CHAPTER TWENTY-FOUR

PLUTOCRACY AND THE LABOR MOVEMENT

And now we get to working-class life. What once made America unique, and to a certain extent still does, was the fact that as a frontier society (in an economic and social sense) America offered working class people many opportunities for social advancement that were lacking in more stagnant, and often more bureaucratized, societies. True, this advancement often took the form of a giant pyramiding scheme as new immigrants took the jobs the natives no longer wanted and by expanding the size of the overall economy pushed the natives up. Then for the immigrants to advance they often had to wait for even newer immigrants to arrive. This always meant that there was a danger of economic cycles ending in a crash, and then eventually recovering to repeat the cycle, perhaps by taking advantage of a newly discovered source of cheap labor, cheap energy, or technological advancement to boost productivity and jump start consumer confidence.

There has always been a dilemma in American history over whether America should be a consumers democracy or a workers democracy. This was usually resolved in favor of the former. When the geographical reach of markets was smaller, as in the early 19th century, consumers were often just neighbors under another guise, which meant that the public realized that they had the option to try to balance their gains or losses as workers (their pay and working conditions) against their gains or losses as consumers. Eventually sheer technological efficiency lifted all boats and produced our modern technological society and our modern standard of living.

Nevertheless, the issue remains how does society balance the interests of workers (usually lacking cross-firm solidarity) and their interests as consumers? One reason that the era that saw the founding of America has a certain fame is that this was really the last period in American history where there really was the physical possibility of direct communication between the leaders and the led, and between bosses and workers.

Regional rivalries soon broke out after independence from Britain. Interestingly enough, the merchant elite of New England who
self-consciously favored trickle-down economics were often rather moralistic (e.g., Alexander Hamilton, their most important political spokesman, was a leading anti-slavery advocate), while the independent farmers of the South led by Thomas Jefferson (the true intellectual father of American democracy as opposed to American republicanism), though they favored autonomy for people just like them (not for slaves, an inconsistency put off for the future) were so antagonistic to bureaucracy of any sort that they had few ideas for how to improve the pay and working conditions of non-farmers.

By the time of the Progressive Era at the beginning of the 20th century far less was expected from bosses in terms of paternalism and even moralism than in the early days of the Republic. Increasingly all our eggs were put into one basket, the basket of trickle-down economics. One effect was to raise the question how much should be expected from a now extremely wealthy plutocracy at the top of our business class (far wealthier in absolute terms than the elites of 18th century America), and how should they be judged?

This was made more difficult as communities grew larger and more anonymous so that the rich became less vulnerable to communal norms and to communal shaming. Increasingly they did not work to earn a reputation in the community, but literally to make as much money as possible. Even today those of our wealthy classes who are obsessed with charitable activities often do so because they do not know what else to do with their time and their money when they have reached or inherited a pinnacle of wealth. The one thing they cannot provide for the poor of course is protection against the marketplace which gave the rich their wealth.

This is where the labor movement comes in. Once workers as individuals could deal with bosses somewhat as equals or at least face to face, sometimes with rough parity as economic adversaries, sometimes as social equals simply because the community could instill sufficient morality and sympathy in both of them so as to appreciate each others’ worth. This was the 18th century ideal, even when it worked better as an ideal than as a practice.

By the beginning of the 20th century the expectation that moral ideals incumbent on both the rich and the poor would make up for inequalities in economic power had become greatly weakened. The result was two alternatives. Union activists often believed all Society’s problems would be solved once the entire workforce had become unionized. The anti-union groups (derived to a large extent from