizational health of his department, as well as occasional anecdotes about the widows, orphans, and permanently disabled workers that had been helped by the Association.

But at the time of the Knights' membership peak in mid-1886, a rush of unexpected policyholder deaths meant that the Association had to levy an assessment on all its other members. They were also forced to notify all members who were delinquent on their dues that they might be permanently kicked off the plan if they couldn't pay immediately.<sup>277</sup> Details are somewhat murky, but the Insurance Department reported a crisis in 1887, "the result of attempting to run the insurance feature of the order on a 'sentimental' basis."<sup>278</sup> Membership decline in the Knights had exacerbated existing issues with the Insurance Association: the lack of proper oversight for medical examinations, and the lack of price discrimination based on age had left the Association's books in a shambolic state. Despite the reorganization of the department in 1887, the Insurance Association never regained anything like the membership it commanded at its peak, and by 1901 it contained fewer than 300 members.<sup>279</sup> Like the majority of other labor and fraternal insurance ventures of its era, the Benefit Insurance Association failed because of a combination of low confidence, bad administration, and the economic fluctuations that produced waves of unemployment and rapid spikes in the number of delinquent dues-payers and benefits claimants.<sup>280</sup>

Another prominent failure in large-scale cooperative organization was the case of the National Union Company. This company, conceived of in the late 1880s by Charles Macune and other Farmers' Alliance leaders, was purported to serve as a sort of total general store for farm life. The NUC would coordinate the distribution of dry goods, home goods, and farm supplies through a network of thousands of rural cooperative stores. In addition, the \$20,000,000 in capital stock would serve as the basis for a cooperative farm loan bank.<sup>281</sup> In the face of some internal dissent within the Alliance, the NUC secured its stature and scale through a partnership with the National Cordage Company, a massive monopoly controlling the marketing of twine and agricultural bagging.<sup>282</sup> However, the partnership would be a short-lived one, with National Cordage going into receivership during the financial panic of 1893, sending the National Union Company into a tailspin from which it would never recover. The dynamics of financialization and corporate scale that the Alliance attempted to harness for its own benefit came to destroy reformers' hopes of creating a sustainable hybrid of the mass political organization and the large-scale cooperative business.

Cooperative institutions also faced social fault lines of race, gender, geography, and class in their attempts to organize the people into a united political-economic unit. While the Knights of

<sup>275</sup> "The Revised Constitution," *Journal of United Labor*, June 1882.

<sup>276</sup> H.L. McGaw, "Report of the Insurance Secretary," *Journal of United Labor*, June 1884.

<sup>277</sup> "Please Read to Your Local," *Journal of United Labor*, May 1886.

<sup>278</sup> Frederick Turner, "Benefit Insurance Association" (Philadelphia: March 15, 1887), Knights of Labor Records, 1882-1902, Wisconsin Historical Society, Madison, Wisconsin.

<sup>279</sup> "Reports of the Industrial Commission on Labor Organizations, Labor Disputes, and Arbitration, and Railway Labor, Volume XVII," (Washington: Government Printing Office, 1901), 23.

<sup>280</sup> Levy, *Freaks of Fortune*, 217.

<sup>281</sup> "Big Co-Operative Scheme," *The New York Times*, October 24, 1891.

<sup>282</sup> Postel, *The Populist Vision*, 128.

Labor organized some multi-racial locals, most of the cooperative enterprises started by black members occurred in black-only locals, like the co-operative cotton gin of one Little Rock local, or the cooperative grocery stores of Mobile and Calera, Alabama, as well as the one in Schriever, Louisiana.<sup>283</sup> Requests for funding from these local organizations to the central Knights of Labor board generally went unfulfilled. African-American communities across the South and in the urban North participated on a large scale in cooperative benefit associations and even some cooperative firms, but most of these remained independent of large, white-dominated political organizations like the Knights of Labor and the People's Party.<sup>284</sup> Even the Colored Alliance, the segregated affiliate of the Farmers' Alliance, was subordinated in the national cooperative movement.<sup>285</sup>

While Knights of Labor assemblies were not formally segregated by gender, most of the powerful women within that movement formed their own locals and cooperatives. Several Knights-affiliated women's garment cooperatives operated in New York, Chicago, and Indianapolis, and received some organizational support from the Co-Operative Board.<sup>286</sup> Hope Assembly, an all-female Knights local in Denver, was a powerful and militant group that helped found the Women's Co-Operative Exchange and the Working Women's Employment Bureau in the city. Albina Washburn, a founding member, wrote an article in the local labor paper proclaiming that women had built a level of knowledge and experience such that "nearly all their wants can be supplied among themselves, and but a place and medium or agent of exchange are needed to bring to light the hidden economic resources which now lay idle and dormant."<sup>287</sup>

While the institutions of cooperative reform in and around the Knights of Labor and Populist movement formally called for women's suffrage, and some agitated for the economic empowerment of black Americans, participation in these institutions were skewed towards working- and middle-class white men. Some corners of the movement, in particular those that coalesced around Edward Bellamy, were explicit in their commitment to gender equality in political, economic, and household realms.<sup>288</sup> But the dynamics of the cooperative commonwealth in many respects reflected the patriarchal and white-supremacist structures of Gilded Age American society. Inequalities of wealth and power within the working and middle classes, and the inability of cooperative institutions to address those inequalities more explicitly, hindered the potential of associational politics to unite popular resources under its banner.

The hybridization of political institutions and capital accumulation offered a tangible, though uneven, measure of material sustenance to the working class. But cooperative associations did not just exist to produce small-scale wealth security; they had a fundamental political mission. Political organizations, particularly those that arise under capitalism, are resource-accumulating institutions. Their ability to gather and project wealth across the social and political landscape were crucial to their power and relevance, and the simultaneous emergence of mass financial practice and mass political movements during the Gilded Age would shape the way that reformers saw their organizations. C.E. Grapwine, a Knights of Labor member from Colorado, referred to Knights-affiliated cooperatives as "that great financial seal which will cement our individual and common

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<sup>283</sup> *Journal of United Labor*, September 25, 1886; *Journal of United Labor*, July 2, 1887; *Journal of United Labor*, September 10, 1887.

<sup>284</sup> The role of cooperatives and capital-accumulating institutions in black political life will be explored more fully in another chapter, "Black Capital and the Politics of Freedom."

<sup>285</sup> Postel, *The Populist Vision*, 185.

<sup>286</sup> "Sewing Women's Co-Operative Society," *Journal of United Labor*, December 10, 1887.

<sup>287</sup> Albina Washburn, "Our Own," *Labor Enquirer*, January 30, 1886.

<sup>288</sup> "Talks on Nationalism," *The New Nation*, April 18, 1891.

concern into a fraternal protection that only financial interest can give.”<sup>289</sup> The *National Economist*, official organ of the Farmers’ Alliance, printed an advertisement for the “Alliance Aid Association,” giving “Reasons why we should do our own insuring.”<sup>290</sup> Among the prominent text is the rationale that Alliance insurance “will have a strong influence in building up, solidifying, and perpetuating our organization.”

Sidney and Beatrice Webb, the British reformers and social scientists, agreed that trade union insurance helped labor groups attract and retain members, but they found most union insurance in “total lack of actuarial basis.”<sup>291</sup> Writing from the early twentieth century, the Webbs had the advantage of hindsight—despite their popularity, most British and American labor and fraternal insurance companies would fail either during the depression of the 1870s or the depression of the 1890s.<sup>292</sup> Economist Richard T. Ely echoed the Webb’s assessment, seeing labor unions as “less suitable insurance societies,” and calling for a massive, non-union based cooperative insurance society “which can transact business on a larger scale and thus at smaller cost.”<sup>293</sup> But Ely’s sense of positivity towards insurance and other financially-oriented cooperation was accompanied by a general pessimism towards the state of cooperative production and distribution in the late nineteenth century. “Outside the regions of monopoly,” he claimed, “profits are not large, either in production or distribution,” and small-scale cooperatives would continue to result in “disastrous termination.”<sup>294</sup>

Gilded Age reform groups, most importantly the Knights of Labor and the Farmers’ Alliance, drew much of their social relevance from their dual missions as political organizations and institutions of wealth accumulation. Working Americans experiencing the economic upheavals of the 1870s through the 1890s endeavored to find organizations that could provide a sense of security and material sustenance, and the possibilities of cooperation and wealth attracted those people to hybridized political-economic institutions. But while the accumulation of capital undergirded both the popularity and strength of organizations like the Knights of Labor, it also left them vulnerable to the same crises of profitability and income instability that wreaked havoc on both the working class and small business firms in the Gilded Age.

### Monopoly and the Question of the State

In 1889, the Farmers’ and Laborers’ Union of America met the National Farmers’ Alliance and Industrial Union at a St. Louis convention that would lay the groundwork for the formation of the People’s Party. The Committee on Demands reported back with the joint platform, formed in common with the Knights of Labor, that included the abolition of national banks and the introduction of legal tender treasury notes, as well as abolition for futures trading in agricultural produce. But these were not the most ambitious principles on the list. The 1889 convention demanded that “the means of communication and transportation shall be owned and operated in the

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<sup>289</sup> “Letter from C.E. Grapewine,” *Journal of United Labor*, March 1887.

<sup>290</sup> “Alliance Aid Association,” *The National Economist Almanac* (Washington: The National Economist Print: 1890).

<sup>291</sup> “Beatrice and Sidney Webb,” *Industrial Democracy* (London: Longmans, Green, and Co., 1902), 166.

<sup>292</sup> “Report of the Industrial Commission on Labor Organizations, Labor Disputes, and Arbitration, and on Railway Labor” (Washington: Government Printing Office, 1901), 24.

<sup>293</sup> Ely, *The Labor Movement in America*, 145.

<sup>294</sup> *Ibid*, 205; 137.

interest of the People, as in the United States Postal System.”<sup>295</sup> Populists and other cooperative reformers understood how central the circulatory industries of communication and transportation were to the rise of Gilded Age industrial capitalism. Furthermore, they recognized how the advanced consolidation of those industries and their increasing salience to everyday American life made them primary sites for state intervention and ownership.

In pursuit of the cooperative commonwealth, Gilded Age reformers offered the most expansive vision for the state put forward by a major American political movement in the nineteenth century. The rise of monopoly in networked industrial concerns augured a new politics of state ownership. As Edward Bellamy put it in his newspaper, *The New Nation*, “there is one natural enemy of private monopoly, and that is public ownership, which is not only good politics, but particularly good political economy.” State control of what would, later in the twentieth century, come to be called the “commanding heights” of the economy held the radical potential to reshape American capitalism, from railroads and telegraphs to banking and insurance, staple agriculture to coal mining.

We have seen the ways in which many reformers, in this quest for collective management of an industrial economy, turned towards private cooperative associations. And much of the historical scholarship on cooperative and anti-monopoly movements has emphasized the associational tendency. But the large organizations that anchored the cooperative impulse all pushed for greater federal authority over economic life, particularly those sectors in which large monopolies had gained decisive control. Though much of the shape and rhetoric of cooperative politics sprang from the republicanism of earlier decades, it was their vision for the state that most differentiated Gilded Age farmers and workers from their predecessors.<sup>296</sup> The closing decades of the nineteenth century were an era of systemic change in American capitalism, and featured intense struggles to re-define the contours of the American state.<sup>297</sup> The cooperative impulse played a major role in this redefinition of the size and scope of government power.

The primary wedge between cooperative labor reform and the late nineteenth-century American state was not a rhetorical or ideological commitment to anti-statism on the part of the reformers. Rather, the labor movement’s hesitancy about state power arose from the massive state repression of Gilded Age organized labor by means of legislation, judicial injunction, and armed military force.<sup>298</sup> It was, in fact, the relative lack of direct repression of organized farmers that drew many from the labor movement into the Populist coalition.<sup>299</sup> But despite the state’s hostility, the Knights of Labor and similar groups came to treat the state as “neither ultimate antagonist nor source of salvation,” but rather as a set of tools and mediating institutions that might be effectively wielded in the struggle against wage labor and competitive capitalism.<sup>300</sup> And so labor groups joined farmer populists and other cooperative reformers to endorse postal banking, federal ownership of the telegraphs and railroads, and eventually the crown jewel of Farmers’ Alliance and People’s Party, the sub-treasury system.

The sub-treasury plan was first proposed by an Alliance leader, the Texan Charles Macune, after the 1889 failure of the Texas Farmers’ Alliance Exchange. Macune’s Texas Exchange was a cooperative cotton firm and source of inexpensive farm loans, and its failure was a major blow to his

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<sup>295</sup> “Report of Committee on Demands,” *The National Economist Almanac*, 87.

<sup>296</sup> Voss, *The Making of American Exceptionalism*, 81.

<sup>297</sup> Martin J. Sklar, *The Corporate Reconstruction of American Capitalism: 1890-1916* (Cambridge: Cambridge University Press, 1988), 3.

<sup>298</sup> Christopher Tomlins, *The State and the Unions: Labor Relations, Law, and the Organized Labor Movement in America, 1880-1960* (Cambridge: Cambridge University Press, 1985), 7.

<sup>299</sup> Postel, *The Populist Vision*, 20.

<sup>300</sup> Fink, *Workingmen’s Democracy*, 34.

political program. But instead of just forming another Alliance association, he sought to fashion the state itself into a massive cooperative exchange.<sup>301</sup> This proposal for a sub-treasury system, as it came to be known, was one of the leading planks in the People's Party's electoral campaigns of the 1890s. The plan contained two primary elements. First, it would establish thousands of government warehouses across the country that would charge farmers standardized rates for the storage and marketing of non-perishable agricultural goods. Second, farmers who used the warehouse could obtain loans from the government, with the warehoused produce as collateral and the interest rate pegged at 2%. While the Texas Exchange and similar experiments had failed because of inability to scale up and lack of capital, the United States Treasury would face no such difficulties.

I.E. Dean, an Alliance member from upstate New York, was an enthusiastic booster of the the sub-treasury plan because it would "enable the producers of a whole state to sell their products through a single agency...the farmers must meet organization with organization if they would succeed."<sup>302</sup> The plan, though never enacted, would have revolutionized commodity agricultural markets as well as the farm credit system. Instead of government reform of credit and grain transport through regulation of existing firms, the sub-treasury system would have meant that the state took on a new role as the largest market player, a "people's monopoly." Observers from the twenty-first century might think of this as the economics of a "public option," where the state uses its power and scale to act as the largest firm in a market, thus setting a floor under price and quality, while guaranteeing public access to those markets.

Populists agitated for direct government provision of farm loans, but another financial reform, that of postal savings banks, gained an even greater degree of support from across the political spectrum. Postal savings would mean basic depository services for all Americans, without the fear of bank runs and fraud that stalked the small bank depositors of the Gilded Age. They also came with the added benefit of putting large sums of the people's wealth at the disposal of the government rather than the banks.<sup>303</sup> American plans for a postal savings system met with ferocious opposition from the banks and their associations, and it wasn't until 1911 that Congress managed to establish postal savings, despite its broad popularity in most European countries. Advocates of postal banking emphasized the responsibility of the state to provide "safe deposit" in the interests of its population.<sup>304</sup> As one Austrian official put it, postal savings banks were "designed to be the financial trustee of the wage-workers."<sup>305</sup> Both the sub-treasury system and the postal savings plans featured the state as a major market actor, shaping markets through its sheer scale and wealth. But neither of these plans called for state takeover of previously existing firms; that was saved for monopolies in communication and transportation.

Government ownership of the railroads was perhaps the most prominent and enduring demand that emerged from the state-oriented cooperative movement. As the earliest and most massive corporate monopolies in the United States, railroads had been the subject of reform energy for decades before the rise of the People's Party.<sup>306</sup> Their government-issued charters, land grants, and legislative loan guarantees had produced a tightly woven relationship, both in reality and

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<sup>301</sup> Charles Postel, *The Populist Vision*, 153

<sup>302</sup> I.E. Dean, "Alliance Principles Straight," *The National Economist*, April 4, 1891.

<sup>303</sup> Laurence Gronlund, *The New Economy: A Peaceable Solution of the Social Problem* (Chicago: Herbert S. Stone and Company, 1898), 244.

<sup>304</sup> "Second Declaration of American Independence," *The National Economist*, April 30, 1892

<sup>305</sup> "Postal Banks in Full Operation," *The New Nation*, July 4, 1891.

<sup>306</sup> William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: W.W. Norton and Company, 1991), 138.



perception, between railroad corporations and legislatures at the state and federal level.<sup>307</sup> Jeremiah S. Black, formerly a Pennsylvania Supreme Court Justice and United States Attorney General, wrote a letter in 1880 to the New York Chamber of Commerce, urging them to support railroad reform. His most potent argument was that railroad owners made the “cardinal error” of believing that “railways are the property of the companies authorized to run them.”<sup>308</sup> The government granted a charter, and could “delegate the taking and taxing powers to a corporation or a natural person...but in either or any case the road belongs to the State.”

In their Declaration of Principles, adopted in 1878, the Knights of Labor called explicitly for the state to “obtain possession, under the right of eminent domain, of all telegraphs and railroads.”<sup>309</sup> A minority within the Populist coalition took a more conservative stance towards the railroads, calling for “rigid, honest, and just... supervision of the means of public communication and transportation.”<sup>310</sup> Railroad reform was a major topic of contention in the final two decades of the nineteenth century, and it was an issue in which the state-oriented tendency commanded a great deal of influence. While the source records show occasional off-hand remarks about private cooperative railroads, the political discussion within the cooperative movements was focused almost entirely on the nature and degree of state regulation. As the major market factor of the commodity agriculture, steel, and coal industries, not to mention a major employer of industrial workers, railroads were the arteries of the Gilded Age economy.

The telegraph was another monopoly that the Populists thought vulnerable to the intervention of the federal government. With the consolidation of the telegraph industry by Western Union, the public was “wholly at the mercy of the monopoly in the matter of rates.”<sup>311</sup> As with the railroads, the scale and political influence of the telegraph industry forced cooperative reformers to look to the state. From the beginning, both the Knights of Labor and the Populists called unreservedly for the nationalization of the telegraph. The political precedent for this government ownership originated, like so much of the state-oriented logic of the cooperative impulse, from the operation of the Post Office.<sup>312</sup> Populists and others argued that the government had not only the constitutional precedent but the active responsibility to facilitate the circulation of information—just like the circulation of produce, freight, and farm credit—in the interests of the people.

Behind the state-oriented impulse in cooperative movements lay the concept of monopoly, and the newly-minted infrastructures of transportation, communication, and finance that oiled the wheels of consolidation. Although political economist Richard T. Ely would not go on to more formally define the modern concept of “natural monopoly” until 1894, this idea played a central role in the cooperative imagination throughout the Gilded Age.<sup>313</sup> Major industries whose networks and infrastructures “concern the people of several states or all the states,” and whose services were central to the “common affairs of our daily social industrial life” were ripe for monopolistic

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<sup>307</sup> Richard White, *Railroaded: Transcontinentals and the Making of Modern America* (New York: W.W. Norton and Company, 2011), 22.

<sup>308</sup> Jeremiah S. Black, “Letter to the Committee on Railroad Transportation of the New York Chamber of Commerce,” York, PA, 1880, in John W. McArthur, *New Developments*, 100.

<sup>309</sup> *Official Hand-Book for the Information of Organizations of the Knights of Labor* (Washington: Knights of Labor Print, 1898).

<sup>310</sup> J. William Stokes, “From the People,” *The National Economist*, April 1, 1891.

<sup>311</sup> Charles Whiting Baker, *Monopolies and the People* (New York: The Knickerbocker Press, 1890), 57

<sup>312</sup> “The President’s Message,” *The National Economist*, December 6, 1890.

<sup>313</sup> Richard T. Ely, “Natural Monopolies and the Working Man,” *The North American Review*, March 1894.

consolidation.<sup>314</sup> But as Lita Barney Say, member of the Sociologic Society would claim, that same indispensability to daily life would make it “almost impossible for the government not to interfere.” In the eyes of Gilded Age Americans, consolidation of large monopolies was only leading to one destination: more consolidation, and more centrality to the everyday existence of the American people.

This acute sense of directionality, the inevitable march of further centralization and monopolization, was one of the cornerstones of cooperative thought. One farmer and Alliance member, John W. McArthur, understood his fellow farmer’s hesitation about vesting more power in the hands of the central state. But when he examined the world of Gilded Age political economy, he came to the conclusion that “we have centralization of power already, and if this is dangerous, it can not be as much so in the hands of a government of the people and by the people, as in the clutches of a government of a by the railroads.”<sup>315</sup> The cooperative turn towards the state developed from this sense of scale and consolidation. The process of combination had already started, and the state was perhaps the only institution with the power and magnitude necessary to facilitate development in the interests of the people.

Edward Bellamy took this analysis to another level, responding to fears of government centralization by stating that “our economic system now presents the aspect of a centralized governments, or group of governments, administered by great capitalists and combination of capitalists.”<sup>316</sup> This mode of understanding represented monopolies as sort of private governments, complete with a charter and the ability to “tax” people through rent-seeking. Journalist and reformer Henry Demarest Lloyd declared in his famous *Atlantic* article about Standard Oil that “no other system of taxation has borne as heavily on the people” as the high rates charged by the railroads and the Standard Oil monopoly.<sup>317</sup>

Rhetorical conflation of monopolies with governments and monopoly rents with taxes was an effective tactic that played on republican critiques of unaccountable power and also legitimized the potential of state intervention. But it also illuminated a more fundamental element of Gilded Age reform ideology: the conviction that the state had both the authority and responsibility to operate the circulatory mechanisms of an industrial society in the public interest. The Post Office—and to a lesser extent, the system of public roads—were the model of effective, large-scale administration of such public circulation. Furthermore, monopolies had risen most perniciously in industries that relied precisely on controlling the legal and physical infrastructures of circulation. This convergence of Post Office precedent with the corporate monopolization of transportation and communication was at the heart of the state-oriented tendency within cooperative politics.

The image of the state conjured through the words and actions of cooperative reformers in the Gilded Age represented a massive expansion of government authority. However, despite the presence of socialist elements within the Populist coalition and the Knights of Labor, the center of gravity within cooperative thought did not call for state ownership of the entire means of production. The 1889 platform explicitly called for state ownership of “the means of communication and transportation,” with the “means of production” conspicuously absent.<sup>318</sup> The sites of direct production and retail—farms, factories, workshops, grocery stores—would be the domain of private individuals and the cooperative associations that they formed. While the same principles of scale, network, and efficiency could be applied to cooperative production and retail,

<sup>314</sup> Lita Barney Sayles, “Appeal for Government Control,” *The Co-Operative News*, July 15, 1890.

<sup>315</sup> McArthur, *New Developments*, 109.

<sup>316</sup> Bellamy, “Program of the Nationalists,” *Forum*, n.d. (between 1892 and 1896).

<sup>317</sup> Henry Demarest Lloyd, “Story of a Great Monopoly,” *The Atlantic Monthly*, March 1881.

<sup>318</sup> “Report of Committee on Demands,” *The National Economist Almanac*, 87.

those industries' lack of major physical infrastructure, and the fact that single firms in those industries rarely touched the daily lives of Americans rendered them unsuited to massive state intervention.

### Conclusion

When Uriah Stevens founded the Knights of Labor as a secret society of Philadelphia tailors in 1869, the United States Army was still engaged in a military occupation of the former Confederacy, the first transcontinental railroad had not yet commenced full operation, and vast swathes of North American territory were still controlled by native nations. By the time the Populist movement began to fade around the turn of the twentieth century, the United States was emerging as a first-tier world power. The industrialization of the Northeast and the Great Lakes was in full force, immigration from southern and western Europe fueled rapid and massive urbanization, and federal guns were no longer trained on the former slaveholders of the American South but rather on striking workers as well as rebellious Cubans, Hawaiians, and Filipinos. American cooperative reformers living in the late nineteenth century witnessed perhaps the most volatile three decades of capital accumulation in American history. The scale of industrial society, powered by mass communications and transportation infrastructure, had forever marked the course of American capitalism, but it also fundamentally shaped the contours of American reform politics. And as the Gilded Age wore on, cooperative agitators became ever more confident in their ability to harness the dynamics of modern industrialization for the popular good, both through the state and through independent organization.

The principles of circulation, scale, and efficiency informed the cooperative impulse from the beginning. The mutually entangled emergence of mass politics and the mass circulatory mechanisms of finance, communications, and transportation produced a reform imagination oriented towards the large and the modern. Charles Postel has compellingly argued for the modernity of the Populist coalition, and this chapter asserts that these dynamics were the motivating force behind the broad cooperative impulse, shaping every corner of Gilded Age American reform politics. But cooperative movements like the Knights of Labor and the Populists had a complex and ambivalent relationship with the infrastructures and assumptions of industrial modernity. They railed against the excesses of the capitalist class, and argued that the evolution of technology and the organization of the popular classes meant that private capitalists had ceased to serve a useful function. But, aside from a few theorists like Laurence Gronlund, they had only a nebulous sense of the new tensions and contradictions that their cooperative commonwealth would produce.

Historian Martin Sklar has argued that that Populist and progressive critiques of late nineteenth-century capitalism—and particularly the ways in which those critiques emphasized the efficiencies of cooperation, coordination, and scale—were the crucible in which the corporate liberalism and “administered markets” of the early twentieth century was formed.<sup>319</sup> The image of the state dreamed of by cooperative reformers never came to pass, but the immediate legacy of their agitation could be found in the Interstate Commerce Commission, the Sherman Antitrust Act, the Federal Reserve and a variety of other mechanisms by which the federal state managed large firms and markets in the early decades of the twentieth century. In the decades following the fall of cooperative movements, the federal government came to embrace elements of the Populist platform, but the expanded state would shy away from direct government ownership of transportation and communication infrastructures. The cooperative indictment of wastefulness and destruction embodied by the competitive-proprietary era capitalism spurred the American state to attempt coordination from above.

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<sup>319</sup> Sklar, *The Corporate Reconstruction of American Capitalism*,

The associational tendency of cooperative politics also maintained a presence in American life after the fall of the Knights and the Populists. Cooperative firms and associations continued their march into the twentieth century, maintaining a foothold in small retail industries like groceries, and even more so in the savings and insurance industries. But they faced the same fundamental obstacle encountered by their nineteenth-century counterparts. Small business firms were and still are among the most vulnerable institutions under capitalism, forming and dissolving in the buffeting winds of migration patterns, prices, wages, and credit markets. And the lack of large-scale political organizations to fuel and connect cooperative institutions in the early twentieth century would relegate them to relative political powerlessness. Substantial cooperative organizations outside of the established monopolies in the fruit and dairy industries would remain elusive until the rural utilities cooperatives established by the New Deal.

Because of its foundations in the economic metamorphoses of the late nineteenth century, the politics of cooperative reform was linked both ideologically and organizationally to the accumulation of popular wealth. These linkages were at the root of the popularity of organizations like the Knights of Labor and the Farmers' Alliance, who promised to harness the centralizing tendencies of the age for the benefit of their members and of working people more generally. But the very fluctuations of price, profit, and wage that produced a desire for greater popular control of economic life came to undermine the stability of those reform organizations. There are many contributing reasons for the respective declines of the Knights of Labor and the People's Party—the Haymarket riots, the Democratic Party's commitment to white supremacy, soldiers breaking strikes, the two-party system, and the federal structure of the American state. These all constitute important elements in a narrative of the rise and fall of political fortunes. But at the heart of Gilded Age reform politics was the fact that these movements depended on the aggregated wealth of working and middle-class Americans, a resource in deep flux during this era.

Cooperative commonwealths of various sizes and shapes anchored the imagination of Gilded Age reformers. While elements of utopianism informed those imaginations, the cooperative politics forged during the final decades of the nineteenth century were firmly rooted in the social, economic, and technological changes of its age. The physical, managerial, and financial consolidation of large and vital industries like railroads, telegraphs, and banks produced social conflict, but they also provided an opportunity. On the one hand, large and centralized industries key to the American economy could be more easily taken over or regulated by a strong federal state. And on the other hand, working-class Americans could take advantage of expanded incorporation laws to create independent associations, combine their scattered wealth, and use the dynamics of markets and monopolies to drive out wasteful and destructive competition over the price of everyday goods and labor.

The world of the late nineteenth century appeared to its denizens as a watershed, the crystallization of a new social order from the splintered fragments of the old. As the proprietary capitalism of the nineteenth century had begun to give way to the corporate capitalism of the twentieth, the dynamics of centralization and interconnection opened up new possibilities. Cooperative reformers believed that the infrastructures of modern industrial capitalism—railroads, telegraphs, insurance companies—were not predestined to oppress working people. If American farmers and workers could “keep thoroughly organized,” then they might operate the incredible machinery of the Gilded Age in their own interests. The rise of consolidated monopolies held great social danger, but reformers in the Knights of Labor, the Farmers Alliance, and other cooperative groups of their age believed that “there is only one successful way to fight them, and that is to fight them with a trust.”<sup>320</sup>

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<sup>320</sup> “The Reform Press,” *The National Economist*, April 11, 1891.

### Chapter 3: Black Capital and the Politics of Freedom

*'Tis little by little an ant gets her store  
 Every little we add to a little makes more  
 Step by step we walk miles, and we sew stitch by stitch  
 Word by word we read books, cent by cent we grow rich*

Front cover of a Freedman's Savings and Trust Company deposit book (1868)<sup>321</sup>

Writing from turn-of-the-century Atlanta, W.E.B. DuBois found himself entangled in the promises, failures, and contradictions of black capital in the age of emancipation. In *Souls of Black Folk*, he mourned the financial collapse of the Freedman's Savings and Trust Company: "all the hard-earned dollars of the freedmen disappeared; but that was the least of their loss—all their faith in savings went too."<sup>322</sup> And yet only four years later, DuBois opined that "every effort ought to be made to foster and emphasize present tendencies among Negroes towards co-operative effort and the ideal of wide ownership of small capital and small accumulations."<sup>323</sup> Emancipation heralded the official entry of black Americans into the institutions of free labor, consumerism, and savings. And black engagement with the formal financial system, as the subjects rather than objects of financial transactions, shaped the practices of racial wealth pooling and capital aggregation which came to constitute a major strand of black politics in the half-century following the Civil War. As participation in formal financial institutions expanded beyond the realm of white elites, black politics—the ideas and practices that orbited around organized and self-conscious projects of black racial advancement—became simultaneously empowered and delimited by the flows of finance capital.

Hemmed in by states, firms, and vigilantes dedicated to maintaining white supremacy, black Americans navigated the complex world of late nineteenth- and early twentieth-century capitalism, increasingly marked by relationships between politics and mass financial practices. While scholars have rightly placed emphasis on the primacy of land ownership as a post-emancipation demand,<sup>324</sup> a whole host of financial-political institutions populated the landscape of black politics in the late nineteenth and early twentieth century: fraternal and mutual associations, building and loan societies, churches and auxiliaries, cooperative businesses, and colonization societies. This chapter will argue that black politics in the decades between emancipation and the Great Migration were deeply influenced by ideas about finance and collective wealth pooling, and that black Americans' "faith in savings"—partial and strategic as it may have been—structured an important segment of black political practice.

Black wealth intersected with everyday politics in the Gilded Age along two major axes: the sustaining of political and civic institutions, and the production of imaginative frameworks for political empowerment. On the one hand, black institutions attempted to fuse the logic of wealth accumulation with the logics of racial progress. Grassroots black political organizations began to utilize the corporate form, accounting practices, and savings banks, relying on flows of wealth to

<sup>321</sup> Walter Fleming, ed., "Freedman's Bank books," *Freedman's Bureau Documents*, 1904

<sup>322</sup> W.E.B. Du Bois, *The Souls of Black Folk* (1903; repr., Boston: Bedford St. Martins, 1997), 59.

<sup>323</sup> W.E.B. Du Bois, ed., *Economic Co-Operation Among Negro Americans* (Atlanta University Press, 1907), 4.

<sup>324</sup> Steven Hahn, *A Nation Under Our Feet: Black Political Struggles in the Rural South from Slavery to the Great Migration* (Cambridge: Harvard University Press, 2003).

maintain their operations. Black businesses became simultaneously profit-oriented enterprises and “race institutions,” whose proprietors were “enriching the race in the process of enriching themselves.”<sup>325</sup> And on the other hand, the financial alchemy of popular savings institutions—aggregating disparate contributions into large flows—spilled over into the political imaginations of its users, influencing the ways that black Americans conceived of their collective political power.

The story of black political ideology in the late nineteenth century is often rendered as a simple dichotomy between Booker T. Washington and W.E.B. Du Bois, and thus between accommodation and protest, economic advancement and civil rights, industrial education and the liberal arts. But this dichotomy ignores the other widespread and more working-class currents of late nineteenth-century black politics, notably the black cooperative movement flourishing in and around the Knights of Labor and the Farmers’ Alliance, as well as the emigration movement.<sup>326</sup> A renewed focus on the politics of black capital allows us to see the connection between all of these strands of black political practice, namely their consensus that black communities should institutionalize and aggregate their collective wealth as a primary means of gaining political power. The primary differences, then, between these political tendencies were located in the type of accumulative institution that each advocated, and the end goals.

The increasing importance of capital aggregation as a political strategy was linked to a broader shift in American political movements towards the ideologies and institutions of mass finance. The associational tendencies of groups like the Knights of Labor, farmer populists, cooperative reformers, and immigrant benefit societies also arose from the confluence of Gilded Age socio-economic volatility with the expansion of financial practices to the broader population. But the *politics of black capital* reflected distinct patterns and traditions of black American life, both during and after the era of enslavement. Free black Northerners during the antebellum era used fraternal societies, burial societies, churches, and rolling credit associations, whose legacies would influence post-emancipation politics. But the social bases of these organizations were small, skewed towards the middle class and artisans, and were based in the urban North.<sup>327</sup> The politics of black capital accumulation in the age of emancipation were decidedly more rural or small-town, more Southern, and engaged a more mass working-class base.

Historian Dylan Penningroth has written compellingly about the ways in which enslaved black Americans navigated and negotiated systems of both individual and community property ownership.<sup>328</sup> And while these practices most likely shaped black property ownership practices after emancipation, there remains several crucial discontinuities. Firstly, post-emancipation black property became official in the eyes of the state, banks, newspapers, charities, and business firms. It could

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<sup>325</sup> Walter B. Weare, *Black Business in the New South: A Social History of the North Carolina Mutual Life Insurance Company* (Durham: Duke University Press, 1993), 28.

<sup>326</sup> Omar H. Ali, *In the Lion’s Mouth: Black Populism in the New South, 1886-1900* (Jackson: University Press of Mississippi, 2010); Charles Postel, *The Populist Vision* (Oxford University Press, 2007); Edwin S. Redkey, *Black Exodus: Black Nationalist and Back-to-Africa Movements, 1890-1910* (New Haven: Yale University Press, 1969); August Meier, *Negro Thought in America, 1880-1915: Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: University of Michigan Press, 1963); Tunde Adeleke, *UnAfrican Americans: Nineteenth-Century Black Nationalists and the Civilizing Mission* (Lexington: University of Kentucky Press, 1998).

<sup>327</sup> Barbara P. Josiah, “Providing for the Future: The World of African American Depositors in Washington, D.C.’s Freedmen’s Savings Bank, 1865-1874,” *Journal of African American History* 89 (2004), 9.

<sup>328</sup> Dylan Penningroth, *The Claims of Kinfolk: African American Property and Community in the Nineteenth-Century South* (Chapel Hill: University of North Carolina Press, 2003), 47.

circulate through mediatory financial institutions, and that mobility contained the potential for greater community aggregation. Secondly, enslaved black Americans had saved money and resources, practiced politics, and engaged in consumer activity, but emancipation brought these semi-submerged practices to the surface and enabled more explicit calculation of *the race's* value as consumers, accumulators, and political actors. Sarah Wilson explained that “in the wake of Emancipation, representatives of the state struggled to understand the newly freed slaves through lenses other than anecdotes...even Frederick Douglass turned from heroic individualism towards statistical logic in his argument for equal opportunity.”<sup>329</sup> As newspapers published statistics of black property ownership, governments levied new taxes, and national-scale black political organizations discussed the potential of a “black economy,” the legibility of black capital in the late nineteenth century fundamentally shaped the ways in which black Americans conceived of their own empowerment.

The years between Reconstruction and the Great Migration also featured the rise of a Jim Crow legal regime, which placed distinct pressures on black political and economic institutions within the United States. And the rise of sharecropping, political repression, and formal segregation in these decades coincided with the broader social and economic dynamics of the Gilded Age, in which industrial-financial capitalism came to the fore and the processes of class conflict and capital accumulation dominated daily life like never before. Perversely, the small black businesses and societies that flourished during this period benefited in some ways from this confluence of segregation and financialized capitalism, which helped create “the base for a separate black economy.”<sup>330</sup> As historian Leslie Brown has noted, the nadir of the Jim Crow era “was also the zenith of...black business.”<sup>331</sup>

In the decades following emancipation, practices of black wealth aggregation became deeply entwined with developing ideologies of racial solidarity. As Harris Barrett, the bookkeeper for the Hampton Institute, proclaimed at the 1899 Hampton Negro Conference, “Colored people must buy wood, they must buy coal, they must buy feed stuffs, and they must pay for them. So why not sell these things to them ourselves and receive the benefits of the profits which now go to other people?”<sup>332</sup> Through explorations of the Freedman’s Savings and Trust Company, black businesses in the age of Jim Crow, and the grassroots emigration movements of the late nineteenth century, this chapter will demonstrate the centrality of popular financial practices to black politics in the age of emancipation. As African Americans officially entered into market life as accumulators and consumers, the contours of their political experience were shaped by interactions with the growing world of popular financial institutions.

### The Freedman’s Bank and Accumulative Imagination

Prior to its demise in 1874, the Freedman’s Savings and Trust Company was the largest depository financial institution that the United States had ever seen.<sup>333</sup> At the time of its failure, the Bank operated 34 branches and had served over 100,000 depositors, almost all of whom were black

<sup>329</sup> Sarah Wilson, “Black Folk by the Numbers: Quantification in Du Bois,” *American Literary History* 28 (2016), 29.

<sup>330</sup> Weare, *Black Business in the New South*, xiii.

<sup>331</sup> Leslie Brown, *Upbuilding Black Durham: Gender, Class, and Black Community Development in the Jim Crow South* (Chapel Hill: University of North Carolina Press), 24.

<sup>332</sup> “Harris Barrett, “Negro Business Enterprises of Hampton,” *Report of the Hampton Negro Conference* (Hampton: Hampton Institute Press, 1899)

<sup>333</sup> Carl R. Osthaus, *Freedmen, Philanthropy, and Fraud: A History of the Freedman’s Savings Bank* (Champaign: University of Illinois Press, 1976), 96.

and the large majority of whom were unskilled laborers and farmers. Scholars have written about the Freedman's Bank's operational fraud and speculation, as well as its inadequate attempts to pay back depositors the approximately \$4 million owed at its failure.<sup>334</sup> When risky and possibly illegal loans to railroads and other corporations imploded during the Panic of 1873, the Bank could not cover its outstanding liabilities and was officially shuttered on June 29, 1874. This large-scale expropriation of black wealth by white elites struck a dark chord, a dramatic incident of theft and exploitation even after the bonds of slavery had been severed. But while the existing scholarly literature deftly tells the story of the Bank's failures and contradictions, it does not explore in any depth the impacts of the Bank on the broader sweep of black politics or economic thought.

This chapter situates the Freedman's Bank in the context of a developing *politics of black capital*. These politics encompass the variety of discourses and institutions that engaged with processes of black wealth accumulation as a path towards racial empowerment. In these politics, the role of the Freedman's Bank was twofold: institutional and imaginative. On one hand, the Bank served as the financial safeguard to the burgeoning array of black civic institutions of the era, from Union Leagues and land-buying cooperatives to churches and fraternal societies.<sup>335</sup> And on the other hand, the Bank and other agencies of the Reconstruction state produced statistics and discourses that rendered *the race* legible as a numerical and financial entity. These new statistical representations of black America helped map new possibilities for accumulating power and wealth, what I term here a *politics of accumulative imagination*.

The size and scope of the Freedman's Bank relied on several important economic and institutional dynamics in the post-bellum United States. The Civil War had prompted rapid expansion of the federal government and a strengthening of its administrative capacity and territorial reach.<sup>336</sup> First and foremost, the Bank's connection with the Army and with the Freedman's Bureau allowed it to follow those institutions into every corner of the Reconstruction South. The original impetus for the Bank itself came from the Military Bank of Beaufort, and a similar institution in Norfolk, where large numbers of black Union troops had been stationed and had deposited their pay.<sup>337</sup> State and federal governments also altered the legal structure of financial and corporate capitalism in this period, enacting a series of general incorporation laws, banking acts, and railroad acts which lubricated flows of capital across state borders and between the ledgers of large banks and corporations.<sup>338</sup> This changing institutional context meant that the small deposits of formerly enslaved people, immigrants, and the working and middle classes became increasingly entwined with large-scale economic developments such as railroad construction, land speculation, and natural resource extraction.

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<sup>334</sup> Osthaus, *Freedmen, Philanthropy, and Fraud*; Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in America* (Cambridge: Harvard University Press, 2012); Abby L. Gilbert, "The Comptroller of the Currency and the Freedman's Bank," *Journal of Negro History* 57 (1972).

<sup>335</sup> "To Re-Imburse Depositors in Freedman's Savings Banks: Interview of the Committee on Finance with Hon. W.L. Trenholm, Comptroller of the Currency, April 24, 1888" (Washington: Government Printing Office, 1888)

<sup>336</sup> Richard Bense, *Yankee Leviathan: The Origins of Central State Authority in America, 1856-1877* (Cambridge: Cambridge University Press, 1990), 2.

<sup>337</sup> John Martin Davis, Jr., "Bankless in Beaufort: A Reexamination of the 1873 Failure of the Freedman's Savings Bank at Beaufort, South Carolina," *South Carolina Historical Magazine* 104 (2003), 31.

<sup>338</sup> William Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton University Press, 1997), 129.



Congress chartered the Freedman's Bank in March of 1865, subsuming a handful of already operating military banks, and opened branches in over 20 Southern cities, as well as New York, in its first two years of operation.<sup>339</sup> Its original charter was relatively conservative, requiring that deposits be invested in United States Treasury bonds and other federal securities, although it was amended in 1870 to allow more investment in real estate.<sup>340</sup> Despite this loosening, almost none of the investments or loans made were to black capitalists or farmers.<sup>341</sup> For most black Americans, the Freedman's Bank was not a place of debt and credit obligations, but of withdrawals and deposits.

While the demands of most rural African Americans in the immediate post-bellum moment were generally centered on land redistribution rather than access to financial institutions,<sup>342</sup> freed people strategically used the institutions available to them in an attempt to secure their political futures. Emancipated black communities all over the United States pooled their wealth in various institutional formations to help foster economic accumulation and political power, as well as cultural and racial solidarity.<sup>343</sup> These political modalities, centered around black self-governance and the accrual of power through community resource pooling, feature prominently in what historian Steven Hahn has referred to as a black "protonationalism" of the post-bellum era.<sup>344</sup>

At the most basic level, the Freedman's Savings Bank provided a measure of security for individual depositors. From Washington, D.C. to Louisville, from Jacksonville to Vicksburg, black workers found a safe cache for their earnings, or the small savings they had amassed as slaves. In an era of widespread racial violence perpetrated by the Ku Klux Klan and agricultural employers, the Bank offered a physically protected location to store assets. The interest earned on money deposited at the Bank also helped a small number of former slaves save enough to purchase land and escape the cycle of debt that ensnared many in the sharecropping system.<sup>345</sup>

But freed people also used the Bank as a means of ensuring the viability of their nascent civil society, economic, and political institutions. Many churches, fraternal organizations, political groups, and black-owned businesses deposited their assets in the Bank, and of course many of them lost their money during the Bank's failure.<sup>346</sup> Even less explicitly political organizations, such as Nashville's Colored Fair, deposited money at the local Freedman's branch, where prize recipients could go to pick up their winnings.<sup>347</sup> The *New York Times* noted with amazement the over 200 "societies of freedmen" found on the deposit books of the Norfolk Freedman's Bank.<sup>348</sup> One former slave and black community leader reported that the bank was "collecting from all the societies, churches, and Sunday schools."<sup>349</sup>

The circulation of money through the Freedman's Bank traced the routes of black political life even outside formal organizational ties. In 1871, a man named J.J. Wright sent a letter to the black newspaper *The Semi-Weekly Louisianian*, reporting stories of black people ejected from railroad

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<sup>339</sup> Board of Trustees Minutes, Freedman's Savings and Trust Company, January 27, 1867.

<sup>340</sup> Osthaus, *Freedmen, Philanthropy, and Fraud*, 147.

<sup>341</sup> Davis, "Bankless in Beaufort," 31.

<sup>342</sup> Levy, *Freaks of Fortune*, 106.

<sup>343</sup> Allison Dorsey, *To Build Our Lives Together: Community Formation in Black Atlanta, 1875-1906* (Athens: University of Georgia Press, 2004), 30.

<sup>344</sup> Hahn, *A Nation Under Our Feet*, 6.

<sup>345</sup> Levy, *Freaks of Fortune*, 104.

<sup>346</sup> Osthaus, *Freedmen, Philanthropy, and Fraud*, 207.

<sup>347</sup> "The Colored Fair," *Nashville Union and American*, October 15, 1872.

<sup>348</sup> "Negro Notions," *The New York Times*, September 1, 1873.

<sup>349</sup> "Statement of Mr. James H. Hayes," US House Committee on Banking and Currency, Hearing on Freedman's Savings and Trust Company, January 26, 1910.

cars on account of their race.<sup>350</sup> Having won a settlement in his civil lawsuit for such discrimination against the Richmond and Danville Railroad, he informed the *Louisianian's* readers that he had deposited \$100 of his settlement money at the Washington branch of the Bank for anyone else wishing to pursue a discrimination lawsuit against a railroad. This pay-it-forward legal strategy reflected the money-pooling tactics that served as a crucial basis for black politics and community formation after the Civil War.

Black civil society became intertwined with Freedman's Savings Bank through the circulation of dollars and a revolving door of personnel. These included personal and professional connection among the Bank's operations, the federal government and Army, and the teachers, ministers, politicians, and small business people that constituted black and Republican civil society. Local Bank branches had advisory committees "composed of pastors in charge of churches, teachers in charge of schools located within the town or city."<sup>351</sup> Preachers throughout the South urged their congregants to deposit in the bank.<sup>352</sup> J.C. Jackson, a black Kentuckian who would go on to run the *American Citizen* newspaper and serve as a revenue officer for the federal government, started his career as the teller of the Lexington branch and then a cashier at Little Rock.<sup>353</sup> The black political leader, physician, and Army officer Martin Delany visited Charleston in 1872 to raise money for Ulysses S Grant's presidential campaign, holding a fundraiser at the local Bank branch.<sup>354</sup> And the Bank even turned over its leadership to Frederick Douglass during its final months, in a futile attempt to stave off the institution's terminal crisis.<sup>355</sup>

Various organizational arrangements and advertising maneuvers reinforced the logical assumptions of formerly enslaved people regarding the Bank's connection to the federal government. In many locations, the Bank shared offices with the Freedman's Bureau, used Army and Bureau officials to encourage freed people to deposit their money, and featured images of General Grant and the martyred President Lincoln on Bank advertisements and account books.<sup>356</sup> The fact that the Freedman's Bank charter was one of the last pieces of legislation ever signed by Lincoln was touted across a wide range of bank advertisements and literature.<sup>357</sup> In New Bern, North Carolina, black Union soldiers and veterans would go to the Freedman's Bureau office to collect their pension and bounty payments, and then walk next door to deposit them directly in the Freedman's Bank.<sup>358</sup> In 1872, General Howard, the Commissioner of the Freedman's Bureau, coordinated with the Bank to establish a direct deposit system for these soldier bounty payments.<sup>359</sup> A wide array of people—black and white, farmers, bankers, and politicians—had come to assume from this wave of advertisement and association that the Bank was an agency of the federal

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<sup>350</sup> "Correspondence from J.J. Wright," *Semi-Weekly Lousianian*, August 17, 1871

<sup>351</sup> *Rules and Regulations for Advisory Committees Depositors, Cashiers, Inspectors, Field Agents and Actuaries of the Freedman's Savings and Trust Company* (Washington: 1867).

<sup>352</sup> "Statement of Mr. James H. Hayes," US House Committee on Banking and Currency, Hearing on Freedman's Savings and Trust Company, January 26, 1910.

<sup>353</sup> Booker T. Washington, *The Negro in Business*, (Hertel, Jenkins, & Co., 1907), 97.

<sup>354</sup> *Charleston Daily News*, Charleston, SC, September 30, 1872.

<sup>355</sup> Osthaus, *Freedmen, Philanthropy, and Fraud*, 180.

<sup>356</sup> Eric Foner, *Reconstruction: America's Unfinished Revolution, 1863-1877* (New York: Harper and Row, 1988), 532.

<sup>357</sup> "Freedman's Savings and Trust Company pamphlet," (Brooklyn: P.H. Miller, printer), 1866.

<sup>358</sup> Karen Zipf, "Promises of Opportunity: The Freedman's Savings and Trust Company in New Bern, North Carolina," (M.A. thesis, University of Georgia, 1990), 50.

<sup>359</sup> *Ibid.*

government, akin to the Freedman's Bureau.<sup>360</sup> Of course, the Freedman's Bank was not a government agency and merely held a federal charter, which would become apparent when Congress left the depositors high and dry after 1874.

Interactions among black civil society, agencies of the federal government, and the Freedman's Savings and Trust Company shaped the ways that freed people made claims on the federal government and American society. This message was embedded in the Bank's official propaganda. One pamphlet laid out the *raison d'être* of the Bank: "to help the Freedmen save their money... To teach them the benefit of saving money as a means of acquiring influence among men."<sup>361</sup> Of course, the ways in which black depositors used the Bank to acquire that influence was varied and contested. Many white politicians hoped that "the true freedom of the negro" would be "to work and save" and to "make the Freedman's Savings Bank his headquarters" instead of engaging in "political meetings and incendiary harangues."<sup>362</sup> White contemporaries wishing to constrict the potential of black freedom to a narrow, economic path looked to the Freedman's Bank as a levee between that route and the unsettling terrain that lay beyond its borders.

This vision of wealth accumulation as a replacement for more explicit political agitation framed many whites' understandings of the bank. But as is apparent from the ways that black depositors used the Freedman's Bank, it was a vision that was constantly stretched and disputed by people like J.J. Wright and the various political organizations that deposited their funds in the Bank. Flows of dollars, personnel, and organizational influence swirled around the Freedman's Bank, linking it to major developments in the federal government, the wage labor system, and the rapid expansion of black civil society groups.

Like all financial institutions, the Freedman's Bank floated upon its circulations and aggregations. Its ledgers connected the wages of black farm workers to United States Treasury debt, soldiers' pay, the finances of railroad corporations, and urban real estate ventures in far-flung cities.<sup>363</sup> The Civil War engendered massive restructurings of American national government and identity, as well as a more robust version of industrializing capitalism and a newly freed class of black laborers. The Freedman's Bank provided institutional and financial security—tenuous and constrained, but tangible—that black community and political groups relied on. But in subtler and perhaps more profound ways it produced data, modes of argumentation, and figurative scaffolding that helped structure notions of black political engagement in a wide variety of communities, real and imagined.

While black Americans engaged in a whole range of accumulative practices under slavery, it was not until the Civil War and its aftermath that black wealth accumulation became more explicitly acknowledged and widespread. Crucially, data and discourse about this accumulation were quantified and set down in print. Contemporaries articulated the Bank's role as a symbolic and material link between the decisions of individuals and the prosperity of larger political, economic, and cultural communities. They marshaled anecdotes, didactic set pieces, and statistics to buttress their arguments. This expanding body of words and numbers detailing black wealth provided the basis for a political imagination that emphasized the scale of black economic power and mapped strategies for leveraging that power.

While race had, obviously, been a central marker of identity and analytical social category during slavery, the emancipation of four million people and their official entry into the institutions of free labor, savings, and consumerism significantly re-shaped the borders of what *the race* meant in

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<sup>360</sup> Osthaus, *Freedmen, Philanthropy, and Fraud*, 56.

<sup>361</sup> "Freedman's Savings and Trust Company pamphlet," (Brooklyn: P.H. Miller, printer), 1866.

<sup>362</sup> "The Thrift of the Colored People," *Charleston Daily News*, November 19, 1867.

<sup>363</sup> Osthaus, *Freedmen, Philanthropy, and Fraud*, 150.

post-bellum black politics. These re-assembled racial politics were built in large measure atop a foundation of economic institutions and imagination, of which the Freedman's Bank stood as a cornerstone. The Bank's role as a safeguard of black wealth and an instructor of healthy economic practice was "essential to [black] prosperity and their influence *as a people*."<sup>364</sup> The wealth of formerly enslaved people, and its representation within political discourse, helped define and project political power as a racial community.

However, this construction of *the race* could not fully erase the very real divisions within black American social life. Scholars have noted that emancipation often strengthened patriarchal dynamics within black families and culture, particularly through free-labor ideology and bolstered notions of "separate spheres."<sup>365</sup> And yet, the records of several Freedman's Bank branches indicate that women, opening accounts under their own names, played a prominent role at the level of local depositing. At New Bern, North Carolina, for example, women held 30% of all individual accounts.<sup>366</sup> This number was not unusual, and might be considered low. Data from the Philadelphia Saving Fund Society, the oldest savings bank in the United States, showed that in 1850, women—predominantly white—comprised a clear majority (58%) of all depositors.<sup>367</sup> Many of these women were servants, laundry workers, seamstresses, and cooks, occupations also reflected in the New Bern data.<sup>368</sup>

Black women participated widely in the post-bellum paid labor market, despite men's discursively dominant position as workers. Female wage work was particularly prevalent in urban areas or towns where savings institutions were most likely to be located. Their roles as household "money managers" may have also prompted their representation on the Bank's deposit rolls.<sup>369</sup> The written record provides little to explain the ways in which contemporaries understood women depositors in the Freedman's Bank, beyond paternalism: "no class of depositors enlists my sympathies like the women, many of them scantily clad, pale, and anxious, with infants in their arms...to provide a little sum against the hour when that child, deprived of its mother's care, shall need it."<sup>370</sup>

But even as black women were marginalized, the possibilities of racial money pooling offered them some political voice. Attempting to start an independent, nation-wide investment fund dedicated to furthering black social and political goals, the *Virginia Star* proclaimed, "thousands of mothers throughout this country, who are earning but a meager subsistence over the wash tub, would willingly contribute the sum of 25 cents or more, were we as leaders, to have more confidence in our ability to carry on what we recommend."<sup>371</sup> These women were imagined first as mothers, but the newspaper also emphasized their role as black wealth accumulators and potential political actors. The concept of *the race* or *our people* often worked to elide these important hierarchies and divisions within black society, subordinating them within the larger racial framework.

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<sup>364</sup> "Their Industry," *The National Savings Bank*, June 1, 1868.

<sup>365</sup> *Ibid.*, 87.

<sup>366</sup> Zipf, "Promises of Opportunity," 16.

<sup>367</sup> George Alter, Claudia Goldin, Elyce Rotella, "The Savings of Ordinary Americans: The Philadelphia Saving Fund Society in the Mid-Nineteenth Century," *Journal of Economic History* 54 (1994), 738.

<sup>368</sup> Zipf, "Promises of Opportunity," 11.

<sup>369</sup> Viviana Zelizer, *The Social Meaning of Money* (Princeton University Press, 1997), 42.

<sup>370</sup> "Speech of Fred A. Conkling, For Colored Voters: the Freedman's Bank Swindle," (New York: John W. Dun, 1876).

<sup>371</sup> "Remedy for Destitution," *The Virginia Star*, September 8, 1877.

Arguments about “race progress” were closely followed up with a battery of numbers and statistics, often gleaned from the reports of the Freedman’s Bank. As one black author proclaimed, “The net balance of nearly three millions of dollars in the National Savings Bank...speaks with a voice heard the world over, of the industry, thrift, and enterprise of the colored people.”<sup>372</sup> The Freedman’s Bank and various Reconstruction-era black mutual aid societies forged material and rhetorical connections across these social divisions that clarified the economic possibilities of *the race* as a space of accumulation and a political force. Emancipation had given black wealth a more distinct legibility, both to the forces and institutions of white-dominated society as well as to other newly freed people. Reflecting the larger currents within farmer and labor movements, organizations like the National Negro Business League started “Committees on Statistics,” with the goal of “ascertaining both the relative and absolute status of the Negro as an economic force.”<sup>373</sup>

This process of reassembling concepts of racial solidarity in the post-bellum moment drew upon the rhetorical power of numbers and statistics. Men and women, small business owners, washtub workers, and farmers were reduced to values and then reified as aggregate statistics of population and deposit, giving black America a collective identity in numerical form. In the eyes of a sometimes-benevolent and sometimes-hostile state, the “transformation of freedmen into a ‘population’, in Foucaultian terms,” could enable the calculation of “costs and benefits, a statistical balancing of loss and gain.”<sup>374</sup> But black Americans also took up the task of collecting, aggregating, and popularizing the use of statistics, the “propaganda” of “gathering such facts as will show the Negro to be a producer.”<sup>375</sup> It was only through mastery of numerical knowledge, and in particular through the idiom of wealth accumulation, that would “bring the masses together and teach them the valuable lesson of combining their small, weak force in order to maintain large, strong organizations.”<sup>376</sup>

The German sociologist Georg Simmel famously noted that the power of money lay in its status as “neutral and colorless,”<sup>377</sup> a fungible and rational marker of value. Quantitative techniques of calculation and communication have long been cherished for their air of objectivity, which arises from the fact that they are ostensibly a “knowledge independent of the particular people who make it.”<sup>378</sup> When a black newspaper in Raleigh inaugurated a recurring feature reporting on their Freedman’s Bank Branch, it promised to “give statistics from time to time on the subject, showing the advantage and usefulness of Savings Banks as a help to industry and economy.”<sup>379</sup> White observers of black life in the South could trust numbers even if they were not inclined to trust black Raleighans. Numbers could be independently verified, and made legible future opportunities for the accumulation of wealth and social progress.

In order to prove their wealth—and thus their moral-economic rectitude—freed people and their Republican allies marshaled statistics of dollars and populations to speak to larger national and international communities, as well as their own. These statistics served as “calculative devices,”

<sup>372</sup> “Advancing,” *The Semi-Weekly Louisianian*, September 3, 1871.

<sup>373</sup> Professor J.W. Cromwell, “Report of the Committee on Statistics,” *Report of the Third Hampton Negro Conference*, (Hampton: Hampton Institute Press, 1899).

<sup>374</sup> Wilson, “Black Folk by the Numbers,” 32.

<sup>375</sup> Cromwell, “Report of the Committee on Statistics.”

<sup>376</sup> Harris Barrett, “Negro Business Enterprises of Hampton,” *Report of the Third Hampton Negro Conference*, (Hampton: Hampton Institute Press, 1899).

<sup>377</sup> Georg Simmel, *The Philosophy of Money*, 1907 (reprint, London: Taylor and Francis, 2011), 228.

<sup>378</sup> Theodore Porter, *Trust In Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton University Press, 1995), ix.

<sup>379</sup> “Raleigh Freedman’s Savings Bank,” *Tri-Weekly Standard*, August 31, 1867.

technologies of knowledge that allowed everyday users to imagine political and cultural communities in quantitative terms, and to describe an individual's relation to those broader groupings.<sup>380</sup> In delineating their figurative spaces of accumulation, black Americans relied on money's colorlessness to lend authority to their proclamations of progress. A Bank circular was explicit on this point, "Your friends will then be able to point with pride to the *large sums saved from your earnings*; thus taking away from your enemies the last argument they present, that you are thrifless, improvident, and lazy."<sup>381</sup> The power of the Freedman's Bank's numerical colorlessness arose in part from its deep tension with white expectations about the color of its depositors.

Numbers detailing populations, deposits, literacy and education, church attendance, and a whole range of social statistics were consistently featured in newspaper pieces on the Freedman's Bank or black social conditions. The *South Carolina Leader* quoted a military chaplain based in Beaufort to report on the condition of its black soldiers and citizens.<sup>382</sup> His sample of 305 black people had earned a total of \$151,562 in the previous year, a per-capital average of \$496. Tellingly, Chaplain James also mentioned that while there were equal numbers of black and white Beaufort residents, whites had applied for government aid at nearly four times the rate that blacks did. The *Colored Tennessean* published these same Beaufort statistics, and then reported on Roanoke Island. In the span of two years black residents had "made improvements whose cost value at lowest figures was \$44,000—more than would have bought the whole island before the war, with all the improvements which the 'master class' had put upon it in two hundred years."<sup>383</sup>

While black and Republican newspapers often used statistics to cow or silence white critics, it also used numbers to reassure them. In its first year, the Freedman's Bank branch at Beaufort had received over \$240,000 in deposits, mostly in Army pay, which the *South Carolina Leader* used as evidence that "former masters need not fear, [freed people] can take care of themselves."<sup>384</sup> Others wished to disabuse whites of the myth that "the negroes, in their freed condition, will incontinently rush into the abyss of poverty."<sup>385</sup> This author used recently collected data from Alexandria, Virginia, which revealed "a colored population of 7,762... These freed people now own property valued at \$100,000, and if not interfered with during the coming year will double it."

Interestingly, the most prominent and consistent comparisons made in Reconstruction-era newspapers were not between races, but between cities or regions. Raleigh's black newspaper boasted that the Bank's statement for July of 1867 showed a \$3,833 increase in deposits in that month alone, "No better result for any city of similar size in the South can be exhibited."<sup>386</sup> Meanwhile, Charleston's white press proclaimed that, "Charleston, as usual, leads the advance, and shows a deposit of \$36,912 during this month... Richmond, Va., with its rioting and turbulence, could not place even one thousand dollars in the bank."<sup>387</sup> A month later, Charleston's branch continued its strong showing: "deposits of the Charleston office amounting to \$47,911, this being largely in excess of the amount deposited in the offices at Baltimore, Mobile, New York, Richmond,

<sup>380</sup> Aitken, *Performing Capital*, 17.

<sup>381</sup> *Circular of the National Freedman's Savings and Trust Co. to the Freedmen of Richmond, VA and Vicinity* (New York: John R. Prall, 1865).

<sup>382</sup> "Can They Take Care of Themselves," *South Carolina Leader*, October 7, 1865.

<sup>383</sup> "Freedmen's Industry," *Colored Tennessean*, October 14, 1865.

<sup>384</sup> "Freedmen's Savings," *South Carolina Leader*, December 9, 1865.

<sup>385</sup> *Colored Tennessean*, March 24, 1866.

<sup>386</sup> "National Freedman's Savings And Trust Company," *Tri-Weekly Standard*, August 31, 1867.

<sup>387</sup> "The Thrift of Colored People," *Charleston Daily News*, January 14, 1867.

and Augusta.”<sup>388</sup> The Freedman’s Bank’s official newspaper provided a city-by-city breakdown of Bank statistics. According to their data, the black community of Louisville “have on deposit of their own Bank \$56,715,15. Can’t they double it in a year?”<sup>389</sup> These comparative statistical renderings served many different purposes—encouragement, proof of progress, challenges, or admonishments. Despite differences in intention, statistical modes of argumentation were the gold standard in discourses about wealth accumulation.

The most common and important use of numbers in Freedman’s Bank discourse can be found in the frequent citation of large statistical aggregates. Of all the numbers floating around discussion of black wealth and social conditions, none stands out like “four or five millions,”<sup>390</sup> the estimated number of free black Americans in the wake of emancipation. This number was cited in Congressional testimony, handbills and circulars, published tables, and newspaper opinions. The destruction of slavery had unleashed “a new nation with five millions of people,”<sup>391</sup> “broke the fetters of four million slaves,”<sup>392</sup> and enabled “the industry of these four millions.”<sup>393</sup> The relative enormity of this statistic was apparent in the manner and frequency with which it was cited.

These numbers might have represented a frightening or daunting prospect to white Southerners or the federal government, but formerly enslaved people used these statistical aggregates to map possibilities for accumulating power and wealth. A Freedman’s Bureau report from 1866, reprinted in the Washington, D.C.-based *Evening Star* laid down the bottom line: there were over \$200,000 dollars on deposit in Freedman’s Bank branches.<sup>394</sup> *The Colored American* of Augusta, Georgia, figured that there were half a million black Georgians: “Now in the course of a year, these five hundred thousand colored people will spend an immense amount of money... But let us take as an estimate of twenty million dollars per years earned by these five hundred thousand—and this is far below what it actually will be.”<sup>395</sup> After laying out the statistical realities, the *Colored American* formed political strategy from them, “This amount of money—and millions more than that—will find its ways into the coffers of commercial men, but only the coffers or *certain commercial men*... our cry in the future shall be, *Millions to our friends, but not one cent to our foes.*” While in many ways overshadowed by the transition from slavery to wage labor and sharecropping, increasingly explicit black consumer identity and financial power also played an important role in the post-bellum politics of freed people. Institutionally generated statistics about black dollars and people provided a foundation for a financial politics of racial solidarity.

This strong sense of power in numbers within the boycott proposal reflected broader political and economic strategies among formerly enslaved communities, who pooled assets in a variety of financial and mutual aid institutions.<sup>396</sup> In 1877, when *The Virginia Star* proposed their nationwide mutual aid fund, many black and white newspapers scoffed at a the unrealistic prospect

<sup>388</sup> “An Excellent Example—the Economy of the Freedmen,” *Charleston Daily News*, December 24, 1867.

<sup>389</sup> “Louisville,” *National Savings Bank*, June 1, 1868.

<sup>390</sup> “Statement of Mr. James H. Hayes,” US House Committee on Banking and Currency, Hearing on Freedman’s Savings and Trust Company, January 26, 1910.

<sup>391</sup> “Young Men,” *South Carolina Leader*, October 7, 1865.

<sup>392</sup> “The Freedman’s Savings Bank,” *The Semi-Weekly Louisianian*, October 26, 1871.

<sup>393</sup> “Report of J.W. Alvord, Inspector of Bureau Schools,” US House of Representatives, January 1, 1866.

<sup>394</sup> “Freedman’s Savings Bank,” *Evening Star*, January 31, 1866.

<sup>395</sup> “Social and Political Equality,” *The Colored American*, January 12, 1866.

<sup>396</sup> Dorsey, *To Build Our Lives Together*, 30.

of raising the proposed \$1.25 million.<sup>397</sup> The *Star* responded forcefully to that critique: “What has been done can be done again. The ill-fated Freedman’s Bank is the strongest evidence we can produce of what can be done by the small savings of all the people. If every man, woman, and child in the country were to lose 25 cents by risking it in such an undertaking, it would not cause any serious distress.” For others, 25 cents was too modest a goal: “were all the colored people in the South who had money—gold, silver, and currency—buried in the ground and stowed away in their houses, to deposit it at once in the Freedman’s Savings Bank, the number of depositors would be at least 250,000, and the deposits, at the average now existing, would reach nearly *twenty million* dollars.”<sup>398</sup> These dizzying heights of dollars and people helped fuel the politics of money pooling, the logic of Freedman’s Bank depositing, and the legible rendering of *the race*.

In Reconstruction-era black politics the logics of boycott and money pooling strategies were deeply intertwined with the calculation of aggregates. Counting total assets and people made collective strategies easier to articulate to one’s allies, and made explicit the threats to one’s potential enemies. As African Americans officially entered into market life as accumulators and consumers, the contours of their political imagination were shaped by the daily experiences and forms of knowledge generated by those activities. For a recently freed population scattered across the South, the cumulative knowledge of black people and black dollars numbering in the millions helped re-cast the political possibilities of freedom.

### A Black Economy in the Nadir of Jim Crow

In the wake of Reconstruction and its failures—from the default of the Freedman’s Bank to the rise of sharecropping, the repression of black Republican organizing, and the pervasive influence of white supremacist terror—black communities turned decisively towards asset ownership as a means of social and political empowerment. The prominent black minister, social reformer, and Pan-African theorist Alexander Crummell conceded in 1875 that political agitation was crucial to black empowerment, but asserted that black communities first needed to engage in “the husbandry of all our vital resources.”<sup>399</sup> D. Augustus Straker, a black politician and jurist, phrased this concept more directly: “It is thought by some that our numbers are too insignificant to effect a reform. It may be so; but they are not too small to be able to afford [economic] protection.”<sup>400</sup>

But neither Straker nor Crummell could be accused of accommodation in the face of white supremacy. Rather, they, along with a broad swathe of black political leaders in the late nineteenth century, came to advocate economic and institutional cooperation that could imply either protest or accommodation.<sup>401</sup> Indeed, the rousing coda of Straker’s book on the economic position of African Americans in the New South rang out: “In order to achieve this position in the midst of opposition, race prejudice, low wages, and social discrimination, he must Agitate! Educate! Co-Operate! and Organize!”<sup>402</sup> We can avoid rendering late nineteenth century black politics as a flat dichotomy between Du Boisian protest and Washingtonian accommodation with a renewed focus on how black political movements articulated the role of capital accumulation in their struggle.

Du Bois and Washington were part of a much broader landscape of black politics that included the insurgent cooperative ideology of black Populists and Knights of Labor, as well as ex-

<sup>397</sup> “Remedy for Destitution,” *The Virginia Star*, September 8, 1877.

<sup>398</sup> “The Worthless Negro,” *The National Republican*, May 7, 1869

<sup>399</sup> Alexander Crummell, “The Social Principle Among a People, and its Bearing on their Progress and Development,” (Washington, D.C., 1875).

<sup>400</sup> D. Augustus Straker, *The New South Investigated* (Detroit: Ferguson Printing Company, 1888), 100.

<sup>401</sup> Weare, *Black Business in the New South*, 177.

<sup>402</sup> Straker, *The New South Investigated*, 227.



slave reparations organizations and the large emigration movements of the era. With this new orientation, it becomes clear that the ideology of black capital accumulation was a central tenet of Jim Crow-era black politics, and that debates most often revolved around what types of institutions could accumulate capital, and how those institutional formations would be governed. The simultaneous crystallizations of Jim Crow and industrial capitalism produced a widely shared assumption that the institutionalization and accumulation of black wealth was key to the empowerment of black people within the United States and beyond.

Despite Du Bois' assertion that the failure of the Freedman's Bank destroyed black American's "faith in savings,"<sup>403</sup> black communities continued to pool their economic resources in a variety of institutions throughout the late nineteenth and early twentieth century. Indeed, Du Bois himself, along with a panel of other social scientists and reformers, compiled a 1907 report entitled *Economic Co-Operation Among Negro Americans*. This incredible and under-studied document, created for Atlanta University's 12th Conference for the Study of Negro Problems, contains aggregate statistics on black economic institutions, primary records of black businesses that are no longer extant, and the commentary of Du Bois and his co-authors on the state of black economic cooperation from pre-slavery west Africa to early twentieth century Philadelphia. The primary subsections of the report give accounts of black wealth contained in churches, migration societies, schools, mutual-benefit societies, insurance companies, banks, fraternal clubs, cooperative businesses, and real estate firms.

By the early twentieth century, the report estimated that black churches owned over \$40 million in property and brought in almost \$7.5 million in annual income,<sup>404</sup> while black-owned insurance companies brought in approximately \$1.7 million per annum. Black fraternal societies owned between \$4 million and \$5 million in property and collected over \$1.5 million in annual dues. The authors were able to identify 41 black-owned banks across the South, but they could only compile data from 27 of them, which collectively commanded over \$500,000 in paid-up capital stock and \$1.37 million on deposit.<sup>405</sup> And the authors found information on over 600 black-owned cooperative businesses, ranging from industrial dry-dock enterprises to real estate companies, undertaking and funerary businesses to drug stores.

Du Bois, reflecting at the end of the report on the significance of these interlocking networks of firms, called this a "group economy," a "closed economic circle largely independent of the surrounding white world."<sup>406</sup> Late nineteenth and early twentieth-century reformers saw the development of a black economy under the strictures of Jim Crow, and those aligned with Du Bois wanted to ensure that this black economy was governed on a cooperative basis, rather than "the old trodden ways of grasping, fierce individualistic competition, where the shrewd, cunning, skilled, and rich...prey upon the ignorance and simplicity of the race and get wealth at the expense of the general well being."<sup>407</sup>

While Du Bois and the other members of the Atlanta Conference surveyed the entire historical gamut of black cooperation, it was the 1870s and 1880s that produced an explosion of black benevolent associations, mutual-aid societies, land-buying clubs, fraternal orders, and churches.<sup>408</sup> These organizations would serve as institutional nodes of aggregating and dispersing black community wealth, and would become the foundation upon which the black cooperative and

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<sup>403</sup> DuBois, *The Souls of Black Folk*, 59.

<sup>404</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 57.

<sup>405</sup> *Ibid.*, 149.

<sup>406</sup> *Ibid.*, 179.

<sup>407</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 4.

<sup>408</sup> Ali, *In the Lion's Mouth*, xiv.

Populist movements were built. By the mid-1880s, a number of large-scale black farmer and cooperative organizations flourished, from the Colored Agricultural Wheel and the Colored Farmers' Alliance to many southern locals of the Knights of Labor. There existed a small but significant number of racially integrated local groups, but the majority of black organizers preferred black locals "to maintain control over their own resources."<sup>409</sup>

At their respective peaks, the Knights of Labor included about 60,000 black members, and the Colored Farmers' Alliance claimed over 1 million members.<sup>410</sup> By establishing cooperative stores and exchanges, mutual land companies, engaging in boycotts and organized selling and buying, black communities across the South and Midwest played a significant role in the rise and establishment of the cooperative movement. One group of black sharecroppers who formed a Knights of Labor assembly in Shreiver, Louisiana started a cooperative grocery because provisions were "very dear at the plantation store,"<sup>411</sup> and other black Knights started similar cooperative groceries in Calera and Mobile, Alabama.<sup>412</sup> All-black Knights locals in Little Rock, Arkansas and Augusta, Georgia began cooperative cotton gins.<sup>413</sup> The Colored Alliance would align itself with dozens of cooperative stores for the collective purchasing and marketing of farm supplies, home goods, and foodstuffs.<sup>414</sup>

In these endeavors, black Americans were engaging in strategies of cooperative enterprise similar to their white counterparts in various cooperative organizations. But both the Knights of Labor and the broader Populist movement had a contradictory and often oppressive relationship with the African American segment of its popular base. Tensions between white farmers and workers and their black counterparts undermined a variety of labor strikes and cooperative enterprises. And yet, the strong and important presence of black Americans in the various wings of the Gilded Age cooperative movement demonstrated a real desire for cooperative economic organization among both urban and rural African Americans. As the historian Leon Fink phrased it, "the Knights had not organized many blacks in the South; rather, blacks had adopted the Knights."<sup>415</sup>

The cooperative impulse that was realized in the organization of formerly enslaved farmers and workers was also reflected in the more elite ideological discourses of the developing black intellectual class. Harris Barrett, the cashier and bookkeeper for the Hampton Institute, proudly spoke of his people "beginning to establish cooperative ventures in various parts of the South which are bringing the masses together and teaching them the valuable lesson of combining their small, weak force in order to create and maintain large, strong organizations."<sup>416</sup> W.E.B. Du Bois wrote that black salvation could be found in "co-operation in capital and labor, the massing of small savings, the wide distribution of capital and a more general equality of wealth and comfort."<sup>417</sup> And D.A. Straker claimed that "a system of co-operative industries among the colored citizens... would tend not only to unite us, but to upbuild us as a race."<sup>418</sup>

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<sup>409</sup> Ali, *In the Lion's Mouth*, 34.

<sup>410</sup> Postel, *The Populist Vision*

<sup>411</sup> "Letter from B.H.L., LA 8408, Schreiver, Louisiana," *Journal of United Labor*, September 10, 1887.

<sup>412</sup> *Journal of United Labor*, July 2, 1887.

<sup>413</sup> *Journal of United Labor*, September 25, 1886.

<sup>414</sup> Ali, *In the Lion's Mouth*, 52.

<sup>415</sup> Leon Fink, *Workingmen's Democracy: The Knights of Labor and American Politics* (Urbana: University of Illinois Press, 1983).

<sup>416</sup> Harris Barrett, "Negro Business Enterprises of Hampton," *Report of the Hampton Negro Conference* (Hampton: Hampton Institute Press, 1899)

<sup>417</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 4.

<sup>418</sup> Straker, *The New South Investigated*, 129.

The ownership of land or real estate remained central to both working-class and elite ideas about black empowerment. The Hampton Institute, one of the largest and most important black educational institutions of the era, resolved in their first ever General Conference that the primary method of black empowerment should be “the formation of land companies to purchase tracts, which may be subdivided and sold on terms that suit the masses.”<sup>419</sup> One advertisement for the New York-based Afro-American Investment and Building Company promised that (for only \$1 a month) black investors could be part of an institution that embraced “the double advantage of helping its members to make money, while they in turn are doing their share towards the upraising of the race as a whole.”<sup>420</sup> They went on to exhort their fellow black New Yorkers: “Do not let it be said that in a city in which there are 20,000 of our people, such an enterprise failed to receive adequate support.”

While the social, political, and economic changes of the post-bellum era prompted widespread attempts by working-class black Americans to pool their resources and engage in economic cooperation, those changes also ushered in the rise of small and medium-sized black business firms. The rise of segregation in many ways helped create the conditions for a black economy, in which black-owned businesses could take advantage of the “captive clientele” of black customers and create a limited but palpable sense of social-economic autonomy. As historian Leslie Brown concluded in her study of black economic and social life in late nineteenth-century North Carolina, “Durham’s black male leaders embraced capitalism as a means to black sovereignty in denial of Jim Crow.”<sup>421</sup>

While the majority of black-owned businesses in the late nineteenth century were small firms, there were several that operated at a large scale. Founded in response to racial discrimination in the white ship caulkers union, the Chesapeake Marine Railway and Dry Dock Co. employed over 300 black shipbuilders and raised \$40,000 in capital by selling \$5 shares to black shareholders.<sup>422</sup> The North Jacksonville Street Railway was established in 1901 during a protest meeting at an A.M.E. church, following the segregation of the city’s streetcars and the extension of police power to streetcar conductors.<sup>423</sup> While “the colored man’s railway,” as it was known, would be sold to a white Boston investor only seven years after its incorporation,<sup>424</sup> its formation demonstrates the ways in which black communities used the logics of wealth pooling and business ownership to challenge white supremacy.

One black-owned firm that thrived and survived beyond the age of Jim Crow, and still operates today, was the North Carolina Mutual Life Insurance Company. This Durham-based firm was founded in 1898, just weeks after white supremacist militants had overthrown the multiracial Populist town government in Wilmington, North Carolina. And John Merrick, the company’s founder, was intensely aware of the ways in which black organization through business firms offered at least relative safety compared to more explicit political struggle.<sup>425</sup> Their business model in the early years rested upon selling cheap, industrial life insurance policies to Durham’s black working class. Fortunately for Merrick and his partners, the early years of their operation coincided with a

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<sup>419</sup> “Report on the Committee of Resolutions at the First General Hampton Negro Conference,” *Southern Workman and Hampton School Records*, September 1897.

<sup>420</sup> “For Race Advancement: A Strong Appeal from the Afro-American Investment and Building Company,” *American Building Association News*, January 1899.

<sup>421</sup> Brown, *Upbuilding Black Durham*, 19.

<sup>422</sup> Jessica Gordon Nembhard, *Collective Courage: A History of African American Cooperative Economic Thought and Practice* (Pennsylvania State University Press: 2014), 63.

<sup>423</sup> DuBois, *Economic Co-Operation Among Negro Americans*, 164.

<sup>424</sup> *Electric Railway Review*, January 18, 1908.

<sup>425</sup> Brown, *Upbuilding Black Durham*, 56.

boom in the local textile mills as well as an expansion of Duke Tobacco, which undergirded the solidification, temporarily, of a sizable black working class receiving regular paychecks from industrial firms.<sup>426</sup>

“The Company with a Soul and a Service,” as North Carolina Mutual was known, embodied one of the most powerful tendencies within the developing politics of black capital. As historian Walter Weare, author of a monograph on the Mutual, put it, “The North Carolina Mutual provided a germ of truth which nurtured the myth of a self-sustaining black economy which would uplift a people and repair race relations.”<sup>427</sup> John Merrick and much of the black business class in the urban New South maintained that their ultimate aim was winning political rights, but “counseled the importance of thrift and capital accumulation” as a means of getting to that particular promised land.<sup>428</sup> These tensions, between the creation of a semi-autonomous “black economy” as a path towards integration or as an end in and of itself, were embedded in the daily actions and ideological proclamations of black Americans living in the half-century following emancipation.

The politics of capital accumulation did not merely structure the material and imagined relationship of black Americans to white society, it also revealed and reproduced hierarchies within black communities. In one particularly stark manifestation of this ideology, Booker T. Washington claimed that if a black man had “\$500,000 in a bank in the South, every officer and the director of the bank will take special care to see that this black man is not driven from town or unlawfully punished.”<sup>429</sup> Washington failed to mention that vanishingly few black Southerners could ever dream of commanding a \$500,00 bank account balance, but the broader argument that black asset ownership could serve as a shield or at least a counter-attack against white repression was echoed elsewhere. One white insurance agent who sold policies to African Americans in Mississippi was implicated in a lynching in Vicksburg, leading to the loss of over half of his customers and threatening the profitability of his company.<sup>430</sup> T. Thomas Fortune, black political leader and publisher of the *New York Age*, predicted in 1884 that as the Southern black elite accumulated wealth, “his color will be swallowed up in his reputation, his bank-account, and his important money interests.”<sup>431</sup>

The rise of black business in the metropolitan areas of the post-Reconstruction South also shaped a set of contradictions that black women learned to navigate. On the one hand, the black-owned beauty shops, clothing stores, meat and grocery markets, furniture stores, and cafes of a city like Durham allowed middle- and working-class black women to engage in daily life as both workers and consumers while remaining somewhat insulated from the racial and gendered insults that lurked around every corner of white-owned commercial space.<sup>432</sup> And black financial institutions in particular opened up work possibilities for black women in clerical and administrative office jobs, like the Richmond Benefit Insurance Company, or the People’s Mutual Aid Association of Little

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<sup>426</sup> Weare, *Black Business in the New South*, 45.

<sup>427</sup> *Ibid.*, 178

<sup>428</sup> Brown, *Upbuilding Black Durham*, 57.

<sup>429</sup> Booker T. Washington, “The South and Lynch Law,” *Southern Workman and Hampton School Record*, November, 1893.

<sup>430</sup> M.S. Stuart, *An Economic Detour: A History of Insurance in the Lives of American Negroes* (New York: Wendell Malliet and Company, 1940), 36.

<sup>431</sup> T. Thomas Fortune, *Black and White: Land, Labor and Politics in the South* (New York: Fords, Howard, and Hulbert, 1884), 181.

<sup>432</sup> Brown, *Upbuilding Black Durham*, 18.

Rock.<sup>433</sup> But on the other hand, black male business owners exploited the relative cheapness of black female labor while arguing that their profits were somehow accruing to *the race* as a whole.

Most black women who engaged in the organized politics of black wealth accumulation found their institutional homes not in for-profit firms but in black churches or the club movement of the late nineteenth century. As the Du Bois report established, black churches and civil society organizations were major repositories of black wealth in the Jim Crow era. The black women's club movement relied largely on the assertion of a middle-class black femininity, which positioned prominent club women like Mary Church Terrell and her National Association of Colored women to offer critiques of both the male leadership of black churches, businesses, and civic life, as well as the moral and social deficiencies of the lower classes.<sup>434</sup>

Despite the national profile of the club women's movement, it was church politics that offered black women from a variety of class positions the opportunity to shape the aggregation and distribution of black community wealth. Local congregational funds, drawn largely from the church dues of a mixed-class membership, were often large and important economic resources in black communities. Women's committees within churches were able to discipline male ministers who were skimming funds, direct resources to local educational institutions, and promote the role of "property ownership in providing protection from exploitation."<sup>435</sup> Black women within their churches managed to harness the discursive position of women as guardians of morality, health, and education in ways that allowed them to shape the aggregation and dispersal of black community wealth.

Beyond the walls of the church or male-owned firms, black women across the post-emancipation South founded benefit societies, cooperative enterprises, and civil society institutions. The Women's Exchange of Frankfort, Kentucky, was created by black housekeepers and laundry workers who "desired to awaken interest among our people along business lines for women."<sup>436</sup> By the turn of the twentieth century Baltimore was home to three women-only benefit societies, and the small town of Warsaw, Georgia, boasted an organization called the Ladies' Branch, which originated as the women's auxiliary to a black Union Army company, but which carried on over thirty years after the end of Reconstruction. They collected monthly dues of 25 cents from all their members, and paid out 50 cents per week in sick benefits and \$27 for a death benefit.<sup>437</sup>

Unlike the Freedman's Bank or Reconstruction-era demands for land distribution, the politics of black capital later in the nineteenth century oriented itself away from the federal government. Indeed, the scholarly consensus is that political repression and white supremacist terror was a primary factor in shifting organized black politics away from the state and towards self-help, mutualism, and capital accumulation.<sup>438</sup> While this conclusion remains valid for the bulk of black politics in early Jim Crow era, there are several notable exceptions. The most spectacular and ultimately tragic example was the National Ex-Slave Mutual Relief, Bounty, and Pension Association.

The Association, as it was known, was founded by two formerly enslaved people, Callie House and Isaac Dickerson. House had lived a post-emancipation life familiar to many of her contemporaries—she was born in 1861 in Rutherford County, Tennessee and married a local laborer named William House. When he died she took in laundry work in order to support her five

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<sup>433</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 102.

<sup>434</sup> Brown, *Upbuilding Black Durham*, 98.

<sup>435</sup> *Ibid.*, 104.

<sup>436</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 169.

<sup>437</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 95.

<sup>438</sup> Weare, *Black Business in the New South*, 10.

children.<sup>439</sup> Dickerson was a minister and schoolteacher in Rutherford County, who was drawn into the ex-slave pension movement when a white man named William Vaughan produced a pamphlet in 1891 entitled “Freemen’s Pension Bill: A Plea for American Freedmen.” Vaughan’s motivations were pretty clear: he was far more interested in acting as a booster for New South economic investment than in reparative justice for former slaves. But his pamphlet sold tens of thousands of copies, and circulated throughout the black South during the 1890s.<sup>440</sup>

Callie House and Isaiah Dickerson took Vaughan’s idea and ran with it, moving to Nashville and founding the Association in 1897. Their explicit program was to lobby the federal government to pass a bill modeled on the Union soldier pension bill, sending both one-time and recurring payments to formerly enslaved people, conceived of as back wages for unpaid labor under enslavement. Because of the bill’s ambition and its explicit orientation towards making large-scale demands on the federal government, the black intellectual and business class of Nashville, and the United States more widely, were skeptical and unsupportive of House and her movement.<sup>441</sup> And indeed, the Association never approached success in terms of gaining majority Congressional support for their bill. But they did build one of the most impressive grassroots movements of African Americans in the late nineteenth century, and crucially, used their chapter organizations and dues to operate mutual-relief associations.

By 1899, the Association hit its peak membership of over 35,000 by 1899. With each member paying twenty-five cent initiation fee and dues of ten cents per month, the Association was able to provide burial insurance and some level of sickness benefit for its members. As noted by historian Mary Frances Berry, many of the Association chapters were started in areas with a strong and active legacy of black fraternal and mutual-aid organizations.<sup>442</sup> But the combination of being a black wealth-aggregating institution and engaging in aggressive grassroots organizing aimed at a white-dominated legislature proved fatal for the Association and its leaders. In September 1899, Callie House received a letter from an attorney for the U.S. Post Office, declaring that they suspected the Association of fraud, and denying them use of the mail in distributing literature and collecting dues. This legal harassment would continue for the rest of the Association’s existence.

The Post Office made no attempt to prove any illegal activity within the Association, but “simply labeled [ex-slave] pensions a hopeless cause and held that anyone who promoted such pensions, by any means, had ulterior motives.”<sup>443</sup> While there were actual swindlers (mostly white), who traveled around the rural South and claimed to be pension agents in order to defraud former slaves of their money, these con men had no institutional connection to the Association. And of course, the whole mission of the Association was to lobby Congress for the passage of such bills, not to travel around and tell their constituents that such pensions already existed, and could be collected for a fee. The denial of mail service to and from the Association would undermine its ability to organize, and though it continued until the 1910s, most of its operations consisted of mutual aid for elderly ex-slaves. Callie House would eventually be arrested for fraud in 1916, and sentenced to a year in prison on very little evidence.<sup>444</sup>

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<sup>439</sup> Mary Frances Berry, *My Face Is Black Is True: Callie House and the Struggle for Ex-Slave Reparations* (New York: Alfred A. Knopf, 2005), 6.

<sup>440</sup> Gregory Laski, *Untimely Democracy: The Politics of Progress After Slavery* (New York: Oxford University Press, 2018), 108

<sup>441</sup> Berry, *My Face Is Black Is True*, 144.

<sup>442</sup> *Ibid.*, 105.

<sup>443</sup> *Ibid.*, 133.

<sup>444</sup> Laski, *Untimely Democracy*, 113.

Although House and Dickerson would not achieve their legislative goal, their Association stood as a testament to the power of associational politics in the late nineteenth century. The Association managed to organize poor and working-class former slaves into a national, dues-paying organization with a radical demand and a mutual-aid infrastructure. The internal tensions embedded within the logic of the Association—between providing services for a working-class member base and engaging more explicitly in politics—arose in one form or another in most other black financial-political organizations during the late nineteenth century. Indeed, those tensions also formatted the rise and fall of both the Knights of Labor and the Populist movement in the late nineteenth century.<sup>445</sup>

### Grassroots Emigration

Despite the important differences between the ex-slave pension movement, the North Carolina Mutual Insurance Company, and black Knights of Labor-based cooperative grocery stores, desire for control over black wealth and institutions fundamentally shaped black politics and business in the early decades of Jim Crow. Black leaders from Callie House to Booker T. Washington identified the accumulation and dispersal of black capital, in a variety of different institutions, as the primary means of attaining black freedom in the late nineteenth century. One of the most dramatic manifestations of this impulse for black political and economic autonomy through wealth pooling would come in the form of emigration movements.

The story of black emigration movements in the late nineteenth century has often been told in isolation from the broader dynamics of black Populism and the ongoing struggle between the politics of protest and accommodation. While there are several scholarly monographs that examine the social and intellectual dynamics of organized black migration, they tend to orient their analyses towards explaining the popularity of later back-to-Africa movements like Garveyism in the 1920s-30s and the black power movements later in the 1960s-70s.<sup>446</sup> But if we consider the history of late nineteenth-century black migration in the context of a broader politics of black capital accumulation, new contemporary linkages become clear. Instead of an isolated and somewhat eccentric movement, black emigrationism's emphasis on group racial solidarity and resource aggregation place it firmly in the mainstream of black struggles for political power and wealth accumulation in the late nineteenth century.

In comparison to Marcus Garvey's Universal Negro Improvement Association, the black emigration movements of the Gilded Age were far less centralized, organized, and urban. While the hotbeds of Garveyism were the rapidly urbanizing black communities in places like Harlem, late nineteenth-century migration societies found their social base in the marginal farm land of the South and Southwest. Moreover, relative levels of black interest in emigration societies were clearly correlated to economic fluctuations, and in particular the rise and fall of cotton prices.<sup>447</sup> In North Carolina, black interest in migration inversely tracked the demand for tobacco processing labor. Black migration from the South, both at the level of organized colonization companies or at the level of informal meetings, rumors, and desires, was responsive to the political and material

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<sup>445</sup> This is discussed in Chapter 2, "Cooperative Commonwealths."

<sup>446</sup> Edwin S. Redkey, *Black Exodus: Black Nationalist and Back-to-Africa Movements, 1890-1910* (New Haven: Yale University Press, 1969); August Meier, *Negro Thought in America, 1880-1915: Racial Ideologies in the Age of Booker T. Washington* (Ann Arbor: University of Michigan Press, 1963); Tunde Adeleke, *Un-African Americans: Nineteenth-Century Black Nationalists and the Civilizing Mission* (Lexington: University of Kentucky Press, 1998).

<sup>447</sup> Redkey, *Black Exodus*, 7.

conditions in the rural South, and served as “an infrapolitical signal.”<sup>448</sup> The Southern sharecropping and crop lien systems rested upon the simultaneous maintenance of black landlessness and black geographic immobility—and so the grassroots politics of migration arose to contest both of those constraints.

The emigration movements of the late nineteenth century were, particularly in comparison to the political formations surrounding Du Bois and Washington, decidedly rural and working class.<sup>449</sup> And because rural black workers were almost entirely tenant farmers, the attraction of emigration was often bound up in the desire for land ownership, or at least a share in a land company. Many contemporary black thinkers understood this dynamic, like D.A. Straker, who wrote that “the exodus from the South will be ineffectual unless the emigrant, wherever he goes, is capable of owning the soil.”<sup>450</sup>

Plans for emigrating to west Africa or the Congo gained a lot of press in the 1880s and 1890s, and deserve closer investigation. But the large majority of organized black migration during this period sought land in the American Southwest and Midwest. While only about 50,000 black Southerners left for the North or Midwest in the 1870s, the Census Bureau estimated that 537,000 black Americans migrated out of the South for destinations within the United States between 1880 and 1910.<sup>451</sup> Historian Omar Ali considers this movement of people as the early phases of the Great Migration. But there are crucial differences between much of the black migration in the Gilded Age and those of the Great Migration of the 1910s-1960s. Most importantly, much of the migration in the late nineteenth century was organized around collective land-buying in rural areas, as opposed to urbanization and integration into the industrial proletariat.

Perhaps the most famous Gilded Age migration was the one led by Benjamin “Pap” Singleton. Formerly enslaved in Tennessee, Singleton escaped to freedom in the 1840s and worked odd jobs in Michigan until the coming of the Civil War and emancipation, when he moved to Tennessee and became a carpenter. Frustrated with the ongoing violence and repression of the Reconstruction-era South, Singleton joined with other black Tennesseans to form the Edgefield Real Estate and Homestead Association, which in 1878 purchased land in Kansas, where he and 7,432 other migrants moved.<sup>452</sup> While Singleton himself initially employed a more religious-inflected rhetoric that emphasized destiny and sovereignty rather than an ideological commitment to racial wealth-pooling, the actual operation of his colonization was deeply implicated in the logics of wealth accumulation. Indeed, the Singleton colony applied for and received a corporate charter, collected dues from members, and dispersed land accordingly.<sup>453</sup>

As Singleton and his followers established their colony in Kansas, their efforts became entangled with new forms of urban politics as well. An organization calling themselves the “United Colored Links,” whose membership was drawn from working-class black colonists, attempted to organize in Topeka both around alliances with white Greenbackers and trade unionists. The Links tried to organize for a political vision that knitted together the anti-bank and pro-labor politics prevalent among radical white Kansans with a sense of black economic nationalism, which included “the establishment of Black industries that would employ all Black workers.”<sup>454</sup> The Links only made

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<sup>448</sup> Brown, *Upbuilding Black Durham*, 52.

<sup>449</sup> Meier, *Negro Thought in America*, 59.

<sup>450</sup> Straker, *The New South Investigated*, 101.

<sup>451</sup> Ali, *In the Lion’s Mouth*, 155.

<sup>452</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 49.

<sup>453</sup> Nell Irvin Painter, *Exodusters: Black Migration to Kansas After Reconstruction* (New York: Alfred A. Knopf, 1976), 116.

<sup>454</sup> Painter, *Exodusters*, 120.



a brief impression on Topeka politics before vanishing, but showcased the ways in which radical ideologies of black wealth accumulation were interwoven within the working-class black migrations of the late nineteenth century.

The Kansas colonies, despite some early hard times, would eventually provide small but significant numbers of black migrants a cooperative stake in Great Plains society. But the institutional capacity of incorporated land companies could not match the sheer scale of black desire for cooperative land ownership outside of the South. As large numbers of African Americans who moved to the Great Plains in order to escape the violence and debt of Southern sharecropping, a refugee crisis began to develop in Kansas and Missouri. In response, black communities came together to pool their wealth in order to provide shelter and relief to the refugees. In St. Louis, the Colored Refugee Relief board, an incorporated organization founded by “some of the leading colored men of the place,” reported that they “found 2,000 emigrants half clad, without food or means,” and raised enough money for 50,000 meal rations. Another St. Louis black relief society had raised over \$3,341 for refugees.<sup>455</sup> The largest refugee aid organization was the Kansas Freedmen’s Relief Association, based in Wyandotte and comprised of both black and white members, which raised over \$68,000 for food, clothing, and transportation for refugees.

Most black refugees from Tennessee, Louisiana, Mississippi, and Arkansas who departed for Kansas never made it. Indeed, historian Nell Irvin Painter commented that “the refusal of riverboats to stop for Exodusters and their slow starvation on the banks of the Mississippi broke the movement’s momentum.”<sup>456</sup> Like the later experience of Callie House and the Ex-Slave Association, both white and black swindlers took advantage of the migration fervor, travelling around the South selling phony certificates promising the bearer land or transportation to the Plains. Grassroots political movements in the Gilded Age, from the Knights of Labor to the Exodusters, attempted to organize working-class communities with the promise of cooperative wealth accumulation, which made them vulnerable to the peripatetic con men so associated in popular memory with the nineteenth century. Kansas was, of course not the only destination for black migrants in the nineteenth century. Earlier attempts at Canadian emigration during the era of slavery came to real but limited success; several hundred black families, almost all fugitive slaves, emigrated to Upper Canada during the antebellum years. They bought homes, businesses, church buildings, and farmland.<sup>457</sup>

Oklahoma was another prominent option for black migrants within the United States, and like Kansas and Canada, was facilitated by joint-stock companies, certificates of incorporation, the payment of dues, and the purchasing of land. One black politician from Kansas named Edwin P. McCabe took part in a campaign to make Oklahoma a black-controlled state by organizing the strategic settlement of black people in the state to gain black voting majorities in each electoral district.<sup>458</sup> Over 7,000 black Americans moved into Oklahoma during 1890, forming majority-black towns such as Langston City, and prompting the formation of “Oklahoma Clubs” across the South, where black southerners could receive information, and pool their resources together in order to plan group migrations. Of course, there were already Afro-descended people in Oklahoma, who came there on the Trail of Tears with their Choctaw and Cherokee families or masters. However, the anti-black attitudes of both native peoples and new white migrants in the state, in conjunction

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<sup>455</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 53.

<sup>456</sup> Painter, *Exodusters*, 196

<sup>457</sup> Du Bois, *Economic Co-Operation Among Negro Americans*, 170.

<sup>458</sup> Redkey, *Black Exodus*, 100.

with the deteriorating economic conditions of the 1890s, meant that black Oklahomans began to see the former Indian Territory as merely a waypoint in a longer migratory journey.<sup>459</sup>

Of all the black emigration movements of the Gilded Age, none garnered the media attention or consternation of both black and white elites like those oriented towards Africa. And of all the black leaders advocating a back-to-Africa strategy, none other commanded the level of influence or faced the political backlash that Henry McNeal Turner did. Turner was born to free black parents in South Carolina in 1834, and became a preacher in the 1850s for the Southern Methodist Church.<sup>460</sup> Travelling the country he became attracted to the rising African Methodist Episcopal church late in the 1850s, and quickly rose to become head of the AME church in Washington D.C. His oratory and political skills saw him appointed as the first black chaplain in the history of the U.S. Army when black soldiers began to be admitted in 1862. Known for his bold speeches and his magnetic (though uncompromising) personality, Turner became a prominent organizer for the Republican Party in Georgia after the war, eventually elected to the Georgia legislature and appointed as the postmaster in Macon. But the failures of Reconstruction caused Turner to lose faith in the Republicans and in the American state more generally. He turned more vigorously to church politics, and was elected to the 12-member episcopate of the AME church in 1880.<sup>461</sup>

Turner spent the first years of his episcopal tenure involved in internal church affairs, but beginning in the mid-1880s he dedicated himself completely to the cause of organized black emigration to Liberia. Following the model set by the Kansas and Oklahoma emigration fevers, Turner called for a grassroots movement of rural African Americans to “organize ourselves into societies, associations, and reforming banks, and let them hold public meetings, print circulars and awaken among our young men a better sentiment.”<sup>462</sup> But Turner’s economic vision for black migration was much more developed than most of his contemporaries, though it incorporated many disparate elements already present in the politics of black capital. Turner’s back-to-Africa vision, founded in order to empower African Americans, was at the vanguard of what scholar Tunde Adeleke calls the tendency of black American nationalists to replicate “the imperial ambitions of Anglo-Saxon nationalism.”<sup>463</sup>

Despite Turner’s consistence and often vociferous hostility towards the United States, he argued that black Americans could be effective forces for American imperialism. In 1889, he wrote in the AME’s official newspaper, the *Christian Recorder*, that “the Negro as an agent might be made a thousand-fold more valuable to the South than he was as a slave, and at the same time more valuable to himself as a freeman.”<sup>464</sup> And in a sentence that might have come straight from the British colonial authorities, Turner wrote that Africa’s abundant mineral resources “await the trained hand of civilization with capital and intelligent enterprise.”<sup>465</sup> Turner did not propose a wholesale migration of African Americans to the African continent, but rather of the creation of a large black American civilization in Africa which could serve as an outlet for black Americans and increase the political leverage of black people still living in the United States. Turner laid out the essence of his vision in 1883, calling for “a half million civilized Christian people upon the continent of Africa,

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<sup>459</sup> *Ibid.*, 103.

<sup>460</sup> Edwin S. Redkey, ed., *Respect Black: The Writings and Speeches of Henry McNeal Turner*, (New York: Arno Press, 1971), vii.

<sup>461</sup> *Ibid.*, x.

<sup>462</sup> *The Voice of the Missions*, December 1893, in Redkey, ed., *Respect Black*.

<sup>463</sup> Adeleke, *Un-African Americans*, xiv.

<sup>464</sup> Henry McNeal Turner, *Christian Recorder*, February 14, 1889

<sup>465</sup> Turner, *African Repository*, July 1876

where we can have our own high officials, dignitaries, artisans, mechanics, corporations, railroads, telegraphs, commerce, colleges, churches.”<sup>466</sup>

The Western chauvinist and imperialist implications of Turner’s politics are significant, and books like Tunde Adeleke’s *Un-African Americans* explores those implications in great depth. But for the purposes of this chapter, it is important to pay attention to the different and sometimes contradictory ways that Turner and his allies envisioned the process of black capital accumulation that would enable emigration to western Africa. African emigration advocates relied on private, for-profit companies to advance their plans, but the question of funding was the omnipresent issue. Would these companies get their capital from already-organized black institutions like churches or societies? Would they solicit stock subscriptions from a multiracial investor base? Or would they attempt to get funding from the federal government? In reality, most organizations blended elements of each strategy, and these debates bring forward some clear connections between emigration movements and the broader landscape of black politics.

Henry McNeal Turner consistently tried to get the United States government to make some sort of reparative payment to black Americans in the form of financing for African emigration. While he consistently wrote about the “hundred million of dollars...the colored people of this country should ask the general government for, to enable them to leave the United States,” it is pretty clear that Turner’s strategy was to bid high in an attempt to gain even a small amount of government financing for his emigration plans.<sup>467</sup> In his latter years, Turner also tried to solicit financing from the Liberian government. During the 1890 Congressional session, Matthew C. Butler, the white supremacist Senator from South Carolina, introduced a bill that would have appropriated \$5 million for black migration. Turner’s support for this bill, particularly in light of the racist motivations of the bill’s sponsor, earned him the disgust of the black middle class.

Turner also attempted used his influence within the African Methodist Episcopal church to secure its support for an African colonization plan. One of Turner’s allies, a San Antonio-based clergyman named Revered Daniel E. Johnson, formed the AME Committee on the African Steamship, which attempted to blend church financing and local stock subscription clubs in order to charter a line of AME-controlled steamships for both emigration and commercial purposes. Local clubs were established all over, from Georgia to Maryland, Texas to Ohio, Ontario to South Carolina. But, as historian Edwin Redkey wrote, Johnson and Turner “ran afoul of the hard facts of life in the 1890s; there simply was no money.”<sup>468</sup>

From the 1870s until the turn of the twentieth century, over a dozen joint-stock companies promoting black migration to Africa operated within the United States. In the immediate wake of Reconstruction, prominent black politician Martin Delany and a group of black Charlestonians founded the Liberian Exodus Joint Stock Steamship company, whose flagship, the *Azor*, only ever made one voyage.<sup>469</sup> Over the following twenty years, a number of different joint-stock companies were founded, all of which either never sent any colonists or only sent one unsuccessful mission—from the Afro-American Company, intended to settle black Kansans in Brazil, the Afro-American Steamship and Mercantile Company, the Liberian Emigration Company, the Colored National Emigration Association, and the United States and Congo National Emigration Company. Several other groups, operating across rural and urban communities across the South, only engaged in public

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<sup>466</sup> Turner, *Christian Recorder*, June 21, 1883

<sup>467</sup> Henry McNeal Turner, “Transportation to Africa,” *The Voice of the Missions*, March 1899, from Redkey, ed., *Respect Black*.

<sup>468</sup> Redkey, *Black Exodus*, 173.

<sup>469</sup> George B. Tindall, “The Liberian Exodus of 1878,” *The South Carolina Historical Magazine* 20 (1952), 133.

meetings and stock subscription drives, and did not even leave a name or incorporation papers in the historical record.

The most famous, or infamous, of the joint-stock colonization firms was the International Migration Society. Formed in Birmingham Alabama in 1894 by four white investors, the IMS was led by an advisory board comprised of Henry McNeal Turner and other black leaders. They had the explicit intent of entering “the emigration business, not for charity but for profit.”<sup>470</sup> The IMS charged passengers a dollar-per-month passage fee, solicited stock, and employed over 100 black agents to traverse the South trying to sell tickets. Their major problem was the, almost a year into their operations, they had over 800 passengers who had begun to pay their passage fees, but only 12 had actually kept up their monthly payments to become fully paid-up passengers. Those 12 would be sent to Liberia in November of 1894. Turner blamed this failure of the fact that cotton prices had fallen to record lows during the summer of 1894, resulting in mass devastation among tenant farmers in the South.

But even as low cotton prices and general economic calamity in 1894 limited the ability of working-class black Southerners to pay for migration, it produced a surge in the popularity of migration politics amongst that same social base. These forces converged in March of 1895, when hundreds of emigrants arrived in Savannah, demanding the International Migration Society provide transport to Africa.<sup>471</sup> After a number of logistical failures, the IMS managed to send 200 migrants on a small Danish ship called the *Horsa*, but the telegram they sent to Liberia apparently never arrived, and the Society’s people were not prepared to house and feed the migrants when they arrived in west Africa. A similar situation happened when 321 black migrants left on the IMS’s ship *Ladura* in February of 1896. By the summer of 1896, almost all of the migrants from the *Horsa* and *Ladura* were dead or had left Liberia, either for Britain, Sierra Leone, or back to the United States.

The American Colonization Society, a famous antebellum institution founded by both white critics of slavery and racist white Southerners, also felt the pressure of the 1890s emigration fervor. Requests poured into the ACS’s offices from black families during the 1890s, and the confluence of deteriorating conditions for black Southerners and a series of miscommunications led to a refugee crisis in New York during February of 1892.<sup>472</sup> During Reconstruction, many black refugees had settled in the back-country of Arkansas, but over the course of the 1870s and 1880s many white settlers moved into those areas under the aegis of the Homestead Act, and most of the black communities had been pushed into the marginal, rocky foothills of the Ozarks. Hundreds of black Arkansas families petitioned the ACS to provide transportation to Africa, and tired of waiting for confirmation from the East, over 300 black Arkansans arrived in New York. Independently, a group of black Oklahomans had also travelled en masse to New York in order to attempt to migrate to Africa.

Like the black refugees in Savannah and Kansas City, the New York refugees caused a political crisis upon their arrival. Prominent black New Yorkers attempted to raise money to resettle these refugees in the north-east, or try to convince them to return to the South. While the ACS scrambled to find potential transportation, its president, William Coppinger, died in early February of 1892. Finally, on March 10, the ACS managed to charter a departing ship, but it only accommodated the Arkansas refugees. The Oklahoma families scattered, many making a life in the New York are, while others made their way to Britain, and some found private transportation from Britain to Liberia. Others went to back to Oklahoma.

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<sup>470</sup> Redkey, *Black Exodus*, 195.

<sup>471</sup> Nina Mjagkij, ed., *Organizing Black America* (New York: Routledge, 2001), 245.

<sup>472</sup> Redkey, *Black Exodus*, 111.

Taken in terms of their explicitly stated goals, black migration movements of the late nineteenth century were not successful. Small victories for cooperative enterprise and land ownership took root in Kansas and Oklahoma, and a very small number found homes in west Africa. Black migration from the American South—or at least the threat of exodus—did provide some tangible but limited leverage for Southern black communities. Nell Irvin Painter concludes that so-called Kansas Fever did produce a reduction in land rents and the cost of supplies in the northern parishes of Louisiana from which many of the Kansas migrants had left.<sup>473</sup> Migration was a potent method of laying bare the necessity of black labor to the sharecropping economy of the South. And white landowners understood the power latent within the possibilities of black migration, which resulted in brutal attacks by white supremacist lynch mobs directed towards the public meetings of migration societies. But taken as a grand project for organizing an intentional re-settlement of black Americans outside of the sharecropping South, emigration movements in the late nineteenth century never reached their promised lands.

Gilded Age black migration movements did, however, lay the groundwork for the ongoing popularity of wealth-pooling black nationalism among the black working classes throughout the twentieth century. Historian Edward Redkey remarked that the black urban workers who formed the base of Garveyism in the 1920s “were the same Southern black marginal farmers who had responded to the emigration appeals of Bishop Turner and his followers a generation earlier.”<sup>474</sup> Stimulated by the desire to escape debt, encourage black ownership of resources like land and transportation corporations, and produce racial sovereignty through economic cooperation, grassroots migration politics were a vital strand of black political and economic struggle in the late nineteenth century. As working-class black Southerners formed land associations, attended meetings, bought shares in migration companies, and agitated for government financing, they brought the politics of black capital to bear on the ongoing struggle for black sovereignty and autonomy.

### Conclusion

When surveying the history of black politics—as well as farmer and labor movements—in the half-century following the Civil War, one particular pattern seems to reveal itself: after defeat on the terrain of formal electoral politics, groups and organizations tended to retreat into the economic. And, conversely, after an intense period of economic recession, movements tended to engage more directly in the electoral field. But this temporal rhythm can distract us from the deep and foundational connections between the desire for political power and the logics of group capital accumulation in the late nineteenth century. Instead of understanding late nineteenth-century black politics as an intellectual dichotomy between Du Bois and Washington, between political protest and economic accommodation, a renewed focus on the nexus of capital aggregation and political power reveals striking linkages between black political practices across time, class, and region.

This account does not seek to flatten black politics across space and time, and this chapter has demonstrated the many different ways that black Americans navigated the buffeting currents of the United States’ racial regime and its volatile economy. Racism and capitalism, rather than operating as stable sets of meaning and value on non-intersecting tracks, were constantly bumping up against each other. And black Americans, who lived at the intersection of these runaway trains, formulated political strategies and practices that grew from the material realities of daily life. The simultaneous expansion of finance and the destruction of slavery meant that black wealth became

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<sup>473</sup> Painter, *Exodusters* 211.

<sup>474</sup> Redkey, *Black Exodus*, 294.

legible in a new way, both to the hegemonic, white institutions of government and finance, but also within and across black communities. And as black wealth became articulable in broad new ways, the politics of black wealth accumulation became the baseline for black political institutions during the late nineteenth century.

Within the framework of black capital accumulation there were competing programs and ideologies. Some, like Hampton Institute treasurer Alexander Purves, saw economic cooperation as a path that led away from political agitation. In his speech to the 1899 Hampton Negro Conference, he claimed black Americans should “be less inclined to regard political power as essential to the betterment of his position,” and explicitly claimed that his goal was “to reduce the race problem to a commercial basis and permit the race to work out its salvation at six per cent.”<sup>475</sup> Others, such as D.A. Straker, called for a more radical version of capital accumulation and economic cooperation, including “Combinations of workmen. Co-Operation. Governmental direction and interference. A more general distribution of land... *We must make land common property.*”<sup>476</sup> As financial practices and institutions became increasingly intertwined with the daily life and daily deposits of middle- and working-class Americans, opportunities for aggregating popular wealth multiplied. The possibilities opened up by large amounts of financialized wealth shaped the political ideologies of groups as disparate as the Knights of Labor and the National Negro Business League.

The decades after emancipation produced massive changes in the character of black wealth. While the post-bellum politics of black capital drew upon many of the legacies of free black benevolent associations and semi-formal systems of property ownership under slavery, these practices had been fragmented and lacked an articulable mass base. The increasing legibility of black wealth after the Civil War opened up possibilities for a wide range of state actors and private firms, as well as within black communities and political organizations. As the fragments of Reconstruction coalesced into the contemporaneous developments of Jim Crow and Gilded Age capitalism, black Americans looked to the practices of popular finance for political empowerment. In both the daily operations of grassroots black institutions, as well as the political imagination of aggregate people and dollars, the logics of racial wealth pooling provided a crucial link between seemingly disparate elements on the black political landscape of the late nineteenth century.

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<sup>475</sup> Alexander Purves, “Capital and Labor in Co-Operative Farming,” *Report of the Hampton Negro Conference* (Hampton: Hampton Institute Press, 1899).

<sup>476</sup> Straker, *The New South Investigated*, 185.

#### Chapter 4: The Politics of Panic

*If a few wealthy men of good mercantile fames,  
To an enterprise lend their respectable names  
It must surely be what its managers say  
Or the signers are—Tooral, ri-tooral, li day*

*Then ten Savings Banks purchased shares in it, too  
And banks of all kinds bought the Stock as it grew;  
And model Trust Companies took it in trade—  
This Huge-Universal-Mid-Bound'ry-Up-Grade*

*At last there were millions invested therein,  
And waiting for trips on the Road to begin,  
When some one discovered, and told, with a bawl,  
No road of the kind had been builded at all!*

*Down tumbled the stock, with a rush, at the sound,  
And banks, brokers, buyers, in a frenzy were found;  
And when to the banker the multitude went,  
They found he'd 'suspended' and paid not a cent!*

Orpheus C. Kerr, "A Fable of Finance" (1878)

Reflecting on more than four decades of unprecedented economic tumult in the United States, economist J. Maurice Clark took a moment in 1916 to pause and survey the changes. He considered how those volatile years had radically reshaped the ways that Americans conceived of the role of individuals in responsibly conducting their own economic affairs. In a scholarly paper entitled "The Changing Basis of Economic Responsibility," Clark—the son of renowned economist John Bates Clark—mused that "twenty years ago an economist writing under this title would have been expected to deal chiefly or solely with the responsibility of the individual for his own economic destiny."<sup>477</sup> But cumulative changes in technology, industrial relations, and financial practices had rendered such an individualistic morality play hopelessly anachronistic by the early twentieth century. Clark, proceeding with a heady combination of social-scientific eagerness and conservative lamentation at a world outgrowing its ethical guardrails, remarked that "If we try to trace the causes of anything fully, we are overwhelmed. Everything is a joint result of so many contributing causes that the whole universe may seem to have conspired to make one commuter miss the four-thirty train."<sup>478</sup>

But these conundrums did not simply appear to political economists, *ex nihilo*, in the course of quiet reflections in their libraries. Clark identified the impetus for addressing such seemingly unanswerable questions in some of the most dramatic mass events in Gilded Age life: financial panics. "The failure of such and such bank may have precipitated the panic, but the panic would have arrived and run much the same course in any case." Diving even more deeply into the problem of apportioning blame in the wake of these crises, Clark made the frank admission that "we have an industrial system in which misfits work cumulatively, regardless of the source from which the

<sup>477</sup> J. Maurice Clark, "The Changing Basis of Economic Responsibility," *Journal of Political Economy* 24 (March 1916), 209.

<sup>478</sup> *Ibid.*, 214.

original disturbance arises.” But Clark was not ready to give up on personal responsibility. He concluded that, even while the advancing interconnection of economic life made personal responsibility less straightforwardly legible, it was precisely that interconnection that made personal responsibility for economic actions all the more vital. It had become the job of economists and statisticians, then, to investigate and inform the public about the dynamics of modern capitalism, so that the public could act accordingly and avoid the need for overbearing state intervention. “Modern industry...is constantly showing new ways in which, whether we like it or not, we are our brothers’ keepers.”<sup>479</sup>

In this 1916 paper, Clark was able to articulate the parameters of political and economic questions that American economists, financiers, politicians, and reform movements had wrestled with for almost half a century. The momentous financial panics of the Gilded Age United States, in 1873 and 1893, prompted an avalanche of writing, from fiction to financial reports, editorial screeds to conspiracy theories, legislation to sermons, all attempting to locate cause, effect, blame, and responsibility. These rolling crisis of accountability were accompanied by a constant elevation of the stakes. As corporate capitalizations increased over time, as grain markets became more globalized, as more workers depended on wages, and as more ordinary Americans placed their cash into savings institutions, discerning the causes of and cures for financial panics took on greater significance. But as David A. Zimmerman has pointed out, “what made the problem of ending or mitigating these convulsions so vexing—and indeed, what helped inspire such a vast body of writing about panics in the first place—was that there existed no consensus about how to explain, or even describe, a financial crisis.”<sup>480</sup>

Were financial panics a “cyclone” or “storm,” whose comings and going were beyond the ken of human sciences, and which Americans merely had to endure before they began “patching up the damaged spots”?<sup>481</sup> Or were they the unfortunate but predictable byproducts of “stock gamblers” on Wall Street, in which “the bulls and bears fight out their battle”?<sup>482</sup> Were panics a tempest in a teapot, independent of “the great productive and industrial energies of the country, which no Wall street panic or excitement can ever seriously cripple”?<sup>483</sup> Or did convulsions on Wall Street shake the nation’s entire economy, due to the “extreme sensitiveness of the now highly-developed and intricate international commercial mechanism,” to the extent that “to-day no civilized community exists exclusively by its own efforts or on its own products”?<sup>484</sup>

This chapter will address the diverse, conflicting, and ever-changing explanations for financial panics throughout the last three decades of the nineteenth century. The financial panics of 1873 and 1893, as well as the severe commercial depressions that followed in their wake, were crucial moments in both academic and popular discourse for defining the nature of panics, determining their causes, and arguing over what could be done to prevent, shorten, or ameliorate them. As the Gilded Age wore on, and as *the people’s capital* became increasingly mediated by the flows and institutions of financial capitalism, panics and financial crises became spectacular but regular features of American life. Increasing numbers of working-class depositors, expanding relations of financial obligation through the instruments of mortgages and insurance, deepening reliance upon wage labor, and amplified sensitivity of all kinds of commercial firms to the state of

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<sup>479</sup> *Ibid.*, 224.

<sup>480</sup> David A. Zimmerman, *Panic! Markets, Crises, and Crowds in American Fiction* (Chapel Hill: University of North Carolina Press, 2006), 14.

<sup>481</sup> “Wall Street’s Welcome Lull,” *New York Times*, May 7, 1893.

<sup>482</sup> “Finance and Trade,” *Harper’s Weekly*, November 15, 1873.

<sup>483</sup> “The Effect in Commercial Circles,” *New York Times*, September 20, 1873.

<sup>484</sup> Albert C. Stevens, “Phenomenal Aspects of the Financial Crisis,” *The Forum*, September 1893.



the global economy meant that financial panics were becoming increasingly mass phenomena. The ups and downs of Wall Street were, more than ever before, becoming the business of ordinary Americans.

The first section of this chapter, “Scenes of Panic,” will analyze the primal landscape of panic itself: Wall Street, and the crush of bodies and information therein that were both cause and consequence of financial disruptions. These scenes lit up the imaginations of contemporaries, who mobilized an astonishing array of metaphors and framings to describe Wall Street in those extraordinary moments. The second section, “Blame and Interdependence in a Capitalist Crisis,” addresses the ways in which panics extended—in both their causes and consequences—far beyond the bounds of Wall Street. Gilded Age Americans were constantly attempting to determine the relationship between Wall Street and “the real economy,” particularly in reference to identifying the causes of panics themselves. Were panics rational or irrational? Were they the result of moral failing or system dynamics? Were they aberrant and solvable, or were they inevitable aspects of industrial capitalism that society could only hope to mitigate? The third section, “Nation, Obligation, and a Financial Public” demonstrates how the increasingly dense interconnections of economic life led to an articulation of financial crises and behavior on *public* and *civic* terms. If individual behavior could feed broader cycles of prosperity or ruin, how could Gilded Age Americans create the conditions for collective action and obligation that might relieve panics? The conduct of depositors, bankers, business owners, newspapers, and government agencies came under sharp scrutiny during these exceptional moments of crisis.

Over the course of the late nineteenth century, explanations of panic generally shifted from emphasis on the malevolence and irresponsibility of individual actors on Wall Street towards more systemic interpretations, focused on the dynamics of international trade, monetary policy, and the nature of financial-industrial capitalism itself. While this trend was not absolute, historians can broadly describe a shift away from a process in which individuals were judged against enduring moral standards towards a process in which groups and individuals were judged against the ever-moving drama of capitalist political-economic incentives, what came to be known as the “business cycle.” In some ways, this process echoes the dynamic described by historian Jonathan Levy, where statistical and financial management of the risk embodied in the “economic chance-world” came to displace a divine, Providential rationale for individual mishaps.<sup>485</sup> But the context of financial panics inverts Levy’s formula. Insurance and other statistical forms of risk-management were *systemic* solutions brought to bear on the problem of *individualized* calamity. For Americans concerned with the devastating impact of Gilded Age financial crises, the primary question on the table was how *individual* responsibility could be established in the midst of a *systemic* calamity.

Some of the most vexing quandaries confronting those seeking accountability in the wake of financial panics were the transnational dynamics that undergirded the crises. In the Panic of 1873, crop failures and railroad speculation in central Europe played an important role in causing the Vienna stock exchange to suspend, the aftershocks of which created contractions in the global financial center of London.<sup>486</sup> The contraction of credit from Berlin, Vienna, and London increased financial stringency on Wall Street, whose loans to overextended American railroads began to wobble. Simultaneously, the financial house of cards supporting Jay Cooke’s Northern Pacific Railroad began to teeter. The overextension of massive loans, in addition to the railroad’s difficulties in navigating the geographical obstacles of the Yellowstone region, and the resistance of the Sioux

<sup>485</sup> Jonathan Levy, *Freaks of Fortune: The Emerging World of Capitalism and Risk in America* (Cambridge: Harvard University Press, 2012), 148.

<sup>486</sup> Charles P. Kindleberger and Robert Z. Aliber, *Manias, Panics and Crashes: A History of Financial Crises*, 5th ed. (New York: Palgrave Macmillan, 2005), 44.

people to the Northern Pacific's expansion, helped upend that house of cards.<sup>487</sup> The failure of Jay Cooke & Co. in September is widely considered to have inaugurated the Panic of 1873 in the United States. As the *Stark County (OH) Democrat* put it, "And so Mr. Jay Cooke broke...and in breaking he broke others."<sup>488</sup> The chains of causality, and their dispersal across space, time, and jurisdiction, had precipitated a crisis of accountability.

The Panic of 1893 represented a similar culmination of transnational political-economic circumstances. Rolling bank failures in Australia, collapses in the prices of South African gold mining stocks, and over-speculation by prominent London banking house Baring Brothers in Argentine crops and infrastructure led to a big financial pullback in the City of London during the year 1890.<sup>489</sup> To secure their positions and ensure cash on hand, the London investment banks began selling off their global securities, particularly in American railroads and industrial firms, and the Bank of England began to buy gold as a precautionary move against panic in the capital. Although this maneuver, in conjunction with bumper agricultural yields in North America during 1891-92, succeeded in staving off panic for a time, crisis eventually came to the United States. In May of 1893, smaller crop yields and a re-inflation of the so-called "industrial" stocks, most prominently the National Cordage Company, instigated a new round of panic and contraction. Add to this the ongoing debates and uncertainty over the "currency question" in the United States—whether the nation would have a bimetallic silver-and-gold standard, fiat paper currency, a gold standard, or some combination thereof—and we can begin to appreciate the difficulties encountered by contemporary actors in attempting to apportion blame and "preserve forms of ethical accountability."<sup>490</sup>

Because of their spectacular nature, financial panics and their attendant economic crises played a contradictory role in the developing politics of mass finance during the late nineteenth century. On the one hand, they were treated as moments of exception, "like a fire, a railroad smash-up, or a steamboat explosion," whose very nature led to extraordinary measures and patterns of thought "which in a tranquil time society would not so easily condone."<sup>491</sup> And yet, many contemporaries saw the "contributing elements" of the panic as inherent in economic and psychological basis of capitalist growth itself.<sup>492</sup> This chapter will illustrate the ways in which the panics of 1873 and 1893 were key junctures in the history of Gilded Age economic and political thought. Those crises were moments in which people clarified and mobilized incipient ideas about political economy, morality, and nationhood in order to apportion blame and make sense of the economic calamity that surrounded them. Americans living in the late nineteenth century understood the increasing interdependence of economic life, and panics served as a crucible in which the anxieties orbiting around those economic changes pressurized and then exploded spectacularly into public life.

### Scenes of Panic

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<sup>487</sup> M. John Lubetkin, *Jay Cooke's Gamble: The Northern Pacific Railroad, the Sioux, and the Panic of 1873* (Norman: University of Oklahoma Press, 2006), xvii.

<sup>488</sup> "The House of Jay Cooke & Co.," *Stark County Democrat* (Canton, OH), October 2, 1873.

<sup>489</sup> Albert C. Stevens, "Analysis of the Phenomena of the Panic in the United States in 1893," *Quarterly Journal of Economics* 8 (1894), 120.

<sup>490</sup> Zimmerman, *Panic!*, 3.

<sup>491</sup> "Mr. Richardson and the Produce Merchants," *The Commercial and Financial Chronicle: Hunt's Merchant Magazine* (New York), September 27, 1873.

<sup>492</sup> Stevens, "Phenomenal Aspects of the Financial Crisis."

Gilded Age financial panics spun their webs to connect a widely dispersed set of people, institutions, and behaviors. But panics were, first and foremost, *mass events* that erupted in concrete space and real time. Akin to the natural disasters, riots, and labor conflicts of their era, Gilded Age financial panics were moments in which large numbers of people gathered and moved in public space, shouted, experienced the whiplash of good and bad fortune, and were borne along by real-time crowd dynamics that seemed to hold only an inscrutably vague connection to individual decision-making.<sup>493</sup> And the geographical place where the largest, most dramatic, and most consequential scenes of panic occurred was at the corner of Wall Street and Nassau Street in Manhattan and the offices, streets, and hotels that surrounded it. In 1873, the *New York Times* reported from the scene of the New York Stock Exchange itself, relaying that “the doorways were jammed with masses of men, howling and screeching in the most violent manner...to a countryman unused to the habits of its members, it would seem as if a fearful riot were in progress.”<sup>494</sup> A reporter from the *Daily Rocky Mountain News* of Denver, Colorado, wrote of the same panic that “The Wall street steps of the building resembled a political mass meeting.”<sup>495</sup>

The large-crowd dynamics periodically erupting in lower Manhattan attracted the comment of economists and bankers, as well as reporters, fiction writers, and early proponents of social psychology.<sup>496</sup> Using their different conceptual apparatuses, this wide range of historical actors attempted to hone in on the ever-present question of individual action and responsibility in the midst of dynamics that seemed to erode the link between individual intent and aggregate outcome. And so observers of Wall Street oscillated between narratives of interpersonal drama driven by human-scale conflict between cliques—“bulls” and “bears” most prominently—and more impersonal sagas driven by cycles of over-investment and global capital flows. And at their most abstract, Wall Street panics were described as blind human reactions to the ceaseless procession of prices on a stock ticker, a set of “repeatable patterns” almost completely severed from “the underlying value of an individual company or even referring to any actual productive activity.”<sup>497</sup>

Over the course of the late nineteenth century, the bulk of written explanation in newspapers, fiction, trade journals, and legislative debate moved from primarily interpersonal to primarily systemic and abstract. In the 1870s and ‘80s, observers tended to emphasize the human-scale clashes on Wall Street. By the turn of the twentieth century, the language of systemic and impersonal crises had come to the fore, highlighting the inherent consequences of speculation and profit in a globalizing economy, as well as inability of direct human action to control financial swings. William Worthington Fowler wrote in his 1880 memoir, *Twenty Years of Inside Life in Wall Street*, that the titans of the Stock Exchange “have ‘clutched the golden keys.’ Their names are talismans which unveil many a dark financial secret, unlocks vaults on untold treasury, and set the genii of panic at work.”<sup>498</sup> An 1873 report in *The Commercial and Financial Chronicle* claimed that “the party lately trying to depress the market have done so for the purpose of buying in, and when sufficiently loaded up they will be on the other side.”<sup>499</sup> In these imaginings, financial panics

<sup>493</sup> Zimmerman, *Panic!*, 1.

<sup>494</sup> “Resumption of Business,” *New York Times*, October 1, 1873.

<sup>495</sup> “The Crisis, etc.,” *Daily Rocky Mountain News* (Denver, CO), September 21, 1873.

<sup>496</sup> Kristian Bondo Hansen, “Contrarian investment philosophy in the American stock market: on investment advice and the crowd conundrum” *Economy and Society* 44 (2015), 621.

<sup>497</sup> Peter Knight, “Reading the Ticker Tape in the Late Nineteenth-Century American Market,” *Journal of Cultural Economy* 5 (2013), 50.

<sup>498</sup> William Worthington Fowler, *Twenty Years of Inside Life in Wall Street: or Revelations of the Personal Experience of a Speculator* (New York: Orange Judd Company, 1880), 36.

<sup>499</sup> “Railroads and Miscellaneous Stocks,” *The Commercial and Financial Chronicle*, September 13, 1873.

stemmed from conflict among the gods, thunderbolts emanating from Wall Street-as-Olympus that scorched the mere mortals below.

Contrast those sentiments with those of Edwin Lefèvre, a stockbroker-turned-journalist, who wrote a 1901 piece in *Harper's* entitled "Panic Days in Wall Street." Lefèvre wrote that "there is no happiness in Wall Street during the thick of the fray...no gleeful rubbing of millionaire hands as the tape prints stories of the ruin of thousands. For not until after the smoke clears does any one, big or little, know whether he has reasons for self-felicitations or not."<sup>500</sup> For Lefèvre, the Wall Street barons might have larger boats with stronger hulls, but the financial storm had the potential to take out anyone, and only a fool would try to predict with exact certainty the path of its destruction. Olympian figures still appear in Lefèvre's story, but instead of bankers plotting domination in posh hotel bars on Fifth Avenue, the gods manifested as arcane forces of destruction, unmoored from human reason and indifferent to the minutiae of rumor or allegiance. Panics were tsunami waves to be surfed rather than battles between identifiable armies.

While historians can trace a general trend over time, we should not overstate its uniformity. Even in the 1870s, some Wall Street observers blamed panic on broad economic currents, explaining that "banks have lent large sums of money of railroad bonds, to the exclusion of merchants," and thus the merchants had very little room to maneuver when the railroad-driven financial crisis appeared.<sup>501</sup> Others, like social reformer Charles J. Bellamy, followed a proto-Populist and proto-Keynesian analysis to claim that panics were the direct result of structural over-production. Bellamy wrote in the early 1880s that the "search of capital for profitable investment," combined with reinvestment of those profits "into making more goods instead of distributing them among workmen" produced "a glut in the market," from which "society finds itself in what it styles a panic."<sup>502</sup> Despite the prominence of interpersonal explanations of panic during the earlier part of the Gilded Age, there were clear strands of competing, systemic arguments germinating in the world of print.

Of course, the residue of human drama never quite left popular understandings of the financial economy. Peter Knight, in his astute scholarly analysis of financial news in the Manhattan gossip magazine *Town Topics*, shows that while the magazine sought to legitimate and rationalize Wall Street by portraying it as "an anonymous, abstract, and orderly network...detached from individual lives and desires," there remained a stubborn pattern of language situating financial outcomes as "the product of gossipy, personal relationships."<sup>503</sup> Knight argues that this confluence of the rational and the gossipy served to invite more participants into the market through its insistence on the logical and predictable movement of prices, while simultaneously nudging self-styled "savvy investors" with inside knowledge and tips that could help them prosper.

As Wall Street approached the twentieth century, many investors, popular financial authors, and social scientists began to apply a new set of insights, drawn from the developing discipline of crowd psychology, to bridge the gap between individual intention and group dynamics. What came to be known as "contrarian investment philosophy" in the 1920s was drawn from late nineteenth-century discourse on mass behavior in a financial market. Observers saw increasing public participation in the stock exchange, and became concerned that "the susceptible minds of inexperienced public speculators, acting *en masse*, would lead to mob action, mass hysteria, and even

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<sup>500</sup> Edwin Lefèvre, "Panic Days in Wall Street," *Harper's Weekly*, May 18, 1901

<sup>501</sup> "The Panic," *New York Times*, September 20, 1873.

<sup>502</sup> Charles J. Bellamy, *The Way Out: Suggestions for Social Reform* (New York: G.P. Putman's Sons, 1884), 56-63.

<sup>503</sup> Peter Knight, "Reading the Market: Abstraction, Personification, and the Financial Column of *Town Topics Magazine*," *Journal of American Studies* 46 (2012), 1059.

panic in the market.”<sup>504</sup> Fears that investor and depositor naiveté would lead them to act counterproductively in a panic and cause “a blind rush at every banking house” that would “bring everything to the ground” stalked the imagination of Gilded Age bankers and financial writers.<sup>505</sup>

So the developing theory of contrarian investing undergirded itself with the credo that “the public is always wrong,” and built its practice on identifying moments in which the irrational crowd was pushing the market in a certain direction, and then investing in the opposite direction. The financial sages at the *Commercial and Financial Chronicle* distilled this logic by claiming that “as in all periods of panic,” savvy investors could take advantage of the panic by betting against the trends of the market, buying while everyone else is trying to sell.<sup>506</sup> Contrarians “can purchase dividend-paying stocks and bonds of the most unquestionable value at prices 15 to 20 per cent below their real wealth.” Since humans were susceptible to blind crowd behavior, fluctuations in the market were primarily understood as “expressions of collective emotion, opinion or sentiment.”<sup>507</sup> These writers and investors understood the scenes of panic periodically manifesting on the corner of Wall Street and Nassau Street as driven by human psychology rather than the fundamentals of a global capitalist economy.

As financial panics continued to bedevil the American economy through the late nineteenth century, residents and observers of American capitalism were faced with multiple crises of accountability and understanding. People struggled to rearticulate moral and political responsibility in the face of an expanded financial sphere, many simply attempting to plot strategies for taking advantage of these mass crisis for their own benefit. But the scale, immediacy, and corporeality of lower Manhattan crowds prompted an explosion of written metaphors that operated in a seemingly non-political register. Despite this apparently non-political valence, the language used to convey the texture of experience during a Wall Street crisis revealed deeper assumptions that informed the more explicitly political and social scientific debate on panics.

For most writers reporting from the scene of a panic, the moment was characterized by overwhelming confusion, fear, and overstimulation. One anonymous author relayed that the day of September 18<sup>th</sup>, 1873 “was a prolonged period of terrible suspense, anxiety, madness; such an experience as might satisfy a lifetime’s cravings for excitement.”<sup>508</sup> The author heard a dizzying array of explanations for panic, and the descriptions of mini-dramas, intrigues, and large amounts of money changing hands had created a vortex of “exclamatory criticisms and phrenzied babbling...wild confusion and chaos.” The editors at *Harper’s* denounced the “frenzy which took possession of Wall Street,” leading “people to lose their heads and act like madmen.”<sup>509</sup> Because “fright is contagious, and spreads like an epidemic” during panic situation, *Harper’s* chided Wall Street brokers for their lack of “coolness of imperturbable spirit,” which might have “confined” the panic.

When Gilded Age Americans reached for framing metaphors to enunciate the moral, political, and economic imperatives brought on by financial crises and bank panics, they employed the language of public emergency: fire, contagious disease, riot, and natural disaster. In San Francisco alone, newspapers during the financial crises of the 1870s used imagery ranging ranged

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<sup>504</sup> Bondo Hansen, “Contrarian investment philosophy in the American stock market,” (617)

<sup>505</sup> “Voices of the Press,” *Daily Rocky Mountain News*, September 26, 1873.

<sup>506</sup> “Investments in State, City, and Corporation Finances,” *Commercial and Financial Chronicle*, September 27, 1873.

<sup>507</sup> Bondo Hansen, “Contrarian investment philosophy in the American stock market,” 618.

<sup>508</sup> *History of the Terrible Financial Panic of 1873* (New York?: s.n., 1873), 8.

<sup>509</sup> “The Crisis in Wall Street,” *Harper’s Weekly*, October 4, 1873.

from the meteorological<sup>510</sup> (“After the Storm,” “The Financial Storm,” “like a thunder clap,” and “the thunder bolt that leaps, without apparent cause, from an unclouded sky”) to the medical and epidemiological<sup>511</sup> (“A Feverish Market,” “The Financial Lockjaw,” “the Financial Convulsion,” a panic “will leave the country in a healthier condition,” and “contagious distrust”) to the incendiary<sup>512</sup> (“the news spread like wild fire,” false newspaper reports were “moral incendiarism,”) to the military<sup>513</sup> (“A Raid on Gold Notes,” libelous reporters were “*assassin* like,” stacked boxes of gold coin at a bank subject to a run were “precious ammunition”). In these illustrations, the forces of providential misfortune served to catalyze mobilizations of communities’ political capacities. Gilded Age Americans mapped ideas of disaster management onto ideas of financial crisis management with a palpable clarity.

Edwin Lefèvre noted “the spirit of fear” that “broods over the entire community. The very atmosphere is saturated with it...even the messenger-boys allude to it and tell you, with a vivid poetry of expression, that ‘it’s in the air.’”<sup>514</sup> This miasmatic description of financial panic as a contagious, airborne disease had deep social resonance in nineteenth-century America. Epidemics were one of the primary fears in antebellum and Gilded Age cities, and public authorities employed extraordinary police powers in attempts to quarantine their spread, with predictably dire impacts on “undesirable populations.”<sup>515</sup> Author Will Payne chose a less medicalized set of disaster metaphors to describe financial failure in his 1900 short story, “In the Panic.” The fictional bank president, Mr. Miller, stared at the anxious depositors flurrying around on the street, imagining them as “rising waters licking at the foundation of his bank,” wondering how he might navigate a terrain in which “the firm ground of credit had quaked and opened in fissures.”<sup>516</sup> Like the outbreak of an epidemic, a flood breaching the levies, or an earthquake shaking previously solid foundations, financial panics catalyzed psychological and social processes akin to post-disaster disarray.

It was this febrile public mood that served as the perfect growth matrix for one of the other major elements of Wall Street panic: rumor. In heightened moments of financial tension, rumors became valuable currency, exchanged in hotel bars, Wall Street offices, relayed to London and Chicago via telegraph, or printed in newspapers. Rumors about which firms were heavily invested in failing corporations, rumors about bank presidents skipping town or committing suicide, rumors that bulls or bears would make a big move later that day. While some whispers—like early hints that Jay Cooke’s banking house was near failure—would pan out, other whispers were much less easy to verify, and still others turned out to be completely false.

In the days after the Panic of 1873, a rumor began circulating that the First National Bank of New York had suspended, causing a major run on its assets. It was only a day later that the officers

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<sup>510</sup> “After the Storm,” *The Bulletin*, September 9, 1875; “The Financial Storm,” *Daily Alta California*, August 28, 1875; “Suspension of the Bank of California,” *Daily Alta California*, August 27, 1875; “The Financial Storm,” *The Golden Era*, September 28, 1873.

<sup>511</sup> “A Feverish Market,” *The Evening Post*, September 25, 1873; “The Financial Lockjaw,” *The Evening Post*, September 26, 1873; “The Financial Convulsion,” *The Bulletin*, September 25, 1875; “The Financial Crisis,” *The Evening Post*, September 20, 1873; “The Panic,” *The Chronicle*, August 26, 1875;

<sup>512</sup> “The Crash,” *The Evening Post*, August 27, 1875; “Malicious Reports,” *The Evening Post*, September 6, 1875;

<sup>513</sup> “The Raid on Gold Notes,” *The Bulletin*, September 11, 1875; “A Monetary Panic,” *California Farmer and Journal of Useful Sciences*, August 26, 1875; “The Crash,” *The Evening Post*, August 27, 1875.

<sup>514</sup> Lefèvre, “Panic Days in Wall Street.”

<sup>515</sup> Susan Craddock, *City of Plagues: Disease, Poverty, and Deviance in San Francisco* (Minneapolis: University of Minnesota Press, 2000), 4.

<sup>516</sup> Will Payne, “In The Panic,” *Century Illustrated Monthly*, July 1900, 428.

of the First National came to the *New York Times* to report their financial health and to clear up the confusion.<sup>517</sup> It was the First National Bank of Washington, D.C., a completely unrelated institution, that was on the verge of failure, and the run on their assets was purely a case of mistaken identity. A similar case occurred in Chattanooga, Tennessee, where the failure of the black-owned Penny Savings Bank had been misreported over telegraph wires by the credit agency Dun & Co.<sup>518</sup> Metropolitan banks had begun to call in loans from the City Savings Bank, a completely unrelated institutions, and sparked depositors to withdraw over \$60,000 from the City Savings Bank before the error could be clarified.

Most intelligence, though, fell in the broad grey area between confirmed truth and outright falsehood. During the panic of 1893, the *New York Times* reported that “The Street was rich in rumors, some of which powerful interests had found it advisable to offer support.”<sup>519</sup> The truth or falsity of those rumors was inscrutable at best, immaterial at worst. In an increasingly financialized economy, essentially all major banking houses and publicly traded firms had made extensive use of the credit system, and were in some way affected by major failures elsewhere on Wall Street. And so rumors could further inflame a situation created by very real financial weakness. For example, the National Cordage Company, in the midst of its suspension and attempted reorganization proceedings, was “depressed by as many rumors as there were men on the street.”<sup>520</sup> When confusion reigned over financial proceedings, “the wildest and most exaggerated statements were accepted without questioning their authenticity.”<sup>521</sup> The *Commercial and Financial Chronicle* described the situation astutely, claiming that when capital is “made apprehensive” by major firm failures, Wall Street is “in just the condition to be easily affected by disquieting rumors and facts.”<sup>522</sup>

With information at such a premium, it is hardly surprising that contemporaries spilled a lot of ink in describing the mechanisms by which information circulated from person to person, firm to firm, and nation to nation in these moments of intense financial scrutiny. Political economist Edward Jones noted that “the power of mental contagion is increased by such facilities for assemblage and communication as the railway and telegraph.”<sup>523</sup> Another political economist, Albert C. Stevens, agreed that “the extraordinary increase of railway, steamship, and telegraphic communications” had made it nearly impossible to “effectually quarantine” panics.<sup>524</sup> And from the front lines of Wall Street itself, local reports from telegraph-operating firms noted the massive boom and profitability of the telegraph business during the weeks of panic.<sup>525</sup> Scholars have observed that the near-instantaneous flow of price information between Chicago, New York, Liverpool, and London exacerbated financial panics in the Gilded Age. Even as merchants and bankers relied on personally written or conveyed communication to inculcate trust during moments of panic, news relayed by telegraphs, and the trans-Atlantic telegraph in particular, came to dominate the experience of crisis for those operating in global financial centers as well as far-flung provincial outposts.<sup>526</sup>

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<sup>517</sup> “False Rumors,” *New York Times*, September 20, 1873.

<sup>518</sup> “Western Banks in Trouble,” *New York Times*, June 21, 1893.

<sup>519</sup> “Wall Street Felt Relieved,” *New York Times*, May 11, 1893.

<sup>520</sup> “What Happened in the Market,” *New York Times*, May 5, 1893.

<sup>521</sup> “False Rumors,” *New York Times*, September 20, 1873.

<sup>522</sup> “The Financial Situation,” *Commercial and Financial Chronicle*, May 13, 1893.

<sup>523</sup> Edward D. Jones, *Economic Crises* (New York: The Macmillan Company, 1900), 205.

<sup>524</sup> Stevens, “Phenomenal Aspects of the Financial Crisis.”

<sup>525</sup> “Resumption of Business,” *New York Times*, October 1, 1873.

<sup>526</sup> Hannah Catherine Davies, “Spreading fear, communicating trust: writing letters and telegrams during the Panic of 1873,” *History and Technology* 32 (2016), 160.

Over the course of the late nineteenth century, the stock ticker became the other piece of technology featuring prominently in on-the-ground descriptions of panic. Emerging onto the scene in the early 1870s, stock tickers became ubiquitous in banks, brokerage houses, mercantile firms, and even upscale Manhattan hotels and bars throughout the course of the 1880s and 1890s. Though the ticker tapes, relying on telegraphic technology, would play an important role during the panic of 1873, it was not until the panic of 1893 that stock tickers would become such a universally recognized symbol of financial capitalism, and a pervasive character in scenes of panic. Peter Knight concludes that the growing hegemony of the ticker tape was a driving factor in the transition of the American financial sector from “a literal marketplace that could be observed in its entirety from the Visitors’ Gallery of the New York Stock Exchange” to the “abstract space of continuous financial activity.”<sup>527</sup>

The advent of the stock ticker did not erase the dramatic, public nature of stock panics, but it did mean that Wall Street operators relied less and less on physically congregating in public space in order to discern the peaks and valleys of the market in real time. Where newspaper and fictional descriptions of the panic of 1873 tended to highlight the “thousands of people” assembling outside the Stock Exchange in order to be at “the scene of action,”<sup>528</sup> narratives of 1893 often prioritized scenes that took place in private offices of stockbrokers, who gathered in small groups staring at the ticker as it spelled out their potential doom.<sup>529</sup> The act of reading the market had become more and more deeply dependent upon the mechanical whirring of machines, and upon increasingly complex “collective interpretations” in which market observers “are intensely aware that other investors are reading the same material at the same time.”<sup>530</sup> The stock ticker had become a major factor in the ways that Wall Street actors, in the midst of panic, spoke of those panics in terms of relative movements of prices, increasingly disembedded from the fundamentals of the real economy.

Not all descriptions of panic, however, emphasized abstract forces to the exclusion of human actors. One report from May of 1893 described the New York Stock Exchange as a sort of gladiatorial arena, replete with “fashionably-dressed women” perched high in the gallery “to watch the bulls and bears fight.”<sup>531</sup> Indeed, it was reported that women comprised almost half of the gallery attendees that day. The reporter adjudged the female spectators as having come “to look on at a battle which means the triumph of one man at the cost of another,” and reported that one “fair young creature...bit her lips and grasped her handkerchief tightly, as if to prevent herself from crying out in sheer excitement as the Cordage crowd tumbled over each other.” After a particularly tumultuous break in the action, she turned to her escort and exclaimed, “Why, Fred, it’s as good as a matinee.”

In contrast to the “cool, detached manliness” embodied by the calculating speculator judging the numerical movements on the stock ticker,<sup>532</sup> the gallery reporter narrated the female experience of panic through the lens of naiveté and emotional bewilderment. The stockbroker and memoirist William Worthington Fowler noted that women in the 1870s had engaged in stock speculation, but mostly through male intermediaries. Fowler thought this was all to the good, and imagined the disaster that would befall Wall Street if a crowd of female speculators encountered a panic and responded “with feminine impulsiveness of the feelings of the hour.”<sup>533</sup> He went so far as to claim

<sup>527</sup> Knight, “Reading the Ticker Tape in the Late Nineteenth-Century American Market,” 45.

<sup>528</sup> “More Failures Yesterday,” *New York Times*, September 20, 1873.

<sup>529</sup> Lefèvre, “Panic Days in Wall Street.”

<sup>530</sup> Zimmerman, *Panic!*, 25.

<sup>531</sup> “Women View the Battle,” *New York Times*, May 6, 1893.

<sup>532</sup> Knight, “Reading the Ticker Tape,” 51.

<sup>533</sup> Fowler, *Twenty Years of Life On Wall Street*, 456.



that the entry of women into stock speculation, *en masse*, would give Wall Street cause to “expect some new and strange appearances” of panics throughout the economy.”<sup>534</sup>

The female depositors of savings banks were portrayed in a similar fashion during scenes of panic, though the class differences between savings depositors and the well-heeled women of Wall Street became immediately apparent. During the run on the Hibernia Bank of San Francisco in 1875, local newspapers mocked Irish immigrant women who stood in line with children in their arms, waiting to withdraw their small deposits in fear that the bank might go under. Many of these women, being illiterate, could not sign their names, and the San Francisco *Evening Post* reported that they “merely laid their books down on the counter and stared blankly at the teller, without seeming to know what to say.”<sup>535</sup> The *Evening Post* scolded the irrational behavior of those depositors, “servant girls...women with children in their arms, and old decrepit grandmothers,” all drawing their small balances and depriving the system of the capital that it would need to weather the financial storm.<sup>536</sup>

Gilded Age financial panics, particularly in their dramatic Wall Street manifestations, intensified some of the economic and ideological contradictions that bedeviled late nineteenth-century American life. Attempting to ascertain a sense of individual responsibility, “grounded in a vitalistic notion of force,” in which an individual’s intentions, actions, and consequences could be legibly deciphered, crashed into ever-escalating dynamics of “the crowd’s stampede.”<sup>537</sup> The developing academic discourses on financial panics during the 1880s and 1890s—particularly institutional economics and crowd psychology—attempted to re-inscribe a sense of legibility in assessments of those crises. And they succeeded in broadly shifting public understandings of financial panic away from being based predominantly either on blame for omnipotent individuals or small groups on Wall Street, or on understandings of panics as natural disasters that could neither be predicted nor prevented. The explanations that tended to come to the fore by the 1890s focused on critiques of “over-production,” on lax bank regulations, on the inherent drive towards speculation in financial markets, or on the ongoing controversy about the metallic basis of United States currency.

As previously noted, these more systemic explanations of panic never fully displaced interpersonal modes of description. Insofar as “markets were made of people,” the collective emotional state of Wall Street brokers or working-class San Francisco bank depositors could have an impact on the operation of the global financial economy.<sup>538</sup> But the people comprising those markets had a much more difficult time discerning how their individual behavior would impact themselves, their communities, or the development of global capitalism. This chapter broadly tells a story of change over time, but the crisis atmosphere of panics also led to an explosion of sometimes-contradictory explanations following immediately in the wake of crisis.

The historian, memoirist, and American aristocrat Henry Adams mulled over these conundrums in his third-person memoir, *The Education of Henry Adams*. After learning via telegraph that he had lost most of his wealth in the Panic of 1893, he mused that “the situation seemed farcical, but the more he saw of it, the less he understood it. He was quite sure that nobody

<sup>534</sup> Fowler, *ibid.*

<sup>535</sup> “Panicky Scraps,” *The Evening Post* (San Francisco), August 27, 1875.

<sup>536</sup> “The Streets,” *The Evening Post* (San Francisco), August 27, 1875.

The ways in which working- and middle-class savings bank depositors acted in the midst of panic, and how a wide variety of contemporaries articulated their civic responsibility in these moments of crisis, will be taken up more fully in the last section of this chapter.

<sup>537</sup> Alex Preda, *Framing Finance: The Boundaries of Markets and Modern Capitalism* (Chicago: University of Chicago Press, 2009), 27.

<sup>538</sup> Bondo Hansen, “Contrarian investment philosophy in the American stock market,” (618).

understood it much better.”<sup>539</sup> The counter-cyclical farce of financial contraction made a strong impression on the 55-year-old Adams, who wrote that “blindly some very powerful energy was at work, doing something that nobody wanted done.”

### Blame and Interdependence in Capitalist Crises

In the wake of Jay Cooke & Co.’s failure, Americans from around the country attempted to wrap their heads around what had happened, and assess their economic prospects. The Denver *Rocky Mountain News* wrote with supreme confidence in September of 1873 that “the storm will prostrate a few weak houses,” but that Coloradans needn’t worry, because as a rule “the general business of the country is not dependent on Wall street.”<sup>540</sup> The Chicago *Tribune* concurred with their compatriots, claiming that the panic of 1873 would consist of “a smashing of crockery in Wall Street,” but that reforms in the banking and currency system has made “a sudden and general financial revulsion...impossible.”<sup>541</sup> Henry Adams reported in 1893 that “most people dismissed it as an emotion—a panic—that meant nothing.”<sup>542</sup> Newspapers, bankers, and policymakers across the country lined up in the immediate aftermath of the panics of both 1873 and 1893 to assure the public that it was simply a Wall Street disturbance, and whose tentacles would not reach out and strangle the merchants, business owners, depositors, and workers outside of Lower Manhattan.

But as financial crises metastasized, journalists, politicians, and bankers were forced to clarify a more precise explanation for the pattern of business failures. Railroad and shipping magnate Cornelius Vanderbilt told reporters at the *New York Herald* that the Panic of 1873 would be confined to railroad stocks run as “wild-cat affairs,” connecting “nowhere to nowhere,” and that hopefully the panic would cleanse Wall Street of these dangerous speculations that only serve to “divert sound and legitimate commercial enterprises from their regular channels into the gamblers of the street.”<sup>543</sup> In 1893 the *St. Louis Post-Dispatch* echoed Vanderbilt’s line of reasoning, asserting that “the situation is not perilous to concerns which do not fly kites and sail balloons.”<sup>544</sup> Newspapers in locales far removed from New York assured their readers that they would be insulated from the 1873 panic because “Western towns generally have not dabbled in railway stocks to any extent.”<sup>545</sup> Towns like Canton, Ohio and Pittsburgh, Pennsylvania would not be affected, because they were “solid manufacturing towns.” The *Chicago Tribune* claimed that the crises had only impacted those who were “at war with legitimate business and sound credit,” and whose profits arose from “the derangement of the market.”<sup>546</sup> This impulse to distinguish—between metropolis and mid-sized cities, between the financial economy and the “real” industrial/agricultural economy, between the Eastern seaboard and the great West—was the preeminent method used by Gilded Age Americans in their attempts to re-inscribe what David Zimmerman identifies as “republican virtue, masculine self-determination, and liberal subjectivity” onto a runaway feedback loop of commercial

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<sup>539</sup> Henry Adams, *The Education of Henry Adams*, ed. Ira B. Nadel (Oxford University Press, 1999), 283.

<sup>540</sup> “The Crisis, Etc.,” *Daily Rocky Mountain News*, September 21, 1873

<sup>541</sup> “The Financial Situation,” *Daily Rocky Mountain News*, reprint from *Chicago Tribune*

<sup>542</sup> Adams, *The Education of Henry Adams*, 284.

<sup>543</sup> “The Finances,” *New York Times*, September 27, 1873, reprint from *The New York Herald*.

<sup>544</sup> “The Banks,” *Stark County (OH) Democrat*, May 18, 1893, reprint from *St. Louis Post-Dispatch*.

<sup>545</sup> “Quiet is Reported,” *Stark County (OH) Democrat*, September 25, 1873.

<sup>546</sup> “Voice of the Press,” *New York Times*, September 26, 1873, reprint from *Chicago Tribune*.

cataclysm.<sup>547</sup> By mapping familiar patterns of moral or geographical difference onto the calamity of panic, observers were able, at least temporarily, to reassert a sense of control.

But in the weeks and months following each of these panics, the realities of commercial contraction began to undermine claims that these financial crises had no effect on overall economic activity at the national and even international scale. Economic observers from a variety of political traditions, geographical locales, and class positions rushed to provide explanation. A special dispatch to the *New York Times* in late October 1873, five months after the initial panic, blared with the headline: “Trade in Philadelphia—25,000 Men Out Of Work.”<sup>548</sup> Their correspondent in Philadelphia had spoken to a dry goods retailer who elucidated the mechanisms by which financial crises had shaped his business decisions. Because of the panic in Wall Street, financial institutions across the country were offloading financial assets in order to accumulate the safest asset of all: cash. With cash hoarded in banks, the “prevailing uncertainty and feeling of distrust” incentivized merchants like our dry goods retailer to sell as much of their inventory as possible, in order that they too could get their hands on cash.

When profitability is endangered, capitalist firms will tend to hoard assets that give them the safest and surest return. But because of this uncertainty among merchants about near-term profitability, “there was no manifest disposition to restock, and the consequence was that stocks of merchandise were becoming largely reduced, and manufacturers were compelled to curtail their operations.”<sup>549</sup> While contemporaries spoke of “confidence” as the key to capitalist economic dynamics, many of the most astute observers understood that confidence was not a nebulous emotional state. The Philadelphia merchant’s explanation shows that confidence could be better understood as the aggregate of firms’ calculations on whether or not they could continue to profit by continuing with their normal operations of re-stocking their wares, hiring workers, and selling goods. If the Philadelphia dry goods retailer was selling off inventory, hoarding safe cash, and not re-stocking, then the flour mills, food canneries, and tobacco producers whose products usually filled his warehouses would begin to feel the pinch of financial stringency.

In an 1899 piece on commercial crises, the financial journalist Horace White offered a more formally political-economic version of the Philadelphia merchant’s assessment. Booming periods of prosperity, he claimed, would always be followed by a collapse, leading to a run on the banks and suspension of cash payments. That would, in turn, lead to collapsing commodity and securities prices, which would in turn lead to business failures, which would induce “a partial suspension of industry, a fall of wages and enforced idleness of great numbers of laborers, often culminating in riots and social anarchy.”<sup>550</sup> As the spectacular moments of panic matured into broader commercial and economic depressions, Gilded Age Americans were forced to contend with the size and scope of these cyclical downturns. Moreover, they were confronted with the fact that tectonic changes in the “real” sectors of the American economy—the increasing reliance of agricultural, mercantile, and industrial firms on the credit system, as well as increased worker deposits in savings institutions—had left the economy more vulnerable than ever to economic collapse.<sup>551</sup> This increased economic

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<sup>547</sup> Zimmerman, *Panic!*, 6.

<sup>548</sup> “The Financial Depression,” *New York Times*, October 28, 1873.

<sup>549</sup> *Ibid.*

<sup>550</sup> Horace White, “Commercial Crises,” in John J. Lalor, ed., *Cyclopaedia of Political Science, Political Economy and of the Political History of the United States, by the best American and European Writers* (New York: Maynard, Merrill, & Co., 1899), 524.

<sup>551</sup> Andrew Jalil, “A New History of Banking Panics in the United States, 1825-1929: Construction and Implications,” *American Economic Journal: Macroeconomics* 7 (2015), 325.

connection and sensitivity had resulted in a situation where, as Edwin Lefèvre put it, “the guilty suffered with the innocent.”<sup>552</sup>

In this cycle of interpretation on the causes and extent of panics, there were two overlapping patterns of change over time. As with descriptions of Wall Street behavior, there was a general movement between the 1870s and the 1900s from the personal and moralistic towards the more structural and impersonal. But the rapid and cacophonous feedback loop between the media, financial institutions, business failures, and labor conditions also produced a second pattern of description that held independently with the onset of each crisis. In the hours and days following each financial panic, the media—along with the grandees of Wall Street and Washington—held an almost unanimous line that the panic was a minor blip stemming from the behavior of a few greedy or fraudulent individuals. At most, they claimed panics emanated from problems in certain sub-sectors of the economy, and that the crisis would be limited to those sectors. Indeed, the fallout might then be considered salutary, since it would clear out the bad actors and discourage further speculation.

As the weeks and months progressed, however, it became impossible to ignore the fact that the Panics of 1873 and 1893 had affected the entire economic life of the nation and beyond. And so new questions rose to the fore: did these panics radiate outward from Wall Street and then infect the rest of the economy, and if so, by what mechanism? Or did panics stem from underlying dynamics in the “real” economy itself? Were these crises aberrant and fixable, or were they inevitable parts of industrial capitalism that Americans could only hope to ameliorate? Or alternately, were panics proper and healthy features of the capitalist system, in which case attempting to mitigate them would only result in further disaster? The renowned English economist W. Stanley Jevons even wrote a speculative paper tying the regular occurrence of financial panics to the appearance of sun spots, insofar as the radiation they emitted shaped agricultural yields. Jevons predicted that, soon, “the most important news in the *Times* will be the usual cablegram of solar power.”<sup>553</sup>

Despite the complexity of these questions, or perhaps because of it, Gilded Age Americans were not shy in providing explanations or confidently offering up simple fixes. Reading the print record of newspapers, trade journals, legislative debates, short fiction, and academic treatises unearths a multitude of narrative explanations of and solutions for these panics. As months went on, most politicians, journalists, and reformers tended to graft their pre-existing pet issues onto the discourse of panic origins and containment. The conservative, business-aligned *Bradstreet's* stridently claimed that the preeminent reason for the Panic of 1893 was the “uncertainty surrounding the currency question,” specifically the hesitancy of the federal government to fully commit to a strict gold standard.<sup>554</sup> A pro-silver Democratic newspaper from Leadville, Colorado took the opposite position. It was, in fact, the “narrow basis of currency,” or the hesitancy of the federal government to fully commit to a bimetallic, free-silver currency standard, that was choking off the commerce of the nation, and resulting in the “stagnation of business, ruin of industries and general poverty and suffering.”<sup>555</sup> Indeed, some more conspiratorial-minded elements of the pro-silver coalition claimed that, in 1893, the “gold gamblers” deliberately sparked a panic “for the purpose of frightening some Southern and Western Congressmen to abandon their position on the silver question.”<sup>556</sup>

Traditional bankers who tended to operate on a more conservative basis blamed more speculative bankers who participated in the “railroad mania” and had departed “from their legitimate

<sup>552</sup> Lefèvre, “Panic Days in Wall Street.”

<sup>553</sup> W. Stanley Jevons, “Commercial Crises and Sun-Spots,” *Nature* 16 (November 1878), 37.

<sup>554</sup> “The Financial Crisis,” *Bradstreet's: A Journal of Trade, Finance, and Public Economy*, May 6, 1893.

<sup>555</sup> “The Narrow Basis of Currency,” *The Herald Democrat* (Leadville, CO), May 8, 1893.

<sup>556</sup> “The Cause of the Panic,” *Journal of the Knights of Labor*, June 8, 1893

line of business,” even going so far as to call for more state regulation in fraud and financial reporting.<sup>557</sup> Anti-tariff politicians blamed the tariff.<sup>558</sup> Some classical economists claimed that panics arose when workers “seek to increase their wages by strikes, work too little and negligently, and spend their wages too fast.”<sup>559</sup> The American Federation of Labor made the opposite case: that panics were fueled by overproduction and underconsumption, and that higher wages would have ameliorated the Panic of 1893. After all, “workers must constitute the consumers, wearers, and users of the things produce,” and it was precisely “the disparity between [workers’] respective productive and consumption capacities” that was “the immediate cause of our present industrial stagnation.”<sup>560</sup>

While hot-button political issues like the currency question, railroad regulations, and labor strikes dominated the headlines in a post-panic media environment, much of this discourse revolved around the more essential questions: what can we actually do to prevent or ameliorate the effects of financial crisis? Were contemporaries assigning blame for the imminent cause of the panic itself? For the background conditions that made panic possible? Or for the forces failing to contain it? In their attempts to answer all of these questions, Gilded Age Americans struggled with a primary tension between a moralistic and individualistic republicanism—in which dishonesty among individuals was the direct cause of crisis, and the only prevention was a virtuous culture in which brokers and bankers acted more conservatively—and a less legible version of blame and instability in which crises and panics were emergent properties of larger systems that Americans could not directly control.

Even among those who gravitated towards one of those tendencies, there were divisions. Within the camp that emphasized individual behavior and morality, progressive reformers, conspiracy theorists, and conservative bankers became odd bedfellows. The economist and Yale president Arthur Hadley warned in 1893 that “our system of business ethics is behind the times,” and that unless those business men and bankers accepted a new system of “commercial ethics” and accepted “the full measure of responsibility which goes along with their industrial power,” then they should expect “to be deprived of responsibility and power altogether by a popular movement in the direction of socialism.”<sup>561</sup> One anonymous banker quoted in the *New York Times* lamented the fact that he and his partners, who had engaged in “prudent, conservative management” were being tarred with the same brush as speculators who had “impaired their credit by discarding every principle of sound banking.”<sup>562</sup>

Although conspiracy-minded observers offered a wildly different explanation than Ivy League university presidents or Manhattan bankers, they also relied heavily on accounts that accentuated failures of individual or small-group morality as the driving force behind financial crisis. Many of these came from the farmer base of the Populist movement, but more elite actors like Henry Adams also engaged in conspiracy theorizing.<sup>563</sup> According to some of them, the Panic of 1893 was “manipulated and engineered” by Wall Street actors in order to enrich themselves and pressure the government into committing to the gold standard.<sup>564</sup> David Zimmerman explains this

<sup>557</sup> “The Panic,” *New York Times*, September 20, 1873.

<sup>558</sup> Jones, *Economic Crises*, 13.

<sup>559</sup> A.A. Issaley, “Causes of the Economic Crisis,” December 14, 1893, *Journal of the Knights of Labor*, reprint from *Revue d’Economie Politique*.

<sup>560</sup> “Cause and Effect,” *The American Federationist* (Washington, D.C.), April 1894.

<sup>561</sup> Arthur Hadley, “Jay Gould and Socialism,” *The Forum* (New York), January 1893.

<sup>562</sup> “The Crisis in Wall Street,” *New York Times*, September 21, 1873.

<sup>563</sup> Samuel Rezneck, “Unemployment, Unrest, and Relief in the United States during the Depression of 1893-97,” *Journal of Political Economy* 61 (1953), 324.

<sup>564</sup> “Confidence,” *Journal of the Knights of Labor*, September 27, 1893.

panic-driven conspiracy discourse as one of the preeminent expressions of popular anxiety about the ways in which modern, capitalist societies “set fatal constraints on traditional forms of republic virtue.”<sup>565</sup> Conspiracy thinking offers a mode of explanation in which “moral accountability within these vast collectivities could be specified and contained...preserving familiar notions of moral agency, character, and causality.”

Even for those who laid blame at the feet of individual moral failings, the wake of these panics led to undeniable effects across the larger economy. And so there arose different ways of describing that mechanism of transmission, the link between spectacular moments of panic and the recessions that followed close on their heels. In some cases, the link was cut and dry. For instance, mere days after the Panic of 1893 had rocked the nation’s financial system, George Pullman, owner of the Pullman Car Company, cut pay for over 4,500 workers, in some cases up to half of their previous wages.<sup>566</sup> This was the opening salvo in what would blossom, in 1894, into one of the largest and most militant strikes in American history. Pullman workers, led by Eugene V. Debs, were squeezed between wages cuts and the fact that Pullman refused to lower workers’ rents in his company town. Their walkout sparked a nationwide railroad strike that would cripple the nation’s infrastructure and was only stopped by a massive mobilization of the Army and the Illinois National Guard. The Pullman Strike, and its genesis in the Panic of 1893, must have played into the economist Horace White’s 1899 previously-mentioned description of the consequences of panic: “a partial suspension of industry, a fall of wages and enforced idleness of great numbers of laborers, often culminating in riots and social anarchy.”<sup>567</sup>

A relatively small but quite dramatic example of the direct connection between financial panic and generalized economic depression came in the town of Fostoria, Ohio. The town was named in honor of prominent local landowner Charles Foster, whose son Charles W. Foster would go on to become governor of Ohio and, eventually, Treasury Secretary during the years 1891 to 1893. In addition to being a politician, Charles W. Foster held a massive financial portfolio, and directly controlled holdings in real estate, railroads, glassworks, a power company, a bank, and a wholesale grocery distributor in Fostoria and its vicinity. Over the decades, Foster had become “the central financial sun” around which the entire economy of Fostoria revolved.<sup>568</sup> Unfortunately for the town, Foster’s financial firm had also gambled heavily in industrial stocks and real estate around the country, and when several of those investments folded in May of 1893, the failure caused an earthquake in Fostoria. The *Times* reported that Foster’s failure “is the worst blow that Northwestern Ohio has ever received,” and there was a universal expectation that those failures would “pull down others.”<sup>569</sup> Forty miles north of Fostoria, the capitalists of Toledo felt the “considerable effect” of Foster’s failure. Banks that had their own funds deposited in the Foster Bank found themselves broken, and several large firms engaged in brass production and natural gas extraction had taken out large loans from Foster.<sup>570</sup> The increased financial entanglements of capitalist industrialization played out at a relatively small scale in northwestern Ohio, but the domino effect sheds light on both the real and imagined interdependence of the Gilded Age economy.

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<sup>565</sup> Zimmerman, *Panic!*, 34.

<sup>566</sup> Scott Reynolds Nelson, “The Ordeal of Eugene Debs: The Panic of 1893, the Pullman Strike, and the Origins of the Progressive Movement,” in Leon Fink et al., *Workers in Hard Times: A Long View of Economic Crisis* (Champaign: University of Illinois Press, 2014), 105.

<sup>567</sup> White, “Commercial Crises,” 524.

<sup>568</sup> “Ex-Secretary Foster Fails,” *New York Times*, May 27, 1893.

<sup>569</sup> *Ibid.*

<sup>570</sup> “The Effect at Toledo,” *New York Times*, May 27, 1893.

Stories following similar patterns of cause and effect popped up all over the business press and academic literature in the wake of crisis. About three weeks after the initial failure of Jay Cooke & Co. in September of 1873, the business press in Cincinnati began to report the effects of financial stringency on their operations. A correspondent wrote that “the financial trouble in Cincinnati is beginning to show itself in a desire on the part of local manufacturers to curtail their working force...others will follow unless a change comes next week”<sup>571</sup> A few weeks after that, the Pittsburgh press began ringing the alarm bells at full peal. At an emergency meeting of all the foundry owners in the city, Pittsburgh’s leading manufacturers had decided unanimously to reduce work hours, and thus wages, by 10%, with the understanding that if the dire financial conditions continued, “it will be very difficult to keep the furnaces in blast, and that a further reduction might be necessary to prevent entire suspension.”<sup>572</sup> Another special dispatch from Pittsburgh and the surrounding coal districts detailed a situation in which workers were no longer being paid in cash but in promissory notes from the foundry owners, essentially company scrip. “When the notes are tendered as payment for the necessities of life they are refused,” further fueling the anger and desperation encircling the industrial city.<sup>573</sup>

But what, precisely, were the mechanisms that linked the industrial and mercantile firms of the nation’s interior with the behemoth of Wall Street? The economist Albert C. Stevens, writing in *The Forum* in the immediate wake of the Panic of 1893, noted a change between the panics that took place before the Civil War and those that happened after. Those occurring before the 1860s, he claimed, were almost all due to war or unsound banking practices, but post-bellum panics, and 1893 in particular, was unique in its “unrivalled record of ‘failures’ of *solvent* banks, firms, and individuals.”<sup>574</sup> The rapid development of international trade and finance during the 1870s-1890s had forged bonds of “interdependence of the existing complex machinery of business,” and this development presented a political and economic conundrum. Modern society, he claimed, “has yet to devise a method which shall effectively quarantine it against the consequence of unsound business-methods of the part of its commercial neighbors.” Stevens maintained the model of blame in which individuals’ imprudent business methods were the cause of panic, but he emphasized that economic changes over the course of the Gilded Age meant that the consequences of such unsound methods could be indiscriminately distributed across the international capitalist economy.

Like Albert Stevens, the author and financier Isaac L. Rice wrote in the same post-panic edition of *The Forum*, but offered quite a different perspective. Rice concurred that panics seemed to be increasing in frequency and intensity, but blamed them on “want of confidence.”<sup>575</sup> He cited the corruption in Congress, the leniency of bankruptcy laws, the abuse of eminent domain power, the collusion of government officials with railroads, and above all, the lack of a strict gold standard, for fatally undermining popular confidence. Rice wrote that in their “private capacity,” Americans were “an essentially honest people...the same cannot be said of us in our public capacity, and this deficiency in public honesty begets want of confidence.” Once Congressional corruption was rooted out and the gold standard upheld, Rice was confident that “these incessantly recurring panics will disappear like cholera from a well-sanitated district.” In this schema, public-sector fraudulence and incompetence diffused, miasma-like, from the halls of Congress to infect the minds of the public, which could then induce a tumble in Wall Street stock prices.

<sup>571</sup> “Financial Notes,” *New York Times*, October, 5, 1873.

<sup>572</sup> “Pittsburgh Furnace Owners Reducing Wages,” *New York Times*, October 28, 1873.

<sup>573</sup> “Pennsylvania: Effect of the Crisis in the Coal and Iron Districts,” *New York Times*, November 1, 1873.

<sup>574</sup> Stevens, “Phenomenal Aspects of the Financial Crisis.”

<sup>575</sup> Isaac L. Rice, “Public Business and the Right to Steal,” *The Forum* (New York), September 1893.

The Wall Street correspondent of the *New York Times* also placed great emphasis on the importance of confidence in accelerating or stemming the flow of panic from one sector to another. It was the confidence between merchants, bankers, and “the public” that formed the cornerstone of economic prosperity in this model. The author particularly emphasized the necessity of forbearance for “country dealers” and savings depositors—if they would only “give the banks fair play for a day or two, the danger with threatens will pass away,” but if they “demand their deposits on sight, it is quite clear what will happen.”<sup>576</sup> Two weeks later, an author in the same newspaper boldly claimed that the panic had been the result of “pure fright more than any real danger to our industry,” because “when confidence is shaken men begin to hoard money.”<sup>577</sup> As William Worthington Fowler exclaimed in his comments on the Panic of 1873, “Four million bales of cotton were on the plantations of the South; one thousand million bushels of cereals were in the granaries of the West...Nevertheless, one thing was still lacking—confidence! Confidence! Without which commercial values are but as useless paper!”<sup>578</sup>

Another line of thinking located the cause of crises in the global gyrations of capital, particularly events in the nucleus of global finance: the City of London. *Bradstreet's* concluded in May of 1893 that “the effects of the Australian troubles in London and the liquidation of a certain amount of long stock seems to be responsible” for the American panic.<sup>579</sup> The *Commercial and Financial Chronicle's* correspondent in England, also writing in May of 1893, concurred with *Bradstreet's* that the City of London's desire for cash was at the core of the global financial stringency, and pointed out that in addition to Australian bank failures, ballooning interest payments on Egyptian debt was a further strain on the English core of the global system.<sup>580</sup> The *New York Times* was shocked when they interviewed London bankers in June of 1893 who emphasized the importance of changes in the Indian, Egyptian, Australian, and Argentine economies in sparking the financial crisis, and minimized the impact of the American gold-standard debates.<sup>581</sup> Considering the fact that much of the pro-gold Eastern press relied heavily on the argument that a gold standard would increase London's confidence in American securities, the *Times* reacted bitterly to the views of these financiers. They claimed that these views revealed “how little [the British] really know about American affairs,” and scoffed that “once in ten years London gets into its head that it knows more about America than New-York does.”

The growing business-press discourse on the importance of international dynamics was also borne out in the burgeoning academic literature on financial crises. Clement Juglar, a French statistician who first developed the concept of the business cycle, was adamant that the “three phrases of our business life...Prosperity, Panic, and Liquidation” were applicable “under varying circumstances, at all times, in all countries and under all governments.”<sup>582</sup> And furthermore, Juglar claimed that sudden changes in international trade, the movement of gold, or tariff levels could precipitate a situation where “the consequent shaking of credit adds its quota to the forces finally culminating in a panic.” Though he used statistical data and economic theory to demonstrate the ways in which 7-11-year boom-bust cycles (which came to be known as the fixed investment cycle or the Juglar cycle) were intrinsic to capitalist economies, Juglar did not think that governments

<sup>576</sup> “Public Confidence,” *New York Times*, September 23, 1893.

<sup>577</sup> “Soundness of Our Industries,” *New York Times*, October 5, 1873.

<sup>578</sup> Fowler, *Twenty Years of Inside Life in Wall Street*, 548.

<sup>579</sup> “The Decline of Values,” *Bradstreet's*, May 20, 1893.

<sup>580</sup> “Monetary and Commercial English News,” *Commercial and Financial Chronicle*, May 13, 1893.

<sup>581</sup> “Views of London Financiers,” *New York Times*, June 20, 1893.

<sup>582</sup> Clement Juglar, *A Brief History of Panics and Their Periodical Occurrence in the United States*, trans. Decourcy W. Thom (New York: The Knickerbocker Press, 1893), 19-22.



should attempt to ameliorate them. Indeed, he theorized that “it would be better for our future if the liquidation of the last panic and had been more radical in some cases.”<sup>583</sup> His theory of panic was that the liquidation process washed away “unsound” firms and practices, and cleared the way for a new cycle of growth and accumulation.

The American economist Edward D. Jones came out of a more reform-minded tradition of political economy than Juglar did. Writing in the last decade of the nineteenth century, Jones used similar conceptual building blocks as his French counterpart: same basic phases of prosperity, panic, and liquidation; an understanding of the business cycle as a process by which capitalist economies chased the ever-changing mark of “industrial equilibrium”; and an emphasis on the credit mechanism as the tie that bound the international economy together in both prosperity and panic.<sup>584</sup> And like Juglar, he thought that crises should be observed alongside economic growth as part of an integrated system, after all, “to understand the social organism completely we must study it in disease as well as in health.”<sup>585</sup> This functionalist metaphorical framing of societies or economies as an organic whole, susceptible to disease, exhaustion, and therapeutic medical intervention reflected broader ideas about panic, contagion, and economic interdependence throughout the Gilded Age.

Despite Edward Jones’ commitment to the idea of financial crises as intrinsic to the system of capitalist credit relations that structured the global economy, he proposed several “alleviative” measures.<sup>586</sup> These maneuvers would not prevent crises, he claimed, but would ameliorate their effects and shorten their duration. To that end, Jones briefly spelled out a series of progressive reforms, like direct federal issue of paper fiat currency, direct employment of the unemployed, and other policies designed to mitigate the “failure to adjust production to consumption which results in a partial glut,” and the “general rupture of the equilibrium of trade” that followed it.<sup>587</sup> But Jones also emphasized the role of “mental contagion,” amplified by the credit system and the increasing global network of transport and information, in exacerbating the effects of panic.

Beyond the proto-Keynesian measures designed to prop up aggregate demand, Jones also argued, like his Progressive-era counterpart J. Maurice Clark, for the government to engage in the rational gathering and broadcasting of economic information to contain the “mental contagion.” He predicted that such a “commercial signal service,” like its counterparts in the Weather Bureau, would help economic actors make more rational decisions.<sup>588</sup> Despite his systematic argument for the intrinsic nature of financial panics, Jones ends his book with a relatively optimistic outlook about how progress in economic science might result in the “extinguishment of crises.”<sup>589</sup> This juxtaposition of lengthy political-economic arguments for the inherent presence of financial crisis with a quick, optimistic outlook based on presumed advances in scientific thinking and rational administration is a hallmark of late-Gilded Age thinking about panics. The financial reporter for the *New York Times* concurred with Jones on the importance of information in avoiding crises, writing in 1893 that stock panics arose because “the general public have not the information” about the financial system, and that “knowledge which is the property of the few will be diffused and become the property of the many.”<sup>590</sup> By emphasizing the responsibility of the press, the government, and

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<sup>583</sup> *Ibid.*, 142.

<sup>584</sup> Jones, *Economic Crises*, 21.

<sup>585</sup> *Ibid.*, 7

<sup>586</sup> *Ibid.*, 36

<sup>587</sup> Jones, *Economic Crises*, 67.

<sup>588</sup> *Ibid.*, 54.

<sup>589</sup> *Ibid.*, 223.

<sup>590</sup> “The Financial World,” *New York Times*, May 7, 1893.

Wall Street itself to furnish accurate financial information, the *Times* implicitly described panics as battles between rational decision-making and blind sentiment.

A wide variety of Wall Street observers attempted to locate the cause of panic not only in the impersonal frictions on the global credit system, but also in the emotional—and occasionally biological—structures of human psychology. As Horace White asserted, “these undulations of trade, of alternating high and low prices, of alternating activity and depression in business, have their root in the mental and moral constitution of mankind.”<sup>591</sup> He continued, explaining that “the love of gain causes the competition of buyers, the fear of a loss, the competition of sellers. The former is a state of speculation, the latter of panic.” But for White and many others, these were not universal drives that applied to all people. Writing in the turn-of-the-century heyday of racial science, White claimed confidently that “It is an observed fact that the nations of Teutonic origin” most frequently experience crisis, since they are “noted as the most enterprising of all,” and thus the most likely to engage in credit relations. Arguments about psychological differences in regard to finance also fell along class lines. The *New York Times* accused the artisans and domestic workers who made up the bulk of the city’s savings bank depositors of allowing themselves to be driven by “the most idle and mischievous fears” when they withdrew their savings in the face of financial panic.<sup>592</sup>

Whether they emphasized a vague sense of “confidence” or a racial logic of economic behavior, lax business ethics, human psychology, the growing role of the credit system, or the metallic basis of United States currency, most Gilded Age observers seemed to orbit around a loose consensus of what actually happened in the economy during a crisis. A precipitous fall in prices—stock, currency, or commodity—would encourage actors at all points in the economic system to contract their activity. Banks would curtail lending and hoard currency, merchants would sell their remaining merchandise but not re-stock, or if they failed then they would default on loans they had taken from banks or other merchants. Because merchants declined to re-stock, direct producers and manufacturers would not be able to offload their products, and would reduce wages and hours or outright fire their workers. Those workers would then not consume as many goods and services, which further strained merchants and shopkeepers, and they would be more likely to withdraw any savings deposits they had, further straining the banking system. But for most policymakers, bankers, academics, workers, and reformers of the late nineteenth century, understanding the nature and origins of financial crises were primarily useful in their implications for action.

### Nation, Obligation, and a Financial Public

The advancing interdependence of Gilded Age economic life pushed actors from all points on the social and ideological map to articulate those relations in terms of “the nation,” “the public” and the collective obligations of that national public. As greater numbers of ordinary people became entangled in the rhythms of financial capitalism—both in terms of direct participation as depositors or owners of insurance policies, as well as working for firms that relied heavily on credit for their daily operations—people increasingly began to describe the roles of depositors, bankers, investors, and borrowers in terms of *civic obligation*. This mutual construction of public and financial life was a longstanding motif in Anglo-American history; indeed, the word “citizen” long referred to a financial stakeholder and decision-maker in the original corporations: cities.<sup>593</sup> But the mid-nineteenth century roots of mass-based financial institutions began to change the nature of public

<sup>591</sup> White, “Commercial Crises,” 524.

<sup>592</sup> Untitled, *New York Times*, September 21, 1873.

<sup>593</sup> For more on the early modern British foundations of cities as incorporated boroughs and citizens as their stakeholders, see Phil Withington, *The Politics of Commonwealth: Citizens and Freemen in Early Modern England* (Cambridge: Cambridge University Press, 2005).

financial life. As joint-stock merchant companies and municipal charters were overtaken by savings banks, insurance policies, mortgages and commodities exchanges as the most widespread means of financial engagement, the circle of financial stakeholders widened far beyond the bounds of acquaintance and reputation that had structured previous iterations of civic-financial participation.

At the level of policy, the intensification of federal control of the banking and monetary system during the Civil War had helped solidify the association of the financial with the civic, or more specifically with the nation. The National Banking Acts of 1863-1866 had brought an end to the antebellum system in which state-chartered banks could print their own currency, whose value was based on knowledge of and “confidence” in the strength of a given bank. Under the new Banking Acts, banks could apply for charters from the federal legislature instead of the states. Although chartered banks could issue notes, their value was tied to the banks’ purchase of government bonds. Consequently, all notes produced by federally chartered banks had uniform value, pegged to the value of government securities, particularly Treasury bonds. So for ordinary Americans handling money on a day-to-day basis, the object of “confidence” had shifted from the bank that issued the note to the United States government, whose securities now formed part of the backstop of all banknotes. As William Worthington Fowler noted, the “currency of the country was secured by the pledge of National faith.”<sup>594</sup> In a nation only recently engulfed in a vicious civil war, a pledge of “National faith” took on special significance.

This combination of nation, finance, and public obligation would express itself most forcefully during the heat of a panic, in which newspapers, bankers, travel writers, and politicians began to articulate a sense of “the public” rendered in financial terms. The herculean feats of sympathetic bankers were “acts and efforts on the public’s behalf,”<sup>595</sup> those who refused to participate in the growing world of finance “kill off the public spirit and public enterprise.”<sup>596</sup> A savings bank trade newspaper, *The Banker and Depositor*, claimed boldly that, “every patron of these banks is, to the extent of his little deposit, a public benefactor.”<sup>597</sup> The *New York Times* referred to railroads as an “important branch of our national enterprise,” in effect positioning the success and profitability of the railroads with the growth of the nation itself.<sup>598</sup> One Wall Street banker wrote that prudent and conservative financiers like himself needed to come to the aid of their lax and reckless colleagues, despite their irresponsible behavior. In such times of “panic and distrust, with threatened ruin and paralyzation,” those conservative bankers needed to stand by their fly-by-night rivals for “the good of the great body politic.”<sup>599</sup>

Panics temporarily crystallized a sense of public financial obligation, an influential but hard-to-pin-down set of behaviors which had the capacity to stem the tide of financial calamity. Speculation and the resultant panics were the result of “subverting the great industries of the nation into mere tool for the gambler and the speculator.”<sup>600</sup> The fate of political collectivities—cities, regions, nations, civilizations—was becoming more bound up in mass financial behavior, and the Gilded Age witnessed the rise of new and broadly-aimed imperatives for that behavior. During panics, exhortations to invest prudently, save wisely, and avoid pulling one’s money out of the

<sup>594</sup> Fowler, *Twenty Years of Inside Life in Wall Street*, 548.

<sup>595</sup> “Falsehoods and Their Results,” August 27, 1875, *Daily Alta California*.

<sup>596</sup> “Information for the People,” *Builders’ Insurance Company* (San Francisco: Alta California Printing House, 1867), Bancroft Library, University of California Berkeley.

<sup>597</sup> “Savings Banks,” *The Banker and Depositor*, July 1874.

<sup>598</sup> “The Panic,” September 20, 1873.

<sup>599</sup> “The Crisis in Wall Street,” *New York Times*, September 20, 1873.

<sup>600</sup> James B. Dill, “Industrials as Investments for Small Capital,” *Annals of the American Academy of Political and Social Science* 7 (May 1896), 111.

system during the crisis emanated from the print media and politicians alike. As the editors of the *Commercial and Financial Chronicle* thundered in 1873, “Let every good citizen sustain his bank...let the trembling coward who has his pocket full of greenbacks be ashamed of his silly fears and put the greenbacks where they belong—into his bank.”<sup>601</sup>

In the wake of panics, Gilded Age Americans hastened to clarify the contours of collective financial obligation. During the suspension of the Bank of California in 1875, the *San Francisco Chronicle* instructed its readership that “there is a necessity that our citizens should act with coolness and prudence.”<sup>602</sup> The editors continued in this didactic manner, “It is the duty of all merchants, business men, and depositors to aid in allaying this excitement, and the most effectual way of doing it is by refusing themselves to withdraw from solvent banks money for which they have no immediate use...it would be a mistake—indeed, we may almost say a crime—for business men to send in upon them their checks at this time of panic and excitement.” That the *Chronicle* would declare prudent financial decision-making a “duty” and the failure to do so “almost a crime” points to the language of civic obligation used to describe economic responsibility during the state of financial emergency.

Anxieties about the interconnectedness of financial activity also spurred a significant expansion of the United States’ public and private financial surveillance apparatuses. The *Chronicle’s* article sketched out the means of punishment for bad financial citizenship: financial markets, armed with increasingly effective information-gathering capacities, would bar financial malfeasants from future access to credit, stymieing their participation in American economy and society. The rise of credit reporting, no-lending blacklists, and internal corporate auditing all began to cohere in the final decades of the nineteenth century, driven in large part by the desire to root out the perpetrators of panic and, by some collective means, ensure their inability to participate in the public life of the economy.<sup>603</sup> A desire to create transparency in financial institutions and a push to render the world of finance legible to the greater public powered these attempts to tame the dynamics of boom-bust and procure market-based solutions to the vicissitudes of the Gilded Age economy.

This desire would also re-shape the capacities of state agencies. The California Board of Bank Commissioners, created in the aftermath of the Panic of 1873, was endowed with the power of enforcing compliance with state banking laws, and conducting regular inspections of financial institutions to prevent “unsafe and unauthorized” financial practices.<sup>604</sup> They were tasked, as were their counterparts in other states, with filing annual reports “showing generally the condition of the respective savings, commercial, and other banking corporations or institutions of this state, and such other matters as in their opinion may be of interest to the public.” As noted in 1878 by the bank regulator Emerson Keyes “in time of general trouble and embarrassment, the public instinctively seek changes in their laws and their administration, that relief which they cannot themselves administer.”<sup>605</sup> A range of regulatory institutions popped up across the states during the 1870s and 1880s, but Keyes underestimated the degree to which the American business, political, and journalistic establishments would cling to notions of voluntary self-regulation. The government might have a duty to compile and provide regulation, but exhortation to individual moral behavior was never far from the surface.

<sup>601</sup> “Will Wall Street Recover,” *Commercial and Financial Chronicle*, September 27, 1873.

<sup>602</sup> “A Few Words of Advice,” *The Chronicle* (San Francisco), August 26, 1875.

<sup>603</sup> Josh Lauer, “The Good Consumer: Credit Reporting and the Invention of Financial Identity in the United States, 1840-1940” (Ph.D. diss., University of Pennsylvania, 2008), 8.

<sup>604</sup> H.W. Magee, *A Work on State Banks and Bank Officers* (Los Angeles: Charles W. Palm, 1898), 295.

<sup>605</sup> Emerson W. Keyes, *A History of Savings Banks in the United States* (New York: Bradford Rhodes, 1878), 513.

Proscriptive appeals for responsible behavior during a panic, like the attempted diagnoses of the panic's cause, were often jumbled and conflicting. But one pattern seemed to rise above the others and attain a dominant position among labor leaders, politicians, journalists, and bankers alike: the necessity of counter-cyclical behavior. When the market was hot and profits were high, everyone—from investment banker Jay Gould to a worker buying the necessities of life—was obliged to act conservatively, and not over-extend their credit in search of the profit that seemed to flood the economy. But in a panic moment, when money and credit were scarce and everyone was “hoarding and withholding their money,” business people, depositors, consumers, and bankers were urged to make purchases, lend money, and bolster their bank deposits to help keep the system afloat.<sup>606</sup> The recurrent cycles of boom and bust that characterized Gilded Age economic development were crucial to capitalist expansion, but the mania of its heights and the panic of its nadirs were dangerous and required self-conscious measures from economic actors across the nation.

Counter-cyclical fiscal policy would, a half-century later, become a cornerstone of Keynesian macroeconomic management across the governments of the advanced capitalist world. But during the Gilded Age, aside from a relatively small group of labor radicals and progressive academics, the newspapers, politicians, economists, and bankers called on their capitalists, merchants, and depositors to voluntarily engage in counter-cyclical collective action. In a liberal capitalist republic like the United States, voluntary, collective economic action at a mass scale was quite difficult to coordinate. Governments at the local, state, and federal level could not command investors and business people to buy or sell, nor were they willing to pump up demand with massive state-led fiscal stimulus. So it fell primarily to atomized, private economic actors to coordinate a voluntary, business-led response to crisis. But as one political economist lamented, most investors were ineffective at counter-cyclical action, because, left to their own devices, they would “wait until they are sure that prices have ‘touched bottom,’ which usually means that they will wait until too late for timely relief.”<sup>607</sup> The contradictions of the “invisible hand” were revealing themselves in these crises, given that “any economic actor, legally and reasonably trying to protect his or her own interests, could be charged with abetting a financial catastrophe and endangering the nation.”<sup>608</sup> And so historical actors relied on a combination of moralistic condemnation and calls for greater transparency of information.

Commentators from across the business press scolded savings bank depositors for their destructive, irrational, hive-mind behavior that caused bank runs. In an era before deposit insurance, this was quite a remarkable position given that it might end in disaster. Working- and middle-class depositors could wake up one day and find that their savings bank had, without their knowledge, heavily invested in railroad stock, that their balance had been wiped out, and that they had no legal recourse. But the editors of *Harper's* did not emphasize these very real fears when they blamed working-class depositors' basic ignorance of banking principles for their irrational decision to pull out their money. “The trouble with the depositors was...they believed their deposits were locked up in the boxes in the vaults, and they could be drawn at any moment.”<sup>609</sup> Even attempts by the federal Treasury to shore up the large deposit banks during a panic resulted in little relief, since all of that money was “paid out to depositors, who immediately locked it up and thus destroyed the virtue anticipated.”<sup>610</sup> Exasperated, the Denver *Rocky Mountain News* wondered whether there was “not

<sup>606</sup> “Wall Street,” *Harper's Weekly*, September 2, 1893.

<sup>607</sup> Alexander D. Noyes, “The Banks and the Panic of 1893,” *Political Science Quarterly* 9 (1894), 23.

<sup>608</sup> Zimmerman, *Panic!*, 32.

<sup>609</sup> “The Wall Street Panic,” *Harper's Weekly*, October 11, 1873.

<sup>610</sup> *History of the Terrible Financial Panic*, 39.

enough common sense left” among the city’s small depositors “to lead them to protect their own interests, by abstaining from encouraging the present tendency to bring everything to the ground.”<sup>611</sup>

The most fully elaborated version of this argument came from the editors of the *Chicago Inter-Ocean* in 1873. They placed the responsibility for financial panics on the depositors, claiming that bankers in distress can only weather the storm “if the people—that is to say, their customers—stand by them.”<sup>612</sup> While each individual depositor is “straining every nerve to protect himself,” the “efforts is vain, because misdirected.” In their self-preservation, the depositors withdrawing their money “forget the general good; they forget that commerce rests on credit, and credit on confidence.” Instead of self-preservation, the *Inter-Ocean* claimed that withdrawing funds was “suicidal” for the “frightened depositor who, withdraws a hundred dollars from a bank and hides it away in a stocking. The commercial value of the \$100 of the cowardly depositor is, for the time being, absolutely destroyed.” The trade journal *Building Association News* concurred with their colleagues in Chicago. Hysterical depositors, “stricken by panic or pressed by necessity, he has desired to withdraw his deposits.”<sup>613</sup> But this rush to withdraw from the “impatient and pugnacious” masses would have a negative affect on both individual and collective well-being. The editors at the *Building Association News* lamented this impulse, claiming that rash action will have “defeated [the depositor’s] own objects and at the same time worked irreparable injury to their associations as well as the association system itself.”

The *New York Times* took its responsibility to stem the flood of panic seriously, and congratulated itself during the midst of the Panic of 1873, claiming that their article from the previous day, “advising the depositors not to withdraw their money, had a most beneficial effect,” and reported with pleasure that the local financial leaders said the *Times*’ intervention “had the effect of preventing a general panic, which under the present condition of affairs would be highly detrimental to the depositors themselves.”<sup>614</sup> As working people—especially those living in urban areas—increasingly participated in the financial system as active depositors, the journalistic, financial, and political establishments were faced with the entanglement of mass participation, individual action, and common outcomes. In this understanding, when a person participates in the mass financial system by depositing money in the bank, they take on a *public* responsibility. Through the act of depositing, the money is transformed into an asset that is not merely their own, but in some fundamental sense a *collective* resource.

The economist Horace White lamented this hoarding mentality, but focused his ire not on working-class depositors but on the bankers and merchants operating large firms. During these panics, “it has become a maxim among business men, that in such a period [as panic] more profit can be made by locking money up in a closed vault than by investing it in anything whatsoever.”<sup>615</sup> White observed the primary impediment to counter-cyclical behavior among bankers, which is that “if others are making unusual profits, they are not slow to participate,” and if everyone else is hoarding cash, we should expect them to do the same. In other words, the competitive pressures of capitalism tended to pull investors in the same direction at the same time. White honed in on the primary solution put forward by Gilded Age journalists, academics, bankers, and policymakers: better information. He claimed that “much may be done to lessen and mitigate the evil by diffusing correct knowledge” of the dynamics of financial panics. When people understood the signs of a coming crisis, “each captain of an industrial craft will be moved to take in sail before the storm

<sup>611</sup> “Voice of the Press,” *Daily Rocky Mountain News* (Denver, CO), September 26, 1873.

<sup>612</sup> “The Press on the Financial Situation,” *Chicago Inter-Ocean*, October 5, 1873.

<sup>613</sup> “Arbitration,” *Building Association News*, February 1897.

<sup>614</sup> “The Panic Subsiding,” *New York Times*, September 23, 1873.

<sup>615</sup> White, “Commercial Crises,” 524.

strikes him, and if all captains take heed in time, little mischief will be done.”<sup>616</sup> Proper knowledge of financial swings could serve as a prophylactic, allowing actors across the economy to batten down the hatches, and survive moderate losses without a systemic meltdown.

The ideal of information transparency was a key building block in the growing ideological edifice of financial public-mindedness. But perhaps just as important as the role of information in averting imminent panic was its role in punishing malfeasants after the fact. The rise of blacklists, private credit reporting, and government regulatory agencies thus served a crucial institutional and ideological function in developing a sense of public financial obligation. Although their institutional presence was weak and fragmented in comparison to twentieth-century financial information systems, these shoots of a comprehensive financial surveillance system began to sprout in the last half of the nineteenth century.<sup>617</sup> Information transparency played a central role in the imagined regulatory system for a mass, free-market financial system. Markets could only self-correct—push out malfeasants, react to information about weak or fraudulent investors—if market participants could determine accurate financial information as swiftly as possible.

In addition to the state-level bureaus and boards tasked with compiling annual reports on the health of financial institutions in their jurisdiction, a network of non-state mechanisms for financial surveillance emerged.<sup>618</sup> The San Francisco Stock and Exchange Board maintained a blacklist, whereby every broker was required by the Exchange’s by-laws to report any violation of contract undertaken by other parties within 48 hours of the discovery.<sup>619</sup> As long as a person’s name was on the blacklist, the Exchange Board forbade any of its members from doing business with the violator. We see here, as elsewhere, the reliance on purportedly perfect information databases and free markets as a supposed corrective to bad financial behavior. Commercial credit was becoming increasingly tied to centralized credit reporting agencies, which combined local knowledge of borrowers’ “character” with assessment of their business prospects. Lewis Tappan’s Mercantile Agency, later called Dun and Bradstreet, burst on the scene in the 1850s, and by the early 1870s their credit reporting books were growing by about 70,000 entries per year.<sup>620</sup> And financial institutions during these decades traded heavily on their reputations for transparency. The Pacific Insurance Company distributed a pamphlet to prospective policyholders touting the fact that the prominent citizens on their Board of Directors were well known for their “soundness and responsibility,” and more importantly, that “its affairs are always open for official investigation.”<sup>621</sup>

Beyond the official mechanisms for governing flows of financial information—bank commissions, taxation authorities, stock exchange rules, and internal auditing—it was newspapers that came to the fore during moments of panic. Indeed, the responsibility of newspapers to pass along intelligence to the community was a cornerstone of Gilded Age civic-financial obligations. These printed pages served a pivotal role in these rapidly expanding economies as a site of contact between finance, politics, and public knowledge. Public knowledge about the health of commercial and financial institutions was a necessary precondition for free and productive markets, but of course the converse was also true—misrepresentation of facts could cause distortions and panic. The *Daily Alta California* opined that, “dragging by the heels through a horse pond would be a mild

<sup>616</sup> *Ibid.*, 530.

<sup>617</sup> Lauer, “The Good Consumer,” 44.

<sup>618</sup> G.A. Endlich, *The Law of Building Associations* (Jersey City: Frederick D. Linn & Co., 1886), 19.

<sup>619</sup> “Constitution and By-Laws of the San Francisco Stock and Exchange Board,” (San Francisco, 1876), Bancroft Library, University of California Berkeley.

<sup>620</sup> Scott Sandage, *Born Losers: A History of Failure in America* (Cambridge: Harvard University Press, 2006), 101.

<sup>621</sup> “Are You Insured?” *The Pacific Insurance Company*, 1865.

punishment” for “the wretches, who in their papers by constant hounding, brought about this calamity.”<sup>622</sup>

The power of printed words, malicious or not, to bring a major city’s economic system to its knees produced profound fear among Gilded Age Americans. Incorrect or ill-intentioned news was a frightening feature of nineteenth-century life, precisely because the mass-produced anonymity of the print medium “was both a license for irresponsibility and a mark of legitimacy.”<sup>623</sup> But others defended the aggressive reporting of financial malfeasance: “But if the journals named are justly chargeable with the suspension of the Bank they deserve credit therefore. The rottenness of its condition could not be exposed too soon...it is better for the public that the crash should come before hundreds of others of our fellow-citizens become involved in the ruin.”<sup>624</sup> The creative destruction of capitalism could only clear out the failing market performers if those failures were both identifiable and identified.

One San Francisco newspaper lamented the fact that when corporations went bust, “the managers don’t lose any reputation, because all individuality is merged into the corporation.”<sup>625</sup> For the market to bear its just deserts, the financial community must be able to judge precisely who failed to meet their obligations for financial citizenship. Organs of public trust like banks, government agencies, and newspapers who deliberately shielded information or offered up slander were accused of “being unworthy of confidence and as conspiring against the public.”<sup>626</sup> The editors of the Richmond, VA newspaper *Progressive South* lamented the bank failures of 1893 that they attributed to “mal-administration.”<sup>627</sup> But instead of directly blaming bank administrators for their actions, the authors proclaimed that “every community that has a banking institution” should have “confidence in that bank founded only by a potent curiosity to know that the officers are certainly pursuing those paths wherein they should walk.” They went so far as to calling bank depositors and investors “accessories” to the panic “by their negligence to exercise proper interest and surveillance” over these “community institutions.” Again we see the emphasis on personal responsibility, collective outcomes, and the desire for accurate information undergirding this broader sense of civic-financial responsibility. The conceptualization of “the public” as an economic and financial entity implicated the participants in mass financial institutions with a set of community-oriented obligations that went beyond the letter of the law.

In reality, though, newspapers provided an unstable flow of information, opinion, and exhortation. By and large, and despite partisan differences, major urban newspapers tended to follow the Wall Street line in the days and weeks following a panic, claiming that “the ‘clouds’ would no doubt soon pass away.”<sup>628</sup> Prominent news and opinion outlets such as *Harper’s* were nearly unanimous in their assessment that a dip in market prices “was no time for people to lose their heads and act like madmen...in a panic fright is contagious, and spreads like an epidemic; but when the worst is over, and people regain their senses, they wonder at their own folly.”<sup>629</sup> So while newspapers played a major role in constructing public discourse in the aftermath of a crisis, it was

<sup>622</sup> “The Bank of California: Closing the Doors of the Long Established Bank,” *Daily Alta California*, August 27, 1875.

<sup>623</sup> David Henkin, *City Reading: Written Words and Public Spaces in Antebellum New York* (New York: Columbia University Press, 1999), 134.

<sup>624</sup> “Deserve Credit,” *The Daily Examiner*, August 28, 1875.

<sup>625</sup> “Management of Incorporated Companies,” *The Bulletin*, January 14, 1874.

<sup>626</sup> “Falsehoods and their Results,” *Daily Alta California*, August 27, 1875.

<sup>627</sup> “Recent Bank Failures in the South,” *Progressive South* (Richmond, VA), May 13, 1893.

<sup>628</sup> Stevens, “Analysis of the Phenomena of the Panic,” 125.

<sup>629</sup> “The Crisis in Wall Street,” *Harper’s Weekly*, October 4, 1873.



not solely or primarily through straight reporting of financial data, but through headlines and opinion pieces calling for calm judgment.

We have seen several ways in which the rhetorical imperatives of transparency, prudent action, and voluntary counter-cyclical behavior dominated the public discourse. But in terms of the actual, institutional response to major panics, it was coordination among the large banks as well as government agencies that led the way. The federal government and major capitalist firms took on an increasing responsibility for managing the effects of panics during the course of the late nineteenth century. As the state and federal governments had taken an increasingly active role in managing American economic relations over the course of the nineteenth century—particularly with the Banking Acts of 1863-66, railroad acts, and the rise of new taxation and regulatory authorities—the economic obligations of a “national public” had become increasingly bound up in the institutions of the state.<sup>630</sup> And so while the actual institutions of the American state were not well-designed to manage economic crises on the scale of 1873 and 1893, that did not stop popular clamoring for the government in general, and the Treasury in particular, to “do something” to “control trade or to manage the money market.”<sup>631</sup>

In terms of the United States Congress and the federal Treasury, post-crash politics revolved in an increasingly volatile orbit around the so-called “money question.” The constant tug-of-war between bankers, railroad investors, and merchants in the East against farmers and shippers in the great Midwest drove public discourse on what was to be done to prevent or mitigate commercial crisis. While Easterners tended to want a gold standard and a deflationary monetary policy, Midwesterners generally opted for a bi-metallic standard or even fiat money which would produce an inflationary trend.<sup>632</sup> As both current-day economic historians and many Gilded Age political economists realized, the seasonal shortage of currency in the core agricultural areas of the Midwest could be heavily exacerbated by bad harvests or fluctuations in global trade, and that juxtaposition was a key driver of financial panic.<sup>633</sup> That currency shortage drove the desire for bi-metallic money and greater inflation among farmers and those dependent on the agricultural output of the grain belt.

United States policy towards its own currency would fluctuate across the nineteenth century. During the Civil War, the federal government produced a flood of greenback dollars, complete fiat money that was not backed by either silver or gold. But that had been proposed as a wartime emergency measure, and after 1865 the United States began to move back toward a gold standard, though millions of greenbacks still remained in circulation. But the panic of 1873 and the development of silver mining in the West had pushed many towards increasing the money supply by allowing for the partial monetization of silver, resulting in the 1878 Bland-Allison Act.<sup>634</sup> Silver boosters would score another victory in 1890 with the passage of the Sherman Silver Purchase Act, which further increased the amount of silver backing American currency. But this bimetallic standard was unstable. Gold was still dominant over silver in the specie mix backing the money supply, angering silver advocates, but the full-gold advocates were nervous about the standing of

<sup>630</sup> Rob Aitken, *Performing Capital: Towards a Cultural Economy of Popular Finance* (New York: Palgrave MacMillan, 2007), 21.

<sup>631</sup> “Financial Remedies and Preventatives,” *Commercial and Financial Chronicle*, September 20, 1873.

<sup>632</sup> Scott Reynolds Nelson, *A Nation of Deadbeats: An Uncommon History of America’s Financial Disasters* (New York: Alfred A. Knopf, 2012), 167.

<sup>633</sup> Christopher Hanes and Paul W. Rhode, “Harvests and Financial Crises in Gold-Standard America,” NBER Working Paper 18616 (Cambridge, MA: National Bureau of Economic Research, 2012), 2.

<sup>634</sup> Jackson Lears, *Rebirth of a Nation: The Making of Modern America, 1877-1920* (New York: HarperCollins, 2009), 151.

American securities abroad if they maintained any vestiges of bi-metallism. By the turn of the twentieth century, the gold standard advocates had won the day, and the Gold Standard Act was signed by President William McKinley in 1900. While the technical details and political intrigue of the currency debates are significant in their own right, for our purposes it is important to note that between the 1870s and the 1890s, the currency situation was constantly in flux, and was one of the major political debates of the era. Despite the complexity of monetary policy in general, the political debate was pretty firmly organized around the two opposing sides: free silver and gold standard.

Though these debates dominated American political discourse even in the absence of panics, those recurrent crashes only served to heighten their intensity. And to the surprise of absolutely nobody, all sides of the currency debate found evidence in the panic that confirmed their previous arguments and proceeded to blame the other for the panic.<sup>635</sup> The conservative, Eastern *Bradstreet's* declared in May of 1893 that the panic was the absolutely rational response “of the money market to the uncertainty surrounding the currency question.”<sup>636</sup> In their survey of the financial and commercial world, the editors at *Bradstreet's* saw broad prosperity across the economy, and reasoned that it was only the “disturbance of confidence” in federal monetary policy that had produced the “general shrinkage of stock values.” Their colleagues at *The Commercial and Financial Chronicle* concurred, stating with absolute certainty that it was “our unsafe currency situation” that lay at the root of the disturbance.<sup>637</sup> There had been no recent revelations of “commercial or financial frauds,” bankers had generally been operating “on a conservative basis,” and “the trade of the country is sound.”

Writers coming from the Populist and labor traditions, as well as much of the press in the agricultural and silver-mining Western states, also understood the currency situation as being crucial to the advent of financial and commercial crises. The *Herald Democrat* of Leadville, Colorado, remarked that because the Panic of 1893 had occurred in a “time of assured prosperity,” it should jolt the nation’s financial and political leaders into realizing that the primary problem was a lack of money in circulation, and that it could be cured by the “supplying of more money through the remonetization of silver.”<sup>638</sup> The *Herald Democrat* followed that column with another one on the next day, declaring that if, God forbid, the nation’s economic relations melted down to a catastrophic degree “the country’s gold reserves would be pitifully inadequate to such an emergency.”<sup>639</sup> As previously mentioned, many within the pro-silver coalition took a conspiratorial mindset in their diagnosis of the crisis. One author claimed in September 1893 that the panic had been “deliberately planned” by gold speculators on Wall Street and in London in order to “secure the demonetization of silver and thus double the value of money held by the conspirators.”<sup>640</sup> For these Populist silver advocates, a greater circulation of currency would result in less necessity for farmers and workers to take out loans, and thus decrease the control of financial institutions over the American economy.

While the two sides of the currency debate seemed to be locked in an eternal struggle, they operated with a few shared premises that reveal an underlying current in the political-economic thinking of the era. Both pro-gold and pro-silver advocates identified the American federal state as a crucial agent of economic development as well as economic derangement. If the increasing interconnection of financial life had led to a crisis of individual morality, then perhaps the federal

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<sup>635</sup> Nicholas Barreyre, “The Politics of Economic Crisis: The Panic of 1873, the End of Reconstruction, and the Realignment of American Politics,” *The Journal of the Gilded Age and Progressive Era* 10 (2011), 410.

<sup>636</sup> “The Financial Crisis,” *Bradstreet's*, May 6, 1893.

<sup>637</sup> “The Financial Situation,” *Commercial and Financial Chronicle*, May 6, 1893.

<sup>638</sup> Untitled, *The Herald Democrat* (Leadville, CO), May 7, 1893.

<sup>639</sup> “The Narrow Basis of Currency,” *The Herald Democrat* (Leadville, CO), May 8, 1893.

<sup>640</sup> “Confidence,” *Journal of the Knights of Labor*, September 7, 1893.

government could re-inscribe a sense of collective action via its monetary policy. And insofar as panics were understood as transnational events, they were undergirded by doubts over a “nation’s capacity to pay.”<sup>641</sup> While the Wall Street boosters and *laissez-faire* theorists framed their advocacy of the gold standard as a removal of the federal state from the natural order of economic affairs, the national maintenance of a gold standard required consistent Treasury coordination with the large banks in the United States and abroad. By calling for change in federal monetary policy in response to panic, Gilded Age bankers, reformers, and politicians helped concretize the political linkages between national prosperity with the apparatus of the national state.<sup>642</sup>

Even more fundamentally than the metallic basis of currency, though, was the broader sense in which the roles of banks was to facilitate existing commerce rather than to direct the economic activity of the nation. As one author put it, “The currency is the life-blood of commerce. It belongs to the whole country, and these banks hold all they have of it in mere temporary trust.”<sup>643</sup> Demands for higher reserve requirements and better information-reporting regulations echoed from around the country, even from many quarters of the business press. One magazine, when confronted with the arguments that banks couldn’t afford higher reserve requirements, retorted that “the country cannot afford to have the banks making a panic every now and then.”<sup>644</sup> Corporate lawyer James B. Dill warned in 1896 that if Wall Street continued to “gamble with the industrial interests of the country,” they risked “great injury to a nation of industries.”<sup>645</sup> The financiers who assembled at the 1893 Chicago World’s Fair to give counsel in the midst of panic felt the civic weight of their task, understanding it to be “not wholly personal or private.”<sup>646</sup> Because their profession had “a particularly close relation to the public interest, they are under certain obligations of trusteeship” to help guide the nation through a financial crisis. This articulation of banking as central to the “public interest,” particularly during moments of panic, further underlines the mutual construction of financial and public life.

As “the nation” and “the country” became increasingly identified as sites of capital accumulation in addition to political sovereignty, the rhetoric surrounding the containment and mitigation of financial panics took on the language of public emergency and civic obligation. The public duty to conduct a conservative and responsible banking business, to regulate United States currency in a manner that promoted widespread economic development, to publish factual information and avoid inflammatory headlines, and above all, the duty to act counter-cyclically in the heat of a financial crisis structured the language of civic-financial obligation during the Gilded Age. But these obligations were bedeviled with the widely shared difficulties faced by moral and political schemas designed to resolve the ongoing economic crisis of the era. In other words, articulating a clear ethic of civic-financial engagement ran into the messy contradictions bound up in assigning blame, responsibility, and punishment to those individual decisions that—by obscure means and with ambiguous intention—shaped collective outcomes.

Many of these obligations could be enforced only through informal means of moral exhortation and market mechanisms, such as bad publicity, the threat of a national economic meltdown, private blacklisting by stock exchanges or other financial institutions, or sermons in church or in the financial pages of the newspapers. Other forms of obligation bled over into the administration of state and federal governments. Regulatory mechanisms for financial reporting and

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<sup>641</sup> Nelson, *Nation of Deadbeats*, x.

<sup>642</sup> Aitken, *Performing Capital*, 63.

<sup>643</sup> “The Savings Banks and the Crisis,” *Commercial and Financial Chronicle*, September 20, 1873.

<sup>644</sup> “Will Wall Street Recover,” *Commercial and Financial Chronicle*, September 27, 1873.

<sup>645</sup> Dill, “Industrials as Investments for Small Capital,” 111.

<sup>646</sup> “The Bankers and Financiers,” *Bradstreet’s*, June 24, 1893.

reserve requirements, better fraud enforcement, and above all, more effective monetary policy all presented themselves as potential responses that might be taken up by the government in order to change the institutional contexts in which individual decisions were made. Forged by the advancing interconnection of economic relations, stoked by the recurrent financial crises of the Gilded Age, and operating in a diversity of institutional contexts, a burgeoning sense of civic-financial obligation took hold during the latter decades of the nineteenth century.

### Conclusion

The financial panics of 1873 and 1893 were among the primary forces amplifying the deep-seated crises of economic blame and responsibility in the Gilded Age. Over the course of the late nineteenth century, the multiplying nodes of American economic activity—from mortgaged farms to credit-leveraged factories, working-class bank depositors to Wall Street brokers—became more tightly connected with each other through the linkages of credit and trade. And those linkages, in turn, had become more closely bound to nodes of economic activity in areas far beyond the control of the United States. Argentinian land speculation, South African gold mining, Lakota resistance to railroad construction, Austrian wheat harvests, and British central banking all shaped the economic currents that blossomed into mass financial panics. As Gilded Age Americans attempted to “confront the *collective* entanglements” produced by these new economic realities, they struggled to affix blame and responsibility for the “commercial vertigo and civic catastrophe that radiated across the chains of exchange and obligation” crisscrossing the capitalist world.<sup>647</sup>

That Gilded Age Americans struggled to assign blame does not, however, imply that nobody tried. Indeed, the reality was quite the opposite. In the late nineteenth and early twentieth centuries, newspapers, academic treatises, short stories, and speeches overflowed with a variety of often-conflicting ideological frameworks for assessing cause, effect, and responsibility for these commercial calamities. For those focused on Wall Street, panic might appear as the outgrowth of petty squabbles between big personalities within the world of bankers and brokers. Some scoffed at these initial stages of stock panic, calling them “a mere affair of stock gamblers,” and recommending that bankers and politicians “let the bulls and bears fight out their battle without interference.”<sup>648</sup> But others, like the Gilded Age economist Arthur Hadley, warned that the increasing financialization and interconnection of the global economy meant that the effects of a little gambling amongst the bulls and bears might hold ramifications beyond Wall Street. The rise of corporate credit had left a situation in which “the man who gambles away his money is not simply parting with his own enjoyment, but with his control of the industrial forces of his community...he is doing an injustice to society.”<sup>649</sup> Hadley’s remarks about the increased intertwining of wealth across the capitalist economy echoes the shift towards what the sociologist William Roy refers to as “socialized property.”<sup>650</sup>

Hadley’s preoccupation with forging new systems of economic responsibility in the midst of a new regime of capital accumulation also echoed throughout the world of Gilded Age economists, reformers, labor advocates, politicians, and bankers. Some tried to attach a clear sense of regional or industry-specific moralism to the conundrum of responsibility, claiming that those firms, industries, or regions most impacted by financial panics were those who had invested irresponsibly during the boom times. But other observers stressed the interdependence of economic life, and the ways in

<sup>647</sup> Zimmerman, *Panic!*, 5.

<sup>648</sup> “Finance and Trade,” *Harper’s Weekly*, September 15, 1873.

<sup>649</sup> Hadley, “Jay Gould and Socialism.”

<sup>650</sup> William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton: Princeton University Press, 1997), 10.

which crises appeared as “an acute malady to which all business appears to be increasingly subject.”<sup>651</sup> Overspeculation on railroads in Austria might cause a crisis in Kansas. Busted industrial stocks on Wall Street might cause a dry goods merchant in Philadelphia to downsize their new wholesale orders, which might lead to job loss among grocery clerks, food canners, and longshoremen, which might lead to higher food prices and lower incomes for working-class families. And less income for working-class families would only feed the vicious cycle of collapsing demand and collapsing supply.

The deepening of credit relationships had tightened the collective bonds of capital accumulation across the economy, and thus increased the potential danger of malign or negligent economic behavior. And so denizens of the Gilded Age developed new schemas to try to articulate a sense of financial obligation rendered in civic and collective terms. The obligation to save, the necessity of keeping one’s deposits in the bank during a crisis, and to act in a calm and counter-cyclical manner came to dominate the civic discourse of panics. In this brave new world of financial-industrial capitalism, individual economic behavior could have important ramifications for the economic life of the nation, and must be governed according to a new set of norms and practices. Exhortations for voluntary action flooded the nation during the midst of panic, but so too did increasingly thunderous calls for the federal government to act decisively. While some labor radicals and their allied theorists called for direct employment programs, many others called on the government to more thoroughly regulate the banking system. But as we have seen, the tug-of-war over the metallic base of United States currency muscled its way into almost every conversation about the causes and solutions for financial panics.

Despite this contradictory assemblage of frameworks and arguments about the nature of financial panics, scholars can identify two major dynamics of change over time at work in Gilded Age explanations of cause, effect, blame, and responsibility. Firstly, between the 1870s and the turn of the twentieth century, writing about financial panics tended to shift from the emphasis on interpersonal and moralistic explanations of crisis to structural and systemic. While analysis of the actions of prominent “bulls and bears” never fully departed the scene, over time they began to be displaced by explanations that focused on monetary policy, international investment dynamics, or even the structural and permanent presence of boom-bust cycles in a capitalist system.<sup>652</sup> But this broad pattern of change over the course of the Gilded Age also applied in a curious way to the immediate aftermath of each crisis. In the hours and days after a major stock crash, observers rushed to lay blame at the feet of the major firms that precipitated the crash, decrying their irresponsibility and greed. But as the days and weeks progressed, arguments began to turn away from blaming specific firms and towards more systemic solutions to the problem of panic.

Financial panics continue to structure the capitalist world in which we live. Indeed, the financial crisis of 2007-8 and the subsequent economic depression was the primary force driving a newfound interest in studying the history of capitalism. And in many of the explanations for the most recent panic we can hear strong echoes of the Gilded Age. Was the crash driven by greedy Wall Street bankers meddling with financial instruments? Was it driven by an inevitable asset bubble around housing? By mass financial irresponsibility among the working and middle classes? By low wages and under-consumption? The foundation of this thinking in both academic and popular discourse lay in the Gilded Age, as Americans scrambled to find explanations for the proliferating enigmas of blame and responsibility for economic life. J. Maurice Clark, in his 1916 article attempting to grapple with those very problems, offered an observation with uncanny resonance for

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<sup>651</sup> Jones, *Economic Crises*, 2.

<sup>652</sup> Juglar, *A Brief History of Panics*, 22.

our most recent financial crisis: “A person cannot do anything so far-reaching as building a house without affecting other people’s property interests for better or for worse.”<sup>653</sup>

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<sup>653</sup> Clark, “The Changing Basis of Economic Responsibility,” 224.

## Epilogue

### The Many Lives of the People's Capital

The question of “the peoples capital”—the form and nature of popular wealth, its institutional accumulation, its relationship to the state, and its entanglement with changing discourses of race, gender, nationality, and morality—was not confined to the Gilded Age. Indeed, the sustained relevance of these discourses and processes across more than two centuries of American history points towards some broader conclusions about the role of popular wealth in a liberal capitalist society. The “American Dream,” in its various guises, has manifested itself as a promise of a certain type of wealth ownership for the mass of its citizenry. Whether appearing as the assurance of prosperity in a republican society of small freeholder farmers or slave-owning capitalists, a plot of western farmland or a life insurance policy, a mortgaged home in the suburbs, a union job with a health plan, or an accumulating 401(k), American visions of prosperity and its relationship to American visions of freedom, security, and democracy have rested upon ever-changing flows of popular wealth ownership. Varying forms of popular wealth have shaped both the the political visions and material realities of workers, farmers, bankers, and reformers throughout the history of the United States. In a liberal capitalist republic, the question of mass wealth ownership, and the relationship of that wealth to the prevailing forms of state power and cultural influence, rises to the fore again and again.

The crises faced by Gilded Age reformers, bankers, politicians, and social movements were distinct but not unique. The crises produced by new forms of land ownership and work, under-resourced cities, mass immigration, labor unrest, and social dislocation have arisen in one form or another throughout American history. For historical actors in the 1840s, the 1880s, the 1930s, or the 1970s, the solutions presented to ameliorate their respective social crises often took the form of renewing *the people's capital*. Land and slave ownership in the Mississippi Valley, farm mortgages, life insurance, savings banks, and cooperative agriculture on the Great Plains, a federally insured home mortgage, and a defined-contribution pension and rising credit card debt all point to projects for rearranging popular participation in the institutions of wealth circulation as a mechanism to transform social crisis into opportunities for profit, stability, and republican virtue. In this imaginary, mass property ownership is an experience “that provides individuals with the deepest kinds of attachment to broader practices of self-management, democratic engagement, and economic enterprise.”<sup>654</sup> In a liberal capitalist republic, popular engagement with flows of institutionalized wealth is fundamentally linked to ideas of democracy and the role of the state.

In an antebellum Jeffersonian mode, this vision held the prospect of a society of small freehold farmers, though in reality it often appeared as a boom of land auctions, steamboats, mortgages, and mass chattel slavery in the newly colonized lands of the Mississippi Valley.<sup>655</sup> For the small and middling merchants that populated America's growing cities and towns during the middle of the nineteenth century and serviced this agricultural export economy, this meant taking on risky loans, always wavering on the knife-edge of “going bust” during the era's unprecedented economic growth as well as its economic and social precarity.<sup>656</sup> Even before the rise of wage labor, railroads,

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<sup>654</sup> Aitken, *Performing Capital*, 117.

<sup>655</sup> Walter Johnson, *River of Dark Dreams: Slavery and Empire in the Cotton Kingdom* (Cambridge: Harvard University Press, 2017), 40.

<sup>656</sup> Scott Sandage, *Born Losers: A History of Failure in America* (Cambridge: Harvard University Press, 2005), 4.

life insurance, and farm mortgages at a mass scale, the nature and motion of popular wealth in the United States lived at the nexus of capitalist economic growth, a racialized and gendered notion of a healthy social order, and the idea of republican virtue. It was the widespread ownership of certain kinds of wealth that undergirded the notion of “proprietary democracy” that predominated America political-economic thought across the nineteenth century.<sup>657</sup> For a democratic republic to fulfill its healthy function, the majority of the free citizenry must be anchored in the institution of property ownership of a certain kind.

If we cast our gaze towards the twentieth century and beyond, the role of popular wealth in the political-economic life of the United States takes on an even more prominent character than it had during the Gilded Age. And much of the exciting scholarship on the political economy of the twentieth-century United States produced in the past two decades have touched on the politics of mass wealth. Book-length studies on the development of the mass-investment stock market, war bonds, the racial politics of homeownership and the mortgage system that buttressed it, the rise of the life insurance industry, the system of employer-provided pensions and health insurance, and the rise of new types of debt in the neoliberal era have been hallmarks of the scholarship of twentieth-century America.<sup>658</sup> Over the course of the twentieth and the beginning of the twenty-first century, the trends that had defined the development of industrial capitalism in the nineteenth century would continue, solidify, and take on new and interesting directions. From the predominance of wage labor and financialized agriculture to urbanization, homeownership, and anxieties about the integration of a diverse working class into the public institutions and cultures of the United States would continue to characterize the American experience. Ordinary life in twentieth-century America was indelibly mediated by direct and intensive relationships with financial institutions. Discussions about credit card bills, home mortgage refinancing, student debt, health insurance, payday loans, and pensions have been and continue to be staples of the proverbial kitchen-table discourse.

The 1930s and 1940s appear as perhaps the most acute inflection point in this long narrative. The Great Depression and the New Deal fundamentally re-oriented both the institutional basis and popular expectations about the role of the state and finance in ensuring widespread prosperity and democracy in the United States. First and foremost, the great crash of 1929 and its aftermath laid waste to much of the mass financial infrastructure that has been described throughout the course of this dissertation. Thousands of banks failed across the country, leaving depositors and financiers scrambling. On top of institutional collapses, many depositors pulled their money from their banks,

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<sup>657</sup> Julia C. Ott, *When Wall Street Met Main Street: The Quest for an Investor's Democracy* (Cambridge: Harvard University Press, 2011), 9.

<sup>658</sup> Rob Aitken, *Performing Capital: Towards a Cultural Economy of Popular Finance* (New York: Palgrave MacMillan, 2007); Dan Bouk, *How Our Days Became Numbered: Risk and the Rise of the Statistical Individual* (Chicago: University of Chicago Press, 2015); Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919-1939* (Cambridge: Cambridge University Press, 1990); Sanford Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton: Princeton University Press, 1997); Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton: Princeton University Press, 2003); Ira Katznelson, *When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America* (New York: Norton, 2005); Paul Langley, *The Everyday Life of Global Finance: Saving and Borrowing in Anglo-America* (Oxford: Oxford University Press, 2008); Randy Martin, *The Financialization of Daily Life* (Philadelphia: Temple University Press, 2002); Julia C. Ott, *When Wall Street Met Main Street: The Quest for an Investor's Democracy* (Cambridge: Harvard University Press), 2011; Robert Self, *American Babylon: Race and the Struggle for Postwar Oakland* (Princeton: Princeton University Press, 2003); Thomas Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton: Princeton University Press, 1996).



defaulted on their farm mortgages, and failed to keep up with insurance payments. The recursive search for blame described in chapter 4, “The Politics of Panic,” played itself out yet again, but with even more bewilderment and despair than before.<sup>659</sup> Irving Fisher, the most prominent mainstream American economist of the early twentieth century, initially claimed that the Stock Market Crash of 1929 (which he had emphatically *not* predicted) had been entirely “irrational” and chalked it up to “mob psychology.”<sup>660</sup> The press told titillating stories of busted bankers “hurling themselves from windows; pedestrians picking their way delicately between the bodies of fallen financiers.”

Like the crises of the 1870s and 1890s, the onset of the Great Depression was a shock not just to the bankers of Wall Street, but to the entire network of institutions charged with safeguarding the people’s capital. During the 1930s, the scaffolding that help up the edifice of late-nineteenth and early-twentieth century popular finance was crumbling. But the effects were not merely felt in terms of numbers. As Lizabeth Cohen notes in her masterful study of working-class Chicago before and during the Great Depression, the dense thicket of neighborhood and ethnic-based financial institutions was swept away during the storm of the 1930s, breaking down bonds of cross-class ethnic solidarity and strengthening cross-ethnic class organizing.<sup>661</sup> When Italian or Polish or Bohemian savings banks, insurance companies, or mortgage lenders could not produce the relief necessary for their working-class customers, the familiar landscape of *the people’s capital* changed in drastic and fundamental ways.

New institutions and ideologies emerged from the ashes of this old system. On the financial side, sweeping reforms like the 1933 formation of the Federal Deposit Insurance Corporation (FDIC) changed mass deposit banking forever. The federal government would now directly insure the people’s savings accounts (up to \$2,500 per savings account in 1933, \$250,000 today), ending the specter of the large-scale savings bank runs that haunted the nineteenth-century panic imaginary. One of the central features of Gilded Age financial panics, the string of hard-luck depositors queuing around the corner to withdraw their small sums, was consigned to historical memory. The Great Depression was the largest and most dramatic expression of the pitfalls of capitalist interdependence to date, and ordinary Americans increasingly looked to the federal government as the direct guarantor of their financial security. If nineteenth-century savings reformers imagined that savings banks, as Daniel Wadhwani has put it, were the “cornerstone of social policy in a liberal state,”<sup>662</sup> the cataclysm of 1929 demonstrated that the federal government would need to seriously bolster the stability of that cornerstone if the institutions of popular finance were to perform their crucial function at the necessary scale.

Ira Katznelson has argued that the entirety of the New Deal era can be viewed as a project of “security,” fortifying the systems of liberal democracy and capitalism amidst the “fear-generating crises” of the 1930s.<sup>663</sup> We can see this dynamic clearly at play in the formation of the FDIC as well as the passage of the Glass-Steagall Act in the same year. The Act was designed to secure the hard-earned savings of the American people by separating the wholesome deposits of the working

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<sup>659</sup> Studs Terkel, *Hard Times: An Oral History of the Great Depression* (New York: Pantheon Books, 1970), 46.

<sup>660</sup> John Kenneth Galbraith, *The Great Crash 1929* (New York: Mariner Books, 2009), 146.

<sup>661</sup> Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919-1939* (Cambridge: Cambridge University Press, 1990), 238.

<sup>662</sup> R. Daniel Wadhwani, “Citizen Savers: Family Economy, Financial Institutions, and Public Policy in the Northeastern U.S. from the Market Revolutions to the Great Depression” (dissertation, University of Pennsylvania, 2002), 8.

<sup>663</sup> Ira Katznelson, *Fear Itself: The New Deal and the Origins of Our Times*, (New York: W.W. Norton, 2014), 10.

population from the speculative gambling of investment bankers. We saw a similar discourse of savings security throughout the nineteenth century, with even many bank directors calling for stronger state regulation in order to bolster the security of the people's savings, without which they would be "unable to perform for society those valuable services" with which they were tasked.<sup>664</sup> The crisis of the 1930s heightened the scale and urgency of this impulse, and the New Deal financial reforms fundamentally altered the institutional basis of savings banks forever. The New Deal's re-configuration of popular wealth via state power did not simply end with these banking regulations. The Social Security Act ensured public retirement pensions for eligible citizens, changing the retirement-savings dynamic forever and transforming the nature of the social contract between citizens and the federal state. The Wagner Act's recognition of union rights meant that more Americans than ever before could bargain for health insurance, pensions, and other fringe benefits directly with their employers.<sup>665</sup>

Potentially the most consequential new form of popular wealth ownership was the federal government's subsidization of homeownership. Beginning during the New Deal and accelerating through the 1950s, the Home Owner's Loan Corporation, the Federal Housing Administration, and the Veteran's Administration—not to mention the explosion of federal expenditures on highway construction and tax breaks for residential development, gasoline, and automobiles—ushered in a new era in the history of the people's capital. The 30-year, federally insured home mortgage became a new bedrock anchoring popular wealth ownership. Between 1930 and 1960, the American homeownership rate jumped from about 48% to 62%, the largest increase of any 30-year period in United States history.<sup>666</sup> And of course, the racially discriminatory patterns produced and entrenched by this system would have wide-ranging consequences for the racial and economic politics of the post-war era.<sup>667</sup>

The postwar suburbanization boom promised, like the building-and-loan boosters of the 1890s, that homeownership would deliver residential stability, asset accumulation, suppressed political radicalism, and a clean, properly-gendered and racialized social order. The racially charged discourse of "homeowner rights" that arose during the struggles around public housing and residential desegregation demonstrate just how central the interconnection between state authority, popular wealth, and mass politics were throughout the postwar era.<sup>668</sup> The politics of housing in twentieth-century America deserve and have received extensive scholarly attention. But a renewed research program, utilizing the conceptual framework of *the people's capital*, could open up new avenues of inquiry into the relationship between changing forms of popular wealth and the racial and class politics that arise from them. The experience of the 2007 housing crash, in particular the failure of the HAMP program and the Obama-era Treasury to provide real relief to underwater homeowners, would provide a particularly fruitful case study in examining the politics of mass wealth ownership, and what happens when that system is strained to the point of crisis.

As I write in 2019, the working population of the United States has experienced over 40 years of stagnant wages and rising debt. New or expanded forms of indebtedness have come to characterize economic and cultural life for hundreds of millions of Americans. Home mortgages and automobile loans have been joined by credit card debt, medical debt, and student debt as central touchstones in the reproduction of daily life. Popular wealth in the United States—or at least the

<sup>664</sup> "Regulating Building and Loan Associations," *American Building Association News*, May 1897.

<sup>665</sup> Klein, *For All These Rights*, 52.

<sup>666</sup> United States Census Bureau, "Historical Census of Housing Tables," 2011.

<sup>667</sup> For further reading, see Sugrue, *The Origins of the Urban Crisis*; Self, *American Babylon*; and Katznelson, *When Affirmative Action Was White*.

<sup>668</sup> Sugrue, *Origins of the Urban Crisis*, 211.

promise of it—has become increasingly mediated by debt. As the global financial crisis of 2007-8 has morphed into a long economic depression, new forms of politics have arisen in an attempt to restructure the forms of popular wealth that have defined our times. From the Anglo-American left, we have seen movements to cancel student debt, socialize sectors of the healthcare system, promote cooperatively-owned businesses, or even guarantee all citizens a Universal Basic Income. From the nationalist right, we have seen renewed attempts at tightening the boundaries of who counts as “the people” and thus deserves to participate in the institutions of popular wealth.

As long as the United States is characterized by a set of more-or-less liberal, capitalist institutions—some form of mass democratic representation and the private ownership of capital—the question of the people’s capital will remain present. What are the prevailing modes of popular wealth ownership? How widely are they spread throughout society? What institutions deliver and mediate that wealth? What are their relationships to the state? These issues underlie much of our political discourse, of how to determine “social policy in a liberal state.”<sup>69</sup> The assets held by the working population of the United States have been a major factor in its political-economic dynamics for over two centuries. The changing nature, form, and distribution of this wealth has shaped the ground upon which hundreds of millions of people have argued, fought, profited, and failed. Projects for social change will need to reckon with this shifting ground, and identify particular ways in which struggles over *the people’s capital* intersects with both the dynamics of global capitalism and the politics of everyday life.

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<sup>69</sup> Wadhvani, “Citizen Savers,” 8.

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