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Capital and Labor Hunt Together

Chicago the Victim of the New Industrial Conspiracy

I ASKED Milton Booth, secretary of the Coal Teamsters' Union of Chicago, if there were any non-union workmen in the industry which he represents.

"No," he replied, "unless they are in the hospital."

I asked John C. Driscoll, secretary of the Coal Team Owners' Association—the corresponding organization of employers—if there were any independent operators in his branch of industry. "You'll have to look for them with a spy-glass," he said.

Monopolizing the Coal Delivery of a City

On one side, therefore, stand the men who drive the coal wagons, each with his little button in his cap, organized in an impregnable union, and over against them, also marshaled in close order, stand the men who own the teams and the wagons, and, oftentimes, the coal. Both sides have crushed independent competition. There is no longer such a thing as a "scab" teamster, nor any competing team owner. The fundamental industry of a great manufacturing city—coal—lies absolutely at the will of these two unions.

Not so long ago the teamster and the coal team owner were busily cracking each other's heads. The teamster wanted more wages, the owner wanted more profits, and Chicago got its coal delivered promptly, at reasonable prices. It is quite likely, in the good old days, that the teamster was not making a sufficient wage; it is even barely possible that the retail dealer was being unduly squeezed by the opulent operator who controlled the coal supply and who, in another part of the circle, was fighting his own fierce battle with organized labor in the coal-fields. However that may be, some genius—he must have been a genius, or he would never have thought of anything so simple—suggested one day that the teamsters and their employers stop shedding each other's blood and unite.

And this is exactly what they did. The two organizations, the Coal Teamsters' Union and the Coal Team Owners' Association, came together and formed a close compact, offensive and defensive — a sort of monopoly new to our American life. Instead of fighting each other, to the profit and peace of the on-looking public, they now turned, united, and attacked that public. The teamster salved his sores with a large increase in wages, the coal dealer and the team owner fattened their bank accounts with a large increase in profits, and the defenseless, unorganized public paid the bill; is paying it with groanings today.

What Chicago Has Come To

Here, in brief outline, is an example in a single industry of the latest development in the greatest American problem, that of the relations of labor and capital. And Chicago has furnished the soil and the seed most favorable to this amazing growth, for no other city in America is so thoroughly organized. Chicago has been called "industrial hell" ; it has also

been designated “the paradise of union labor.” Whether hell or paradise, every city in America is rapidly on its way to similar conditions.

Only the outsider coming to Chicago can fully realize the extent of this industrial armament—a sort of militant neutrality, comparable to the state of Europe. Trust and employers’ association draw themselves up to meet the labor monopoly, army against army. Look as you will in Chicago, you can find no able carpenter who does not wear a button or carry a card, no bricklayer, no plumber, no teamster, no garment-maker, no packing-house worker. No industry is so small that it does not contribute its company to the general force. In the last Labor Day parade the Sprinkler Fitters marched with the Lady Cracker Packers, the Tuck Pointers with the Sodawater Helpers, the Ice-cream Teamsters with the Scrub-women ; the Bell-boys with the School-teachers and the Beer - bottlers. There are 40,000 militant teamsters in the Chicago unions; 40,000 artisans in the building trades unions; 3,300 school-teachers; 6,000 freight handlers; 4,000 machinists; 18,000 waiters.

On the other hand, we have the Master Carpenters’ Association, the Brick Mason Contractors’ Association, the Retail Coal Dealers’ Association, the Railway Managers’ Association—controlling all the labor matters of twenty railroads— the Hotel Owners’ Association, the Laundry Owners’ Association, and many others. As I write it is common talk in Chicago that owners and business men are deferring their plans for building, that manufacturers are being frightened to the country towns by the ominous threats of industrial war.

Marshall Field on the Situation

Chicago, indeed, is organized to a standstill! Far-sighted men, like Marshall Field on the one hand and John Mitchell on the other, have already warned the people of the menace of these conditions. “If this agitation continue labor will be out of employment. This prosperity we are now enjoying will not continue unless this agitation can be stopped,” said the former in the *Inter-Ocean* of June 5, 1903.

“Marshall Field in the main is right. It is the part of prudence to look into the future, and during labor agitations one must take further precaution than at other times,” said John Mitchell in the *Inter-Ocean* of June 10, 1903.

So expensive and dangerous became the situation in many special industries where an advanced stage of unionism was possible, that both employer and employee sought some plan of relief. Result: The condition of armed neutrality, in which each side blocked the other, was superseded by combination. The spirit of organization, which had long been at work drawing together bitter rivals within the ranks of both capital and labor, now suddenly bridged the gap and drew capital and labor themselves together in an alliance against the unorganized public.

The coal teamsters and the Coal Team Owners’ Association furnish an excellent example of the practical working of the new species of monopoly. Other combinations in Chicago are closer, even more extraordinary in the extent of their power than this, but none has been more open in its campaign, none has left a sharper sting in the memory of the people.

The coal teamsters began their fight for higher wages and better hours about five years ago. Under the leadership of Albert Young, now at the head of the Teamsters’ International Union, they soon became so strong that they crowded their employers into a defensive organization, called the Coal Team Owners’ Association. Many of these coal team owners were separate teaming companies, many were retail coal dealers. Indeed, the interests of the coal team owners and the retail coal dealers are so nearly identical that they can hardly be separated. The union and the association, to avoid further disastrous warfare, entered into an agreement as to wages, hours, holidays, disputes, and so on. There was nothing strange in

this; many unions and many associations have done the same; but this was an exclusive agreement.

Secret Agreement of the Coal Men

“Party of the first part (the Coal Team Owners’ Association) agrees to employ none but members of the Coal Teamsters’ Union, Local No. 4, in good standing and carrying the regular working card of the organization.”

“We (the Coal Teamsters’ Union) further agree that we will not work for any firm that does not belong to the Coal Team Owners’ Association.”

This agreement was signed May 21, 1902. In December, 1902, for fear of a prosecution for conspiracy, the second clause was changed to read:

“We agree that we will use our best endeavors to have all employers of coal teamsters become members of the Coal Team Owners’ Association.”

Which meant exactly the same thing, only the language was more diplomatic.

Harmless as these words appear, they amount virtually to an exclusive agreement which is the very essence of the new monopolistic combinations. This is what it means: The coal team owners agree to employ none but union men; result—the independent workman, the so-called “scab,” is instantly driven out of existence, and competition on the side of labor is killed. The coal teamsters agree to work for none but members of the Coal Team Owners’ Association; result—the independent employer is driven out of existence, and competition on the side of capital is killed. Total result—an absolute monopoly of the industry. Let any man not a member of the union try to drive a coal wagon in Chicago and see how quickly his head would be broken!

Similarly, let any important employer concern come into Chicago and try to go into the coal teaming or retail coal business without first making peace with or joining the Coal Team Owners’ Association, and see how long it would remain unsmashed!

The Fruits of Combination

Having now a complete monopoly, this coal-delivery combination gathered the rich fruitage of its power. In the first place the partners in the monopoly, in a manner not uncharacteristic of monopolies, granted themselves a substantial increase in pay and profits. The coal teamsters put up their wages from 11 to 15 percent, when the agreement was signed; they had had the equivalent of some 20 percent increase during the two previous years. The hours were regulated, special pay was granted for overtime, and the union was given absolute power over its members, it being agreed that no employer should hire a teamster without first notifying the officers of the union. If the teamster was behind in his dues he had to pay up or go without work. If he did not happen to be a member of the union he was compelled to pay \$15 to join and \$1 a month thereafter in dues; or, if it should please the union not to take him in, he would have to go into some other trade or leave Chicago. Many a teamster in Chicago now earns as much as \$25 or \$530 a week in winter weather; the Coal Teamsters’ local has \$18,000 in its treasury.

On their part the three hundred coal team owners, or coal dealers, who paid an initiation fee of \$25 to get into their organization, immediately raised the price of coal cartage nearly 40 percent, so that a load of coal which had formerly cost the people of Chicago \$1.40 for delivery now cost \$2. It was a very favorable time to raise the price of coal; the anthracite

coal strike was then beginning, and people would lay it up to that. No citizen could draw his own coal with his own wagon to his own cellar. The Salvation Army was compelled last winter to get special permission to draw a few loads of coal for the suffering poor.

The War on Natural Gas

Having “cut the melon”—in the words of one of the leaders—a phrase familiar to Wall Street, by the way—the monopoly looked about for other fields to conquer. It was discovered that most of the large users of fuel, notably the owners of downtown sky-scrapers, hotels, and other business buildings, used natural gas (piped up from Indiana) for heating and power purposes during the summer months. Now this naturally cut in heavily on the sales of coal; it also threw many teamsters out of work, especially during the slack season. The monopoly, therefore, calmly decided to drive natural gas out of the market and compel all downtown Chicago to use coal exclusively. It was a great idea, proposed originally, as nearly as I can make out, by the retail coal dealers to increase their sales of coal—but the teamsters were put up to do the “dirty work,” and both sides were to reap the profit. A committee of the teamsters waited upon Marshall Field & Co., also upon the owners of the Auditorium Hotel, upon The Fair, and upon the owners of many of the large office buildings, stated their business, and asked the owners to sign a written agreement to use no more natural gas for five years, and to remove all gas appliances from their buildings within thirty days. Unless the owners should agree to discontinue the use of gas in the summer, the teamsters declared they would haul no more coal to them in the winter. In vain the owners argued that the teamsters had no right to interfere with the gas business; in vain they asserted that gas was less dirty than coal, in some cases cheaper, and that it was more easily handled by the brother unionists of the teamsters—the firemen, that the removal of the gas fixtures would involve large losses. The teamsters had made up their minds and nothing could stir them; they knew they had the gas-users on the hip, because the gas company, though they had a surplus supply in the summer, could not furnish fuel to the exclusion of coal in the winter. Some of the owners signed the agreements at once; others endeavored to fight it out. The retail department of Marshall Field & Co. reached the point in the struggle where the firemen had only coal enough to run the boilers a few hours. Loaded wagons stood at the curb, but the drivers would not deliver the coal. And Marshall Field & Co. surrendered.

Fate of the Man Who Fought

Thomas A. Hall, responsible for the management of fifteen downtown buildings, made a year-long struggle against their demands, using more gas instead of less, and getting in his coal and storing it by hook or crook during the summer of 1902. In February, 1903, however, there came a strike of the elevator men, janitors, and scrubwomen. The teamsters saw their opportunity and struck in sympathy with them in all the buildings controlled by Mr. Hall. They had not the slightest interest in the success of the elevator men, janitors, and scrub-women, though these unions could not have won their strike without assistance ; they went into the fight to serve their own ends, to tie up Mr. Hall until he should yield. A walking delegate stood in front of the Manhattan Building ordering away loads of coal when the coal supply was so low that the electric plant had been shut down and candles were being used in some of the offices. That was the last of natural gas in downtown Chicago.

The Sovereign Will of the Teamsters

I asked one of the teamster leaders what was the next step in this campaign of the combination.

“We’re going to stop delivering coal in bags,” he said. “It’s too hard work for the men; the dirty water runs down the back of their necks.”

“But how, if I lived in Chicago, should I get coal into my basement?” I asked.

“Why, you’d have to hire a coal hustler to pack it in. The coal hustlers have a union of their own.”

“Oh, I see. You are doing this to help a new fellow-union. Make work for more men.”

“No, sir, we are doing it for our own selves.”

“But what if we still want our coal delivered in bags, and are willing to pay for it? What if we object to having the loose coal dumped on our sidewalks?”

“The coal teamsters have decided that they won’t handle no more bags.”

“But what if the public objects?”

“They’ll have to like it.”

Under such conditions as these the public of Chicago gets its coal today.

Chicago Fighting in the Dark

Do not imagine that Chicago lies quiet under its yoke. It struggles and strikes out, knowing that it is hurt, but not knowing exactly whom to punish. Various actions for conspiracy have been instituted in the courts. Only a few days ago Judge Horton handed down a decision in the Criminal Court of Cook County—an action begun by State’s Attorney Deneen—in which eighteen members of the Northern Illinois Soft Coal Dealers’ Association were found guilty of conspiracy to restrain public trade, and were fined \$500 each. Another decision fined nine officers of the Retail Coal Dealers’ Association of Illinois and Wisconsin \$100 each on a charge of conspiracy to “suppress, prevent, and destroy competition among retail dealers in coal.” These two associations controlled only a small part of the coal consumed by Chicago, and the decision did not reach down to the gigantic combination which delivers coal; but it registers the blind and angry—perhaps futile—protest of Chicago against the conspiracies which regulate its fuel supply and which have enormously raised the price of coal within the last year or two. Chicago knows perfectly well that its coal prices are being manipulated by a circle of connected monopolies, but nobody sees a way to stop this process. As a prominent Chicagoan put it to me: “It is like trying to fight the circumambient atmosphere.”

Apparently the innocent party of the third part, who is chiefly damaged, has no remedy. Apparently in all the chaos of the legal discussion of the rights of organized bodies, whether trusts or unions—legal rights, moral rights, rights under the Constitution—the fact that the public also has rights disappears in obscurity. We hear much of arbitration between capital and labor, but who has suggested the need of arbitration between the monopoly and the consumer who must buy its goods?

Refusing Milk to the Poor

But the coal combination is only one among many. The Milk Dealers’ Association—employers—and the Milk Wagon Drivers’ Union got together and decided that one delivery of milk during the day was sufficient for the people of Chicago, without even thinking of consulting the milk buyers. In most districts two deliveries had been the custom for years, but all Chicago was instantly compelled to come down to one delivery a day. On June 5th Dr. Arthur R. Reynolds, Commissioner of Health, wrote a letter to the Milk Shippers’ Union, the Milk Dealers’ Association, and the Milk Wagon Drivers’ Union, the three organizations

which control, absolutely, the milk business of Chicago, protesting that a single delivery of milk in the poorer districts of the city, threatened an increased mortality among the little children.

“If the present conditions of supply and delivery continue during the warm weather,” he wrote, “they will have a most serious effect on the child life of the city.”

“Herod More Merciful”

No attention whatever was paid to this letter, and just a month later the weekly bulletin of the Chicago Board of Health had this to say:

“In the last week of June the deaths among infants and young children were 123; this week 172 such deaths were reported, an increase of 40 percent; and deaths from ‘convulsions’ and the acute intestinal diseases of children increased 90 percent, over those of the previous week. The ‘one-daily delivery’ of milk has begun to reap its harvest. Even in well-to-do families this thirty-six to sixty hours’ old milk cannot be kept from souring from one delivery to the next. Herod was more merciful in the method he used in his ‘slaughter of the innocents.’”

But the milk dealers and the milk wagon drivers are so much the more comfortable. In the words of one of them, they are “standing pat.” No one will deny that the milk wagon drivers formerly worked long hours and that the dealer was kept busy through a wearisome day, nor that both were within their rights in bettering their conditions if they could, even in getting more money if they could, but while they “stand pat” the babies of their brother coal teamsters, their brother van teamsters, and all their brother unionists, who are part of the great third party—the public—are suffering. And this will serve to clinch the point I wish particularly to make, that with the growth of these new monopolies the warfare of labor upon capital ceases; the day comes when all the workmen of any trade will have their knives out for the workmen of every other trade, each industry against the world, labor against labor.

How are these combinations able to perform such arbitrary acts? What is the source of their power?

Slugging Methods and “Business” Methods

The plain fact is, that these organizations, both capital and labor, terrorize and coerce the non-union man—the man who would be an independent competitor—until he fears to turn a hand. One side is no better than the other, but the employer pursues his purpose by diplomatic, secret courses called “business.” Often also, in plain English, he bribes. And when they unite in a compact monopoly, using their terrible double-firing engine of coercion, as they are uniting in Chicago, “business” on the one side, slugging on the other, then must you and I, the consumer-public, pray for mercy!

Here are two examples of labor union methods, the first copied from a Chicago newspaper of June 19th:

“B. F. Warner, a teamster, was stopped by a stranger when he emerged from a store at May and West Madison Streets early today. The stranger demanded to know if Warner was a union man. Warner replied in the negative, and the stranger struck him in the face, fracturing his jaw. Warner was taken to the county hospital and his assailant escaped. The victim lives at 411 West Harrison Street.”

The other example is that of Samuel Gates, a commission merchant of South Water Street, and a member of the firm of Gates & Anderson. A shipment of eggs had arrived for his firm which he could not get delivered because the teamsters were striking in sympathy with the freight handlers. Fearing that the eggs would spoil. Gates borrowed a wagon from a neighboring firm and drove over himself to the freight house to get his goods. He was met by Abram Covert, a union teamster, who ordered him away. "You have no business here," shouted Covert. Gates replied that he was coming in his own wagon to get his own goods that were spoiling. Covert struck him in the jaw and killed him. In the trial which followed Assistant State's Attorney Crowe said:

"Covert as a union man accused Gates of violating union principles, tried him, found him guilty, and executed him, all within a few minutes."

Covert was finally convicted of manslaughter.

The story of E. A. Rysdon will show how capital, represented by the employers' association, on its part forces its competitors into line. The employer who shudders at union "slugging" has his own effective way of doing business.

Story of a Sheet Metal Contractor

Rysdon is a contractor for sheet metal work; he has a large shop in West Forty-first Street, Chicago, where, until he was ruined, he manufactured cornices, roofing, and other sheet metal work. He began as a journeyman, and has worked his way up. Until recently Rysdon belonged to the Sheet Metal Contractors' Association, a union of employers, which includes all the firms of any consequence doing this sort of work in Chicago. The Sheet Metal Contractors' Association has an iron-clad agreement with the Amalgamated Sheet Metal Workers' Union, No. 73, the membership of which includes practically every workman in this industry who lives in Chicago. This secret agreement contains the following provisions:

"Section 9. All Sheet Metal Journeymen or Helpers employed by party of the second part (the Sheet Metal Contractors' Association) must carry their working card of the present quarter or permit from the business agent. In the event of the union being unable to furnish helpers the employers may put in other helpers, who are to have two working days in which to get their cards or permits."

"Section 17. The business agent of the union shall at all times have the privilege during working hours to go through the shops and on jobs to examine the cards of members employed there and transact whatever legitimate business he may have to perform."

These sections mean that no non-union metal worker can get work anywhere in Chicago. He must do one of three things : join the union; go into some other industry; or starve. They mean, further, that the business agent has absolute power over the men, and they imply, as the Rysdon story will show, that no contractor can get men to work for him unless he is a member of the employers' association. In short, this, too, was an exclusive agreement.

Half a dozen men, the officers mostly, controlled the association ; a single man. Walking Delegate Pouchot, controlled the union. It was the easiest of easy matters for these men to get together and direct the entire industry. It lay like wax in their hands.

The employers' association had a membership of twenty-seven firms; but Rysdon soon learned that though the association was a close corporation, there was a still closer inner ring which controlled the business. Somehow he was not getting all the heralded benefits of

organization. Good jobs were mysteriously whisked out of his reach. But he kept at it, and became finally so perniciously active that he was invited to “come inside.”

What Rysdon Learned “Inside”

They took him to the office of the association in the Rialto Building, and one of the ring—one of the foremost contractors in his line in Chicago, a prominent citizen, a writer on methods of dealing with labor troubles—read to him the secret pact of the ring. This pact provided exactly what he should do in case he desired to bid on any given job. After being charged with secrecy and signing the agreement, Rysdon was furnished with a little book—it cost him \$1—containing the names of all the architects in Chicago. Opposite each architect’s name were the initials of some member of the ring. This member was called the “chairman” of the architect’s office. Rysdon was informed that the contractors had a spy in most of the architects’ offices, a draftsman or a boy, who, for a consideration, kept them informed.

Seventeen firms in all had signed the secret agreement. They “stood in” with Pouchot, the walking delegate of the union.

Ring Bidding on Contracts

The ring did business in the following simple but effective way. When a member wished to bid on a job, he did not go to the architect or to the owner or to the general contractor, as the unsophisticated would suppose. Why should he? These men couldn’t give him the job, though they would have to pay for it. He pursued more modern methods. He called up the “chairman” of the architect’s office, as indicated in his little book. All the other contractors who wished to try for the job did the same thing. The “chairman” then called a meeting of all the would-be bidders—competitors and rivals, be it understood. They met in the Rialto Building, say eight or ten of them, talked over the job, and decided three things in regard to it: First, what it would actually cost, say \$40,000. Second, what it was worth—that is, what a contractor could do it for and make a fair profit, say \$50,000. Third, they discussed the character of the architect and of the general contractor and of the owner, whether they were “easy” or not, or careless, or driven by necessity, or whether any of them could be “touched,” deciding finally how much the job would “stand” without raising suspicion, say \$70,000; in other words, \$20,000 more than the job was “worth.” They then decided which of their number should actually do the work, a point, be it observed, of minor consequence, and he put in a bid of \$70,000; all the others going higher, up to \$100,000 or more. Of course the lowest bidder got the job. The pool of \$20,000, over and above the real value of the work, was divided equally among the members of the ring.

A single instance will show the practical results of this procedure. Last winter the Pullman Company built some new car shops. The ring decided that the sheet metal work for the job would really cost about \$19,000; that a contractor could easily afford to put it in for some \$25,000. The job was regarded as a “plum,” and they quarreled fiercely over it. In fact, they met nearly every week-day afternoon, directing, arranging, and partitioning the sheet metal work of Chicago, and they nearly always quarreled. The more they got the greedier they grew. The bids for the Pullman job ran from \$42,000, or thereabouts, to \$57,000 (Rysdon’s bid), and each member of the ring was apportioned \$500 cash, actually for no service whatever. Rysdon, too, was awarded his share, for he was then at peace with the ring. And, humorously enough, if you look at it that way, the Pullman Company has not learned to this day that it was held up and robbed.

Rysdon’s First Revolt

We now come to the undoing of Rysdon. Last spring the Rock Island Railroad was building a new depot, which offered a sheet metal contract worth some \$30,000. This also was a "plum," and Rysdon was anxious to gather it in. But when he reached the meeting in which the bidder was to be selected, the other members of the ring wore the sleek expression of having dined upon a killing. The pool had been made up without him. Now Rysdon had long had a suspicion of a ring within the ring, that a few of the larger contractors, mostly officers or "bosses" of the association, had a most secret agreement among themselves, and that he was not a part of it. In a moment of anger he rushed out to the general contractor who had the building in charge and, finally, on his own hook, underbid the ring and got the contract. The consternation and astonishment of the other members when this bomb fell among them may be better imagined than described. And Rysdon himself, now that he had picked the plum, was frightened at his own temerity. He knew well enough what sort of a power he had to deal with, so that he came humbly to the next meeting and offered to take his medicine. They threatened him with a fine of \$5,000, and he was more than glad to get it reduced finally to \$1,000. This fine, by the way, was solemnly divided into nine equal parts—seven parts going to salve the injured feelings of the other members of the ring, one part going to a firm in New York, and one to a firm in St. Paul to keep them out of the fight.

But, though he made his peace, Rysdon was now a marked man. He had dared to rebel. "I couldn't trust them," he told me, "and they wouldn't trust me." Other absurd troubles and disagreements followed, and Rysdon, still proving intractable, the ring decided in May last to put on the screws. Rysdon must be forced into line.

The Union to the Aid of the Ring

Here the union enters. The association used the union as its implement of punishment. The ring called in Pouchot, the walking delegate. The next day in the midst of his thriving work every one of Rysdon's men suddenly walked out, Pouchot himself ordering them to stop. The shop was left vacant, and not a hammer rung on the depot or on several other jobs Rysdon then had under way. He was tied up. He went straightway to Walking Delegate Pouchot to complain. Pouchot sent him to the contractors' association.

"I'm not a member," said Rysdon.

"Oh, they haven't accepted your resignation yet," said Pouchot, with evident knowledge of just what was going on in the other camp. So Rysdon went to the association.

"Why didn't you do as we told you?" asked the secretary. "Now it will cost you something to get back."

Rysdon saw that he was completely at their mercy; it was either compromise or lose his jobs and be forced out of business in Chicago. So he asked them what they wanted.

"You must pay a fine of \$2,000, and put up \$1,000 in cash that you will play the good fellow for a year," they told him.

After much further bickering, Rysdon finally agreed to leave the dispute to the arbitration committee provided for in the secret agreement between the union and the association. This committee, composed partly of employers and partly of workmen, met and decided that Rysdon must pay \$500 in cash to the union, for what particular purpose, except injured feelings, Rysdon could not learn; he must also settle the wages of his men during all the time they had been out on strike, and he must pay the association \$2,500 for his temerity in underbidding the ring and daring to rebel.

On these terms, and these only, Rysdon's men were to be allowed to go back to work, and he was to come in again and share the advantages of the association.

Rysdon felt that he was to be broken anyway—for these penalties were ruinous; and so he finally revolted and began suit for conspiracy against the members of the association and officers of the union. His shop, however, is still shut up, his men still on strike, his business ruined. He has been broken on the wheel, and, unless he can collect damages at law, he will have to leave Chicago or go into some other business.

Story of an Independent Brickmaker

Rysdon's case is but a mere fugitive instance of these conditions. The story is being repeated in varying forms over and over again in Chicago. George Hinchliff, a former brick manufacturer and contractor, whose business was ruined, has just recovered damages of \$22,000 for conspiracy against D. V. Purington, William H. Weckler, Adam J. Weckler, Fred W. Labahn, Louis Reimer, P. J. Sexton, Edward T. Harland, Charles Harmes, J. C. Thompson, and the Chicago Masons' and Builders' Association. The men named are very prominent manufacturers, men of wealth and position, and the Chicago Masons' and Builders' Association included all the important contractors in the industry. The case is now on appeal.

In 1898 Hinchliff was a brick mason contractor, a member of the Chicago Masons' and Builders' Association. He was, however, unfortunate, as it appears, in being also interested in a brick manufacturing establishment in Indiana. Hinchliff alleged in his suit that there was a triangular combination against him which included the manufacturers of brick, the brick building contractors, and the bricklayers. The Brick Manufacturers' Association (now superseded in part by the brick trust) controlled 95 percent of the brick manufactured and used in Cook County, the Masons' and Builders' Association did 95 per cent of the work, and the Bricklayers' Union included 98 percent of all the bricklayers. The entire industry in Chicago was, therefore, absolutely in the control of these three organizations, to do with it as they wished. All competition had been driven out. The manufacturers had an iron-clad agreement with the contractors' association to sell direct to its members for \$1 a thousand less than to outsiders. Heavy penalties were provided for the infraction of this agreement, the fines being divided between the associations. The result was that no outsider could afford to do business.

Now, Hinchliff was trying to make a living both as manufacturer and contractor, and the combination decided, as one witness put it tersely, that he "must not ride two horses." The manufacturers' association would not have him as a member and the contractors' association did not want him. There was, apparently, no place in the scheme of things in Chicago for a man who both made his brick and laid them. The combination therefore began a systematic campaign to crush Hinchliff. Contractors or owners who bought his brick were disciplined, and union workmen would not lay them. A single case, a story told on the stand by Hinchliff's attorney, John C. Williams, will illustrate the methods of the combination.

Bricklayers' Union to the Aid of the Ring

A widow, Anna M. Johnson, who was building a house, bought Hinchliff's brick. Her brother-in-law had charge of the building. One day when she visited her new property she found all the workmen idle—striking. They told her they had been called out and that she must go at once and see the Masons' and Builders' Association. She had never heard of this association and did not see what it could have to do with her business, but she went. They told her very positively that no more work would be done on her building until she had done two things. First, she must take her brother-in-law off the job and let it to a member of the association. They suggested a Mr. Donaldson.

“Yes,” she said, “Mr. Donaldson is a good man, but his price is too high.”

But she may as well have saved her breath; the association had decided who was to manage her building.

“What more do you wish?” she asked.

“You have been buying brick of Hinchliff?”

“Yes.”

“Well, you will have to pay \$1 a thousand to the association for such of Hinchliff’s brick as you have used.” There was no other way out of it; it was either pay this fine to an association she had never heard of and take a high-priced contractor she did not want, or else leave her building unfinished. So she drew her check for \$70— she had used 70,000 tabooed Hinchliff brick—to Donaldson, and Donaldson indorsed the check over to the association. Fortunately, Mrs. Johnson paid by a check instead of money, and Attorney Williams, threatening suit, made the association disgorge the \$70, though the widow had still to accept the unwelcome services of Donaldson.

By such means as this—numerous other cases were brought out in evidence—Hinchliff was forced to the wall.

This brick combination has now gone out of existence, at least so far as the manufacturers are concerned, but the Hinchliff story is a very good example of the methods of the many combinations now existing in other industries.

Story of an Independent Baker

In a similar manner the H. H. Kohlsaats Company, proprietors of a large bakery and many lunch-rooms, have recently been made to suffer for remaining independent, for not coming in with the Master Bakers’ Association. For seven weeks all their lunchrooms and their baking establishment have been closed. Over 800 men have been out of employment, losing in wages some \$40,000; an equal loss befell the company. The original cause of the strike was the discharge of certain colored union waiters in one of the restaurants on charges of inefficiency and dishonesty and the substitution in their places of white girls, also members of the union. There was no dispute as to wages or hours or recognition of the union. The company even offered to find places in other restaurants for all the waiters discharged, but the colored men insisted—and the entire Waiters’ Union supported them—that these colored men be returned to their old positions in the same restaurant, and that white girls be not employed. Declaring that this robbed them wholly of the right of discharging their own help and rendered discipline impossible, the company bitterly fought the demands and finally complained to the State’s Attorney, alleging that the strike was being prolonged and the strikers actually supported by the Master Bakers’ Association (the Kohlsaats Company’s rivals), and that a conspiracy or secret agreement existed between the Master Bakers’ Association, the Bakers’ Union, and the Waiters’ Union to force the Kohlsaats Company to join with the Master Bakers’ Association and raise the price of bread everywhere in Chicago from five to six cents a loaf. Because they would not “come in” and take it out of the public they were saddled with a strike that cost \$80,000.

Similar stories could be told of the combination among the plumbers and the plumbing contractors and the plumbing supply manufacturers; this last, indeed, is said to be one of the very worst of the conspiracies, the cost of plumbing having passed all bounds. Combinations are also reported in the roofing industry, the electrical supply industry, the rubber industry, sewer building, and others.

The Industrial and the Political Machine

The problem of these monopolies is exactly the problem of the American democracy. Not for a moment dare we accuse every sheet metal contractor, or sheet metal worker, or master baker, or journeyman baker, with dishonesty or corruption; no more do we accuse every Philadelphia voter of dishonesty because the government of his city is unspeakably rotten. Neither is the union or the association illegal; no more are agreements as to wages, hours, and holidays illegal. The danger lies in the abuse of the tremendous power of these monopolies. Here we have a close monopoly in which all health-giving competition is completely shut out. This combination falls into the hands of a dishonest machine, exactly comparable to the machine so dearly familiar to the American political party, with the result that corruption follows and the public pays the bill. Indeed, the trouble with the labor union as well as the employers' association today, is exactly that of our political parties. The honest, conservative, selfish, "good" citizen remains at home and plays with his babies, while the able scalawag runs his organization. We hear everywhere in labor circles just what you hear during political campaigns, that the good man won't come out and vote, won't take any interest, whereas the bosses and their heelers are perniciously active. We now have with us the "industrial boss." He is personified in the walking delegate, in the secretary or manager of the employers' association; for good or for evil, his hand is upon the industry of the nation.

The Menace of these Combinations

Both students and men of affairs are calling attention to these conditions. Professor John Bates Clark, Political Economist at Columbia University, said in a lecture at Chicago on June 24th:

"The effects of the monopoly of capital are seen in most striking form in trusts. There is a monopoly of labor; not a complete monopoly, but nevertheless a monopoly. The tendency is for these monopolies to make terms and strike at the consumer."

A speech delivered two days later in Chicago by Mr. Clarence Darrow carried the same meaning. Mr. Darrow conducted the case of the miners before the Anthracite Coal Commission, and he is one of the foremost exponents of the trade-unionist idea in America. He said among other things:

"The burden falls on the middle class; the large majority have no way of increasing their wages on their labor, and in this mad rush the middleman and the consumer are forgotten, and they get the worst of it.

"I view with uneasiness the friendly feeling that some of the big corporations are expressing for the trades-unions.

"Of course J. P. Morgan believes in big things. He sees that it is economy to deal with workmen as a body rather than with individuals. He doesn't care how much he has to pay, because he understands that you can't mark up the price of labor as fast as he can mark up the price of steel. But the public is really paying for it, and they are getting nothing in return. It is the same in every line where labor and capital are getting along peaceably."

These new combinations, of course, suggest to every student of the history of economics the guilds of older England and France, in which the masters and the men in various trades were closely united, and industry was arrayed against industry. Similar combinations have also appeared in recent years among some of the highly unionized industries of England, notably in certain branches of the furniture trade of Birmingham.

It is quite likely that hard times, when they do come, will break down many of these combinations, and the waves of competition again sweep in; but never so far as they went before; and another period of prosperity will see the new monopolies grip themselves still more strongly upon our life. The ancient antagonism between labor and capital—what may be called the horizontal division of society—is apparently giving place to a very different—a vertical—division of our industrial life, in which each industry, close-knit, combining both employer and employee, may stand solid against the world. Imagine such a close future combination in some indispensable necessary of life, like bread or brick or coal (the combination in coal is already within view of completeness, and the public has felt the effect of it), what is to prevent that combination from raising prices to a very high point, immensely adding to its own wealth, and taking it out of the public? What does the coal man care if the woodworker or the teamster suffers? But the wood-worker can retaliate. He already has his organization; he can put up his prices, so that it will cost the coal man more to build his house. And the teamster can put up his price, and the shoemaker his, and the merchant his, so that all of them can even up.

The Lot of the Unorganised Public

But the unorganized public, where will it come in? The professional man, the lecturer, the writer, the artist, the farmer, the salaried government employee, and all the host of men who are not engaged in the actual production or delivery of necessary material things, how will they fare?

No one can deny that already the great public has had the worst of the labor dispute and the labor combination. The public put its hand down in its pocket and paid the price for an agreement in the anthracite coalfields—is paying to-day, will pay tomorrow. Now, is there any doubt that the income of organized labor and the profits of organized capital have gone up enormously, while the man-on-a-salary and most of the great middle class, paying much more for the necessaries of life, have had no adequate increase in earnings?

We have been sighing for labor and capital to get together; we have been telling them that they are brothers, that the interest of one is the interest of the other. Here they are together; are we any better off?