

THE DECLINE OF
AMERICAN LIBERALISM

BY

ARTHUR A. EKIRCH, JR.

PROFESSOR OF HISTORY, AMERICAN UNIVERSITY



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Pre-emption, Exploitation, Progress

THE CONCENTRATION of powers in the national government, so well designed to serve the ends of Radical Reconstruction, also appealed to the developing business and financial interests of the North. "A supreme national government, controlled by Republicans friendly to industry and finance, could insure favors to corporations, protective tariffs, a centralized banking system, the redemption of government securities, and subsidies to railroads. A national government could also provide the rank and file with free homesteads on the public domain and insure for the clamoring veterans of the late war adequate pensions from the exchequer." ¹ Not the least among the results of the Civil War was the way in which, as the Beards have maintained, "The Second American Revolution, while destroying the economic foundations of the slave-owning aristocracy, assured the triumph of business enterprise. As if to add irony to defeat, the very war which the planters precipitated in an effort to avoid their doom augmented the fortunes of the capitalist class from whose jurisdiction they had tried to escape." ²

But the classic picture of the American scene during the 1870's is that penned by Parrington in the final volume of his *Main Currents in American Thought*. According to Parrington, the Civil War removed the check of an agrarian

order, and "In the years following the war, exploitation for the first time was provided with adequate resources and a competent technique." The social philosophy of the age "was summed up in three words — preëmption, exploitation, progress." Although America, as it moved forward to conquer the last frontiers to the west, still accounted itself individualistic and democratic, individualism was being simplified to "the acquisitive instinct," while progress was becoming synonymous with the pre-emption and exploitation of the public domain by large-scale business interests aided by government subsidies. The nationalistic ideas of Alexander Hamilton and Henry Clay had been revived, while "Under the nominal leadership of the easy-going Grant a loose rein was given to Whiggish ambitions and the Republican party became a political instrument worthy of the Gilded Age."

Parrington likened these postwar years to a great barbecue. "It was sound Gilded Age doctrine. To a frontier people what was more democratic than a barbecue, and to a paternalistic age what was more fitting than that the state should provide the beeves for roasting." Loyal citizens had saved the government during the trying days of the Civil War, and it was only fair in return that the government should give some tangible reward to their patriotism. Thus the theory of Whiggery "asserts that it is a duty of the state to help its citizens make money, and it conceives of the political state as a useful instrument for effective exploitation. . . . But unhappily," as Parrington pointed out, "there is a fly in the Whiggish honey. In a competitive order, government is forced to make its choices. It cannot serve both Peter and Paul. If it gives with one hand it must take away with the other. And so the persuasive ideal of paternalism in the common interest degenerates in practice into legalized favoritism. Governmental gifts go to the largest investments." ³

With the South crushed by defeat, and the North enjoying its victory in the form of a postwar boom, the rivalry of competing economic interests for government favors did not at once reach the stage of a serious struggle for political power. Spurred on by the opening up of the vast reaches of public domain in the West and by the tremendous industrial expansion of the Northeast, the American economy seemed able to produce more than enough for everyone, including the hundreds of thousands of immigrants who continued to cross the Atlantic. These years following the Civil War were unquestionably years of great material development, and the dominant note in politics was one of encouraging this expansion. Beginning with the economic legislation of the war years, the Republican party gave the business interests of the North the protection and encouragement they desired. Thus, the Morrill Act of 1862 inaugurated a succession of protective tariff measures — each higher in its rates than the preceding one — that continued virtually unbroken down to World War I, only to be resumed again in the 1920's. Industry favored by high tariffs, which often went beyond any justifiable need for protection from foreign competition, also benefited from an easy Federal immigration policy, the maintenance of a gold standard and sound currency, and the willingness of the government to intervene, with the regular army if necessary, in the labor disputes that marked the last quarter of the century.

Instead of the limited state desired by Jeffersonian believers in an agrarian society, the post-Civil War era was characterized by the passage of a stream of tariffs, taxes, and subsidies unprecedented in their volume and scope. The result of all this was that, as the biographer of Mark Hanna pointed out: "For the most part all that business needed in order to become more prosperous was to be let alone. Existing legislation both national and state was encouraging it in almost

every possible way.”⁴ In the West, however, there was discontent and the *Chicago Tribune*, speaking for agricultural interests, warned that the idea of republican government as an agent of the people had yielded to the feudal notion of an oppressive government which engaged in all sorts of paternal tasks, including internal improvements, education, the regulation of wages and hours of labor and of crops and prices. “With the close of the war, during which so many unwonted powers were exercised, the theory of paternal government has been revived among us.” This, the *Tribune* pointed out, had been accomplished largely through the taxing power, taking away from one and giving to another.⁵

The effect of taxes and government debt upon traditional liberalism had already been noted by Francis Bowen, the well-known Harvard economist and philosopher. Calling attention to the fact that the United States in four years of fighting had accumulated a war debt greater than England’s as a result of her twenty-two-year struggle against the French Revolution and Napoleon, Bowen lamented that there was now a tax on everything, although “Hitherto, in this country, our boast has been that we were free from all great burdens imposed by the government. . . . Hitherto with us the tax-gatherer has been but an infrequent visitant and one whose hunger was easily appeased.”⁶

Liberals believed that the solution was a return to Jeffersonian principles of limited government. For example, Samuel J. Tilden, Democratic and liberal reform candidate for president in the election of 1876, voiced the opinion that the general situation of the United States after the Civil War was reminiscent of conditions on the eve of the Jeffersonian revolution of 1800.

The demoralizations of war — a spirit of gambling adventure, engendered by false systems of public finance; a grasping central-

ism, absorbing all functions from the local authorities, and assuming to control the industries of individuals by largesses to favored classes from the public treasury of moneys wrung from the body of the people by taxation — were then, as now, characteristics of the period.

But the danger to the country now was greater. "The classes who desire pecuniary profit from existing governmental abuses have become numerous and powerful beyond any example in our country. . . . For the first time in our national history," Tilden concluded, "such classes have become powerful enough to aspire to be in America the ruling classes, as they have been and are in the corrupt societies of the Old World." ⁷ Echoing Tilden's point of view, Edwin Lawrence Godkin, editor of the liberal New York *Nation*, in an article on the *Crédit Mobilier* scandal, called for a return to honesty in government. Confident that the country was enjoying enough prosperity, Godkin asserted that the answer to bribery and corruption was to end the power of members of Congress to bestow great privileges upon private individuals and business corporations. "The remedy is simple. The Government must get out of the 'protective' business and the 'subsidy' business and the 'improvement' and the 'development' business. It must let trade, and commerce, and manufactures, and steamboats, and railroads, and telegraphs alone. It cannot touch them without breeding corruption." ⁸

Popular with Godkin, Tilden, and other eastern liberals was the idea of reform from the top under the leadership of the patrician or aristocratic classes of the community. This was the element that took the leadership of the Liberal Republican movement of 1872 and of the comparable reform wave in the Democratic ranks under Tilden in 1876. The reformers particularly emphasized the necessity of a civil service merit system. Better men in public positions, they

hoped, would result in improved government. In the era of corruption after the Civil War there was a transparent need for honesty in government, and the civil service reform cause gradually won popular support. After the passage of the Pendleton Act of 1883, establishing a bipartisan Civil Service Commission, the United States prepared to move in the European direction of establishing a permanent body of public officeholders, and in time the civil service of the New World republic would come to surpass the bureaucracies of monarchical Europe. Generally overlooked, however, in the American enthusiasm for civil service reform, were those few individuals who complained that a class of Federal officeholders, guaranteed permanent tenure, might become an insolent aristocracy comparable to the bureaucracies of the Old World. Godkin admitted that there was no objection to civil service reform more serious than this. Although he felt on the whole that "the danger of an office-holding aristocracy" in the United States was based on mere conjecture, he noted that the evil effects of bureaucratic government were already clearly apparent in Europe.⁹

While the liberal movement in the East concerned itself with such questions as the tariff, taxation, a sound currency, and the purity of the civil service, in the West the focal point of the Federal government's relationship to its citizens lay in the administration of the public domain. Cries for cheap land and protests against land monopoly had been stock-in-trade arguments of various agrarian and utopian reform movements in the half century before the Civil War. In 1860 more than half the area of the country — over a billion acres — was under public ownership. Thirty years later half of this half, or one-quarter of the whole United States, still remained in the public domain, but much of the land was non-arable or reserved for some specific use.

The speeded-up process of disposing of public lands began

seriously in the midst of the Civil War, when the government under the Homestead Act of 1862 adopted a policy of granting free farms, of one hundred sixty acres each, to settlers who would cultivate the land for five years. The law also declared that within six months the settler, instead of waiting to secure the patent to his land by homesteading it for five years, could purchase the property at one dollar and a quarter an acre. By failing, under this alternate arrangement, to provide for cancellation of the patent if the farm was sold to anyone but the government, the Homestead Act opened the way for speculators to buy up vast quantities of land, worth far more than the minimum fee per acre, by the simple device of providing dummy "settlers" with the requisite purchase price of one dollar twenty-five cents per acre. Thus, authentic homesteaders, eager to avail themselves of a farm by fulfilling the terms of cultivating the soil for five years, were often forced to move beyond the range of the more desirable lands, which had already been pre-empted by speculators or dummy settlers. While approximately fifty million homestead acres were distributed in the first twenty years after 1862, much of this land soon found its way into the hands of speculators and was available to farmers only at considerable cost. The same limitation applied to land held for a profit by colleges endowed under the Morrill Act or sold by railroads for a good sum on the promise of providing transportation facilities.¹⁰

"By the very act that offered 'land to the landless poor,' Congress thus had nullified its apparent gift," is the conclusion of one historian of American economic life. And the force of his statement was further illustrated by the Federal government's policy of granting vast tracts of the public domain to railroads and to the states. Under the Morrill Act of 1862, Congress gave the states thirty thousand acres for each of their senators and representatives, the income from

the sale of the land to be used to establish a college for instruction in the agricultural and mechanic arts. At the same time, Congress embarked on a policy of subsidizing the construction of rail lines in the West by extending direct loans and by the grant of sizable territories along the railroad right of way. In the decade after the passage of the Homestead Act, the railroads received over one hundred million acres from Congress. Under the various Federal land acts, some three hundred million acres were actually disposed of by 1934, with the railroads getting one hundred thirty million acres from the Federal government and an additional fifty million acres through the intermediary action of the states or, as in Texas, by the state itself. In addition, the states secured from the Federal government around two hundred million acres.¹¹

Although the government was thus most generous in its disposition of the public domain, the small independent farmer was not the chief beneficiary of the Federal largess. "The homesteaders, even including those who acted as tools of speculators, got just about one acre out of every six or seven that the government gave up. Those who took free farms to keep received about one acre in ten."¹²

The homesteaders' struggle, in competition with railroads and various other business interests, for good arable lands in the West intensified the white man's pressure upon Indian lands. This pressure was responsible in large part for the recurrent Indian wars of the period from 1862 to 1877, and it continued to result in a mad scramble for Indian territory until most of this land was pre-empted for sale to advancing settlers. To the frontiersman the Indian had always been an obstacle in the path of westward progress, while to the Red Man the coming of civilization spelled the doom of the buffalo and other game on which he depended for his food. In 1871, an act of Congress stipulated that no more treaties

be made between Indian tribes and the Federal government. Yielding the fiction of a separate nation status, the Indians now became the wards of the United States government, allowed for the present to occupy lands which they did not own under the white man's title, but not permitted to make individual entries on the public domain. Although Presidents Grant and Hayes and other high officials were sympathetic to the plight of the Indian, the old tribal lands, in violation of earlier treaty rights and agreements, were constantly being added to the public domain and opened up for white settlement. Finally by the 1880's, through the publication of such exposés of American Indian policy as Helen Hunt Jackson's *Century of Dishonor*, the public became aware of the way in which the Indians, as wards of the government, had been exploited by the very instrumentalities and agencies designed for their protection.¹³

The demands for reform in the treatment of the Indian resulted in 1887 in the passage of the Dawes Severalty Act. This measure provided the means by which the communal organization of the Indian tribes could be dissolved, the reservations broken up, and the Indians themselves admitted as American citizens qualified to take up land in individual ownership. Reservation lands not granted to Indian families could be sold to white settlers with the provision that an adequate payment be made to the remaining members of the tribe. Although the Dawes Act ended the anomalous status of the Indian as a ward of the government and opened the way to citizenship, it also served as a means of pre-empting large portions of Indian reservations for white settlement. Thus a recent historian of the public domain has concluded:

The operation of the Dawes Act of 1887 confirmed the expectations of its proponents. By 1892 agreements had been negotiated with fourteen Indian tribes, restoring to the public domain

26,000,000 acres most of which was already open to settlement. The greatest of the Indian reservations — that of the once powerful Sioux of the plains — consisting of 9,000,000 acres had already been opened to sale and settlement; the 21,000 Sioux Indians had accepted five other separate and very-much reduced reservations.¹⁴

Even the old Oklahoma Indian territory did not escape the pressure of the grasping whites, and in 1889 the extensive areas formerly owned by the Five Civilized Tribes were opened up for settlement. This completed the process of displacement that had begun back in Jackson's presidency when the so-called Five Nations had been forced to leave their homes in Georgia and cross the Mississippi. "By 1906, through the breaking up of the reservation system, some 75,000,000 acres, or about three-fifths of the whole amount of Indian land released by the Dawes Act of 1887, had been appropriated by the whites."¹⁵

The fate of the Indian foretold the passing of the frontier. In the course of exhausting the free land to the west, nothing cast more doubt on the possibility of the United States' achieving the old Jeffersonian dream of a liberal agrarian society than the way in which the government's land grants served the cause of monopoly and big business. It was not surprising therefore that the last of the followers of Jeffersonian liberalism to attain any widespread degree of public support in the United States should launch an attack upon Federal land policies. Henry George, the apostle of the agrarian ideas of a long succession of reformers, excelled them all in the popular attention that he was able to attract by his writings and lectures. Yet, it was the fate of George to advocate a system of agrarian reform in an age when increasing industrialization and governmental regulation of

the economy had already diverted attention from the land. The title of George's great work, *Progress and Poverty*, stated the fundamental problem with which he wrestled throughout his life — the problem of want or poverty in the midst of plenty or so-called progress.

The child of a poor but respectable and religious Philadelphia family, George had his education cut off at an early age when he went to sea. In 1855 he reached San Francisco, then in the last stages of the gold rush. Under the impetus of the discovery of gold, California had telescoped the American frontier process into a matter of only a few years. It thus gave George an excellent laboratory for investigation, where he was able to observe at first hand the pre-emption of the state's wealth by speculative elements and the consequent failure of the gold to bring any general or lasting prosperity. George himself became an inveterate plunger into risky mining ventures, and the young family that he had acquired soon suffered from much the same type of economic hardship that beset the poorer classes from New York to California during the era of the Civil War. Experiencing poverty, George knew the way it warped men's minds, blunting their nobler impulses and driving them into wild schemes in efforts to retrieve lost prosperity.

Beyond the problem of poverty as a result of individual misfortune or improvidence lay the social sources of poverty. Here, George believed, the basic trouble lay in the ratio of population to land and in the system of taxes, which allowed vast tracts of land to be held for purposes of speculation. His solution — the taxation of the unearned increment in the price of land, or the taxation of unimproved land at the same rate as improved land in order to encourage its use — became famous with the publication in January 1880 of his *Progress and Poverty*. George's proposal, soon well known

as the single tax, a term which he, however, disliked and which oversimplified his argument, had already been anticipated in some of his earlier writings.¹⁶

Back in 1868, in an interesting article in the *Overland Monthly*, entitled "What the Railroad Will Bring Us," George had speculated on the effect of the approaching completion of the Union Pacific and Central Pacific railroads. With the coming of the first transcontinental line there were signs in California of a prosperity reminiscent of the booming days of the first gold rush. While those of his neighbors who owned considerable property eagerly prepared to profit from the expected rise in land values, George lamented that the city had not been settled on the basis of free homesteads. "The locomotive," he warned, "is a great centralizer," which would kill small towns and small business and make possible large fortunes and also a poor class. "We need not look far from the palace to find the hovel. . . . Amid all our rejoicing and all our gratulation let us see clearly whither we are tending. Increase in population and in wealth past a certain point means simply an approximation to the condition of older countries — the Eastern states and Europe." High wage and interest rates, which, according to George, were tied to California's comparatively small population, would be lowered by the railroad. "The truth is, that the completion of the railroad and the consequent great increase of business and population, will not be a benefit to all of us, but only to a portion." Like the ancient Greeks to whom the future of their race had once seemed so bright, "Our modern civilization strikes broad and deep and looks high." But, George added, "So did the tower which men once built almost unto heaven."¹⁷

He continued his criticism of railroad land grants with the publication in 1871 of a pamphlet *Our Land and Land Policy*. Here he presented many of the ideas later elaborated

in *Progress and Poverty*. Analyzing the different types of land grants made by the Federal government, he concentrated his attack on those given to the railroads. "Since the day when Esau sold his birthright for a mess of pottage we may search in vain for any parallel to such concessions." Especially reprehensible, George felt, was the national policy of building railroads before they were needed. This resulted in the diversion of funds from more productive enterprise, scattered population beyond the means of subsistence, helped to monopolize the land, and in general made the masses poorer and the few richer. If such policies were continued, the public domain would soon be exhausted and the people of the United States would find themselves in the situation of the populace of Europe. "We are monopolizing our land deliberately — *our* land, not the land of a conquered nation, and we are doing it while prating of the equal rights of the citizen and of the brotherhood of man."¹⁸

Despite the pessimistic implications of his writings, George actually embraced much of the optimistic tone of the eighteenth-century Enlightenment. Like Jefferson and other early American philosophers, he had a strong faith in the idealism of his fellow man and a great confidence in the educability of human nature. In his economic theory he united his own keen powers of observation with a serious study of John Stuart Mill and the other great English classical economists. Although his solution of the single tax led logically to the virtual confiscation of all rent and the socialization of the land, George was not a socialist in the nationalistic sense of the term. He had a Jeffersonian individualist's distrust of the power of the centralized state, and the core of his plan was the restoration of the economic rights of the individual to a share in the land. Attacking private property in land as of the same character as private property in men, George blamed increases in rent upon the growth

in population, laborsaving machinery, and speculation. An agrarian in an industrial-capitalist economy, George distrusted the workings of technocracy and industry. His especial panacea, though hardly practical, attracted international attention. And his criticisms of the established order continued to inspire later generations of liberals.¹⁹

In more than anything else, George was significant because of his attempt to protect the individual from the joint collectivism being enforced by the national state and big business. As Hamlin Garland, one of George's early followers, pointed out in an exposition and defense of the single-tax position:

We are individualists mainly. Let that be understood at the start. We stand unalterably opposed to the paternal idea in government. We believe in fewer laws and juster interpretation thereof. We believe in less interference with individual liberty, less protection of the rapacious demands of the few and more freedom of action on the part of the many.²⁰

Garland felt that all of this was in strict accord with the philosophy of Jefferson and the Declaration of Independence, and with the theories of Herbert Spencer. But in the America of the eighties and nineties, doctrines of laissez faire and of the limited state were being twisted and distorted from their original meaning. Businessmen and judges took up the individualism of Jefferson and Spencer and converted it into a rationale for materialist exploitation. Resisting public intervention or government regulation when it confined or restrained special interests, the business community, however, could see no inconsistency in an acceptance of the stream of subsidies and tariffs, of which Henry George and other individualists complained. This contradiction in the businessman's thinking attracted the attention of James

Bryce, the celebrated English observer of American politics, who noted:

One-half of the capitalists are occupied in preaching *laissez faire* as regards railroad control, the other half in resisting it in railroad rate matters, in order to have their goods carried more cheaply, and in tariff matters, in order to protect industries threatened with foreign competition. Yet they manage to hold well together.²¹

In the eighties and nineties, the land monopoly that George had denounced in *Progress and Poverty* was almost being dwarfed in significance by the growth of large industrial combinations which in some ways were a direct result of the government's land policies. Also encouraged by the philosophy of government aid to business, which had taken such a strong hold in Washington after the Civil War, industrial trusts and combinations were still further aided and abetted by the Federal courts' all-inclusive interpretation of the Fourteenth Amendment. Whether or not it was originally intended only to protect the Negro freedman, there was little question that in practice the Fourteenth Amendment went far beyond the province of the Negro's rights. The famous provision that "No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law . . ." was interpreted by the courts to include, within the legal meaning of the word "person," private corporations.

Thus the Fourteenth Amendment, with its due process clause protecting corporations as well as individuals, deprived the states of the effective exercise of their police powers and by implication vastly extended the domain of

the Federal government. In effecting this transformation, the amendment helped to make possible the unrestrained rise of big business in the era following the Civil War. Later the techniques of exploitation and monopoly, thus encouraged, resulted in the progressives' call for Federal regulatory legislation. But overlooked in the whole development was the initial responsibility of the Federal government in helping to create what it was subsequently called upon to regulate. As Henry Steele Commager has pointed out in his discussion of what he calls "the watershed of the nineties,"

From the Interstate Commerce Act of 1887 and the Antitrust Act of 1890, we can conveniently date the beginnings of federal centralization; from Fuller's appointment to the Chief Justice-ship in 1888, that revolutionary shift in the interpretation of the Fourteenth Amendment which did so much to nullify state action in the economic and social area. . . .²²

The limited power of the states to regulate commerce gradually became apparent as railroad networks crisscrossed state lines. Although the Supreme Court in the Granger cases of 1877 at first approved state regulation of railroad rates involving interstate traffic, it soon reversed its position and in a long line of decisions severely restricted the authority of the states over all types of interstate commerce. These decisions paved the way for the passage by Congress in 1887 of the Interstate Commerce Act. Although subject to some opposition in Congress from state rights advocates who feared the growth of Federal power and the implications of the exercise of this power by a commission of five men, the bill was easily passed with the support of both political parties.²³

Establishing a nonpartisan regulatory body with quasi-judicial authority over the railroads, the Interstate Commerce Act set a precedent for similar legislation in other areas. Of even greater importance was the fact that as soon

as Congress began to legislate in any field, the Supreme Court was quick to rule that its jurisdiction became exclusive. In the case of the railroads, for example, the Supreme Court held that a state could not regulate intrastate rates if such regulation would affect interstate business. Most authorities have accepted the contention that the diversity of regulation, which would be the outcome of forty-eight differing state laws, made Federal legislation necessary and desirable, both as a means of effective regulation and also to prevent industrial chaos and to enable business to operate along national lines. The important point, however, was that Federal, as opposed to state, regulatory legislation was not necessarily a more effective control over business. If the destruction of big business were the sole aim, state regulation with all its diversity would have been more damaging. But, whatever the merits of this argument, there was no doubt that the Supreme Court's interpretation of the commerce clause became a powerful incentive to the expansion of the powers of the Federal government. As one authority has noted:

In all the efforts to attain greater national control, the commerce clause has been the great source of power. The rate cases were all upheld under the commerce clause. The anti-trust acts were upheld under the commerce clause. The encroachments of the States on each other and the Federal power, have been invalidated under the commerce clause.²⁴

The entry of the Federal government into new spheres of economic regulation while it continued to pursue its lavish policy of grants and subsidies, provoked a mixed reaction from the citizenry. In general, of course, those who received its favors subscribed to the theory of governmental largess. Since the nation's resources were great, it was easy to equate exploitation with progress. And, considered in purely materialistic terms, the decades after the Civil War were un-

doubtedly years of progress. Even the immigrants, who made up the bulk of the country's unskilled labor and were crowded into urban slum areas, could usually look forward to a better standard of living for their children. Criticism of the policy which Parrington called Whiggery and likened to a great barbecue, therefore tended to confine itself to the demand for limited reforms of an administrative sort, such as the inauguration of a merit system in the civil service or the enforcement of more government aid and regulation.

The whole idea of government regulation in order to counterbalance the practice of subsidies and bounties to the business community was an attractive theory, popular in the great run of reform circles. By the nineties, when the distress of the farmer in the West and South was matched only by the bitter struggles of labor in conflict with employers, the Jeffersonian doctrine of the noninterventionist state, which confined itself to the preservation of free competition, seemed discredited with nearly all shades of liberal and radical opinion. Followers of Edward Bellamy, in line with the socialist utopia advocated in his best seller *Looking Backward*, organized a series of Nationalist clubs dedicated to the premise that the principle of competition was outmoded and needed to be supplanted by that of association. "The nationalization of industry and the promotion of the brotherhood of humanity" were the goals of the Bellamy Nationalists.²⁵ Like Bellamy's disciples, the Populists verged upon socialism in their platform calling for government ownership or regulation of the railroads and the trusts. James Baird Weaver, Populist candidate for president in 1892, appeared to state a truism of reform ideology when he declared: "We have tried to show that competition is largely a thing of the past. Every force of our industrial life is hurrying on the age of combination. It is useless to try and stop the current. What we must do is in some way make it work for the good of all."

Yet, with all their ideas, which seemed so radical at the time, the Populists basically believed in free enterprise, urging a program that sought to regulate the few in order to free the many and thus restore competition.²⁶

Deriding the hostility of those who attempted to discredit it through their excited fears of socialism, Benjamin O. Flower, in his reform journal, the *Arena*, maintained that Populism was "a revolt of the millions against the *assumption of paternal authority on the part of the general government, and the prostitution of this authority or power for the enriching of a favored few.*" Flower argued that Populism, like the ideas of Henry George and Thomas Jefferson, was essentially individualistic. Not socialist in the European sense of the term, it sought especially to combat the era of class legislation which had characterized the years since the Civil War. The "last full-throated attempt of the American dirt farmer to seize a government he had not wholly owned since Jackson's day, and had not owned at all since the Civil War had ended," was the way in which a later writer on the period characterized the Populist movement.²⁷

Though its roots were deep in the American tradition, the direction of Populist doctrines in the nineties was nevertheless an indication that many of the discontented were beginning to think along illiberal lines in their demand for reform. Throughout the agrarian South and West, the laissez-faire liberalism of Grover Cleveland's second administration was much discredited by the time of Bryan's free silver campaign of 1896. "Cleveland might be honest," said Bryan, "but so were the mothers who threw their children into the Ganges." To many, liberalism seemed to have evolved into a pro-corporation doctrine, in which the Supreme Court used Herbert Spencer's laissez-faire precepts in order to protect railroads and other business enterprises from regulation by western state legislatures. Meanwhile liberals had followed

the will-o'-the-wisp of civil service reform, an administrative measure popular with upper-class liberals but providing little solid attraction to Populists or other radical liberals. Except for a small minority of staunch individualists of a mixed liberal and conservative persuasion, the whole reform camp — from socialists and Populists to conservative exponents of a strong national state — stood ready to yield the values of traditional liberalism.²⁸

The abandonment of liberalism was to be made explicit in the 1900's, when the reformers adopted the name Progressives and accepted much more than the liberals or Populists a frank nationalism and centralization under the aegis of the Federal government. But even before the turn of the century, old-fashioned liberals with a preference for limited government and a more simple economic order were becoming the voices of despair. Conservative in their desire to go back to older ways and in their pessimistic outlook on the future, these liberals or liberal-conservatives were above all else individualists. Their type of individualism, however, cut deeper than the so-called rugged individualism of the robber barons or business tycoons, who eagerly accepted protective tariffs and government subsidies and zealously enlisted courts and legislatures as their allies in the achievement of monopoly.

William Graham Sumner, for example, was admittedly a conservative in his bitter hostility to socialism and in his defense of laissez faire and the rights of property. But Sumner also fought many a liberal battle and devoted much of his time to denouncing the protective tariff, which he called "the greatest job of all." The crusade for government regulation in the United States, Sumner believed, was a counterpart of the German deification of the state and signified merely that all of us should take care of some of us. "The his-

tory of the human race is one long story of attempts by certain persons and classes to obtain control of the power of the State, so as to win earthly gratifications at the expense of others." The United States, he wrote, had started with the opportunity of choosing what it wanted from the European inheritance and, except for the Civil War, had on the whole adhered to the tradition of individualism. But by the eighties this individualism was again being badly compromised. "We have been borrowing old-world fashions and traditions all through our history, instead of standing firmly by the political and social philosophy of which we are the standard bearers."²⁹

Sumner's complaints were echoed in the editorials of the *Nation* conducted by E. L. Godkin. To Godkin, government regulation spelled the beginnings of a policy of national socialism closely resembling the Bismarckian variety in Germany. For example, in reply to the arguments for Federal ownership of the railways, he asked what would happen when farmers wanted cheaper rates and labor higher pay? In the course of his editing, Godkin became progressively disillusioned with the prospects of democracy, not so much from fear of the uneducated masses as from the dangers of a corrupt plutocracy. In the comfortable shibboleths of the usual type of reformers, he saw no solution to the problems raised by the passing of the free lands of the frontier.³⁰ And so, by the decade of the 1890's, his earlier hopes for democracy gave way. He lost the idea that America would be different from Europe or that the great wealth gathered under American business would be well used. The disturbances of the decade, culminating above all in the Spanish-American War and imperialism, strengthened his feeling that America was following the European pattern of development. Of democracy, he wrote to his old friend Charles Eliot Norton:

I have pretty much given it up as a contributor to the world's moral progress. . . . I, too, tremble at the thought of having a huge navy and the war-making power lodged in the hands of such puerile and thoughtless people — a hundred million strong. Morals in this community, except sexual morals, are entirely gone. . . . We all expect far too much of the human race. What stuff we used to talk.³¹

While liberals' hopes for democracy degenerated into an interpretation of history that regarded politics as a constant struggle of the people against the predatory interests seeking to gain control of the state, the more sophisticated conservatives were ready to make their peace with the idea of the regulatory state. Instead of fighting such legislation as the Interstate Commerce Act and the Sherman Antitrust Act, the business community secured rulings from the courts that largely negated the purpose of those vaguely drawn measures. Asked in 1892 by a railroad official for his opinion of the wisdom of a projected effort to secure the abolition of the Interstate Commerce Commission, Richard Olney, a corporation lawyer destined to become in a few months attorney general of the United States, emphatically advised his correspondent against such a step. Pointing out that it might only result in strengthening the Commission by giving it additional powers, Olney added:

The Commission, as its functions have now been limited by the courts, is, or can be made, of great use to the railroads. It satisfies the popular clamor for a government supervision of railroads, at the same time that that supervision is almost entirely nominal. Further, the older such a commission gets to be, the more inclined it will be found to take the business and railroad view of things. It thus becomes a sort of barrier between the railroad corporations and the people and a sort of protection against hasty and crude legislation hostile to railroad interests. . . .

The part of wisdom is not to destroy the Commission, but to utilize it.³²

Two years later, when Olney as attorney general encouraged Cleveland's use of Federal troops to break the Pullman strike of 1894, he gave further point to the way in which the power of government could be used in behalf of big business. Henry D. Lloyd, author of a famous early exposé of the Standard Oil Company's monopolistic business techniques, observed that Cleveland's intervention marked a shift in the traditions of the Democratic party. It sacrificed the long stand of the party against centralization "and surrendered both the rights of the States and the rights of man to the centralised corporate despotism to which the presidency of the United States was then abdicated." Lloyd, disillusioned with the sort of government regulation on which the special interests seemed to thrive, moved to a position of outright socialism. But government ownership, he insisted, must become a really popular democratic socialism, not just more "governmentalism." Government, he asserted, must be only a means to an end. "The least democratic countries in the world have state coal mines and state railroads, but they have no ownership by the people. The socialism of a kingly state is kingly still; of a plutocratic state, plutocratic. We mean to transform at the same moment we transfer."³³

Much less cheerful than Lloyd at the prospects of living under a socialist utopia, Henry Adams nevertheless agreed with him that a new era was coming. "The reaction of fashionable society against our old-fashioned liberalism is extreme," he declared in 1897, "and wants only power to make it violent. I am waiting with curiosity to see whether the power will come — with the violence — in my time. As I view it, the collapse of our nineteenth century J. S. Mill, Manchester, Chicago formulas will be displayed — if at all

— by the collapse of Parliamentarianism, and the reversion to centralised government." A year later, in the midst of a stay in Hungary where he was able to observe at first hand an example of state socialism, Henry wrote home to his brother Brooks that this was a form of society that deserved attention, especially in its possible connection with Russia. "All monopolies will be assumed by the State; as a corollary to the proposition that the common interest is supreme over the individual." ³⁴

Whether in the direction of socialism, progressivism, or semianarchist despair, the retreat of the liberals was well advanced by the turn of the century. The Spanish-American War and ensuing adventure in imperialism, coming on top of the hard times of the nineties, dashed even modest liberal expectations for the future. To conservative William Graham Sumner, the acquisition of the Philippines spelled *The Conquest of the United States by Spain*. And to the radical Tom Watson, the war doomed all reform hopes. "The blare of the bugle drowned the voice of the Reformer." ³⁵ Although the dismay of the anti-imperialist liberals was deepest, traditional liberals of whatever hue had little reason for optimism. Under the leadership of Theodore Roosevelt and Woodrow Wilson, the trend toward big government and big business was destined to continue. In the midst of the popular enthusiasm for progressivism during the first decade of the twentieth century this was perhaps not so clear. But from the perspective of a later age it is possible to see that the progressives were essentially nationalists, moving to a state socialism along European lines and owing relatively little to the American tradition of liberal individualism.