

## AFD Ep 315 Links and Notes - The Great Railroad Strike of 1877 and the Long Depression

- **Rachel** to pull notes: [https://en.wikipedia.org/wiki/Great\\_Railroad\\_Strike\\_of\\_1877](https://en.wikipedia.org/wiki/Great_Railroad_Strike_of_1877)
  - **Unemployment** rose dramatically, reaching 14 percent by 1876, many more were severely underemployed, and wages overall dropped to 45% of their previous level.<sup>[4]</sup> Thousands of American businesses failed, defaulting on more than a billion dollars of debt.<sup>[5]</sup> One in four laborers in New York were out of work in the winter of 1873-1874.<sup>[5]:167</sup> National construction of new rail lines dropped from 7,500 miles of track in 1872 to just 1,600 miles in 1875,<sup>[6]</sup> and production in iron and steel alone dropped as much as 45%.
  - In the wake of the **Panic of 1873**, a bitter antagonism between workers and the leaders of industry developed. Immigration from Europe was underway, as was migration of rural workers into the cities, increasing competition for jobs and enabling companies to drive down wages and easily lay off workers. By 1877, 10 percent wage cuts, distrust of capitalists and poor working conditions led to workers conducting numerous railroad strikes that prevented the trains from moving, with spiraling effects in other parts of the economy. Suppressed by violence, workers continued to organize to try to improve their conditions. Management worked to break up such movements, and mainstream society feared labor organizing as signs of **revolutionary socialism**.
  - Throughout the striking cities, many non-railroad workers joined in the action because of the economic power railroads had in the cities and domination of everyday life. Also, railroad traffic criss-crossed cities and was often dangerous.
  - The Great Railroad Strike of 1877 began to lose momentum when President Hayes sent federal troops from city to city. These troops suppressed strike after strike, until at last, approximately 45 days after it had started, the Great Railroad Strike of 1877 was over
  - Background Context Recap from ep. 307: Railroads were the 2nd largest industry in the United States after the Civil War (only behind agriculture) and a massive boom in construction of tens of thousands of miles of track (funded with government subsidies and private speculator investments) led to overbuilding that collapsed 115 railroad companies over the course of the Panic of 1873 [https://en.wikipedia.org/wiki/Panic\\_of\\_1873](https://en.wikipedia.org/wiki/Panic_of_1873)
- **Rachel** to cover: Chapter XXVIII of "The Pennsylvania Railroad Company 1846-1946" (the railroad's official centennial history of itself)
  - June 1, 1877, railroad management announced 10% wage cut for all officers and employees. Also, double-heading trains on Fort Wayne road, doubling cars without adding trainmen.
  - Robert Ammon, fired on June 1, began to organize a trainmen's union on the Fort Wayne road, later extending to B&O and Pennsylvania lines east of Pittsburgh. Called for a strike on the Fort Wayne for June 27, hoping for a more general walkout to spread throughout the country.
  - June 27 strike didn't happen, but July 16th saw a walkout in Martinsburg, West Virginia on the B&O. Line was blocked for days. Baltimore also had a riot during this time.
  - July 19th, Pittsburgh, two eastbound crews refused to work, and two replacement crews also refused. A mob of unemployed people formed, and were joined by workers from factories and mills at the end of the workday. The crowd were able to chase off a sheriff's posse that night. The next morning, two regiments of local

militia were called in, but they were largely sympathetic to the strikers. The governor called for a division of guardsmen from Philadelphia, which further enraged the strikers. The strike spread to the Fort Wayne, the Panhandle and the Allegheny Valley and no trains left the city.

- July 22nd, guardsmen arrived ~5pm, and fired on the strikers. Citizens from all over the city arrived from mills, mines and other manufacturing sites to fight the guardsmen and the railroad officials. By 8 pm, citizens were breaking into armories for weapons to fight the guardsmen, who were pushed into one of the round-houses for safety. The citizens fired on the round-house, with the guardsmen returning fire. Since the people were unable to fight their way into the round-house, they decided to burn the troops out. Due to the blockade, there were cars filled with coal, oil and other combustibles. The strikers quickly set car after car on fire, and refused to allow firefighters in to attempt to put the fires out. Their goal was to burn the railroad's property without harm to any persons or any citizen's personal property. When someone's lumber caught fire, they doused the flames and moved the lumber to safety. Even though car after car was burned, the round-house wasn't threatened until a coke car, with oil poured all over, was lit on fire and pushed against the round-house. The military was forced to fight their way out while the strikers pushed burning cars against railroad buildings to accelerate the damage. By the next morning, the flames had "enveloped hundreds of cars, machine shops, two round-houses, the depots and offices of the Union Transfer Company, blacksmiths' shops, storehouses and numerous other buildings making up the terminal facilities of the Pennsylvania Railroad. In the round-houses were a hundred and twenty-five first-class locomotives, which had been housed as a consequence of the strike."
- The strike continued to spread, to Albany in the east and Missouri and Kansas in the west.
- On July 25th, workers agreed to a conference with management, and by July 28th traffic resumed. The wage reduction remained in force.
- **Kelley** to discuss broader context of labor militancy then as a pressure force for change
  - There was a history of strikes going back 100 years, but the Great Railroad Strike of 1877 was the first nationwide strike and started a new phase in US labor organizing.
  - However the strike demonstrated the power of the laborer when they organized together and marked a shift in the laborer's feelings about unions.
    - Quotes below from - [https://clas.ucdenver.edu/nhdc/sites/default/files/attached-files/piper\\_paper.pdf](https://clas.ucdenver.edu/nhdc/sites/default/files/attached-files/piper_paper.pdf)
    - Citing expensive damage from the strike, Robert Harris, president of the Burlington Railroad, wrote: "We have seen that a reduction of pay to the employees may be as expensive...as an increase in pay."
    - In 1881, 100,000 workers engaged in just 471 strikes; in 1886, over 400,000 workers participated in nearly 1,500 strikes.
    - Another prominent labor leader, Samuel Gompers, held similar views: "Without organizations strong enough to conduct a successful strike, the railway workers rebelled... The railroad strike of 1877 was the tocsin that sounded a ringing message of hope to us all." Gompers blamed the strike's failure and violence on the lack of organized labor and believed

- that unions could provide the discipline and means for workers to negotiate successfully. With this mindset, he founded the Federation of Trades of North America in 1881, which became the American Federation of Labor in 1886 and played a substantial role in labor relations throughout the nineteenth and twentieth centuries.
- Knights of Labor were the largest labor organization at the time. Ironically, the national leadership of the group were skeptical of strikes, but local chapters continued to strike.
    - [https://en.wikipedia.org/wiki/Labor\\_history\\_of\\_the\\_United\\_States#Railroad\\_brotherhoods](https://en.wikipedia.org/wiki/Labor_history_of_the_United_States#Railroad_brotherhoods)
    - Largely brought down by disorganized leadership and bad publicity following the bomb thrown at the Haymarket Riot in 1886. And the AFL became the largest labor organization.
    - Interesting timeline of significant labor events - <https://www.pbs.org/wgbh/americanexperience/features/theminewars-labor-wars-us/>
  - Why was the 1877 strike so widespread?
    - Being on the railroad physically connected workers who were geographically separate (<https://www.arkansasonline.com/news/2017/sep/04/1877-rail-strike-changed-minds-on-labor/>)
    - Railroad workers had been aggrieved multiple times in the year - previous pay cut, being asked to operate two freight cars with only the workers for one, the work was dangerous
    - 1877 is a key turning point in US history due to the protracted crisis of the 1876 election results and the end of Reconstruction
  - Why did labor militancy rise in the 1890s?
    - Participation in labor unions began to rise
    - AFL had a different structure and philosophy than the labor organizations preceding it
    - Between 1880-1900, population of cities rose by 15 million while 40% of townships lost population to urban migration (<http://www.loc.gov/teachers/classroommaterials/presentationsandactivities/presentations/timeline/riseind/city/>) - People were working more hierarchical industrial jobs, living conditions were difficult, people were close together
  - **Bill** to discuss the long economic depression and the real decline in wages
    - [https://en.wikipedia.org/wiki/Long\\_Depression](https://en.wikipedia.org/wiki/Long_Depression) (crash of 1873, recovery 1879, recession of 1882-1885, until the crash of 1893)
    - The Long Depression, if we're not just talking about the 1870s (the narrowest definition), is a bit different from our current definitions to think of this as a continuous depression, as most of the period did continue to experience GDP growth and industrial growth, but there were several significant market crashes (1873, 1883, 1893) and lengthy contractions. It is similar to how we conceptualize the Great Depression era as extending from 1929 to WW2, even though there were periods of brief growth within that. The longest economic contraction in all of US history occurred from October 1873 to March 1879, including the incidents of 1877 we're discussing today. The third-longest was the 1882-1885 recession.

(#2 was the Great Depression of 1929 onward.) Output from factories tended to remain at least flat during these waves of economic crises, rather than falling, but stocks prices & goods prices would fall, and profits would fall, and wages would fall, and job numbers would fall. There is also some debate among economists as to what the GDP growth rates were during this period by modern formulations; it is possible the situation was similar to the recent economic history of China where authorities feared slower growth even if it was still quite strong because people had come to expect explosive growth. It is also possible to confuse “economic growth” for the ownership class with meaningful economic growth felt by everyone else, hence the “Gilded Age” concept as opposed to a true Golden Age.

- The severe economic catastrophe of the 1893-1897 period is generally viewed as being different from and following the Long Depression because there was no obscuring the doldrums by getting people to go shopping or contending that GDP (production) was still growing. [https://en.wikipedia.org/wiki/Panic\\_of\\_1893](https://en.wikipedia.org/wiki/Panic_of_1893) The 1890s finally saw the explosion of labor militancy and trade-unionism and socialism that had been lacking in the 1870s and 1880s when people were able to buy goods and food, rather than being starving masses as they were in the 1890s. There was also the populist movement in mainstream American politics and William Jennings Bryan’s takeover of the Democratic Party and McKinley’s Republican realignment.
- The 1890s was also notably distinct from (and put an end to) the earlier period because there was a wide-scale exit from agricultural production by farmers who had been struggling for the two previous decades with capital debts, mounting prices for shipping and storage of grain in the rail industry, and falling grain prices due to vast over-production ([and the arrival of significant industrial mechanization](#) in the 1870s especially after wartime labor shortages had spurred mechanical innovation -- the total value of all farm machinery nationwide rose by nearly a quarter-billion dollars from 1860-1890 -- by 1889, American manufacturers were producing \$81 million worth of farm machinery annually compared to \$17 million per year in 1859 before the Civil War [all Census Bureau data from a 1927 Congressional Research Service report])
- Why were prices and wages falling?
  - For one thing, there may have been less money in circulation with which to pay people or buy goods and services due to US government monetary policies often pulling currency out of circulation and minting fewer coins. This was intended to strengthen the dollar (make each dollar buy more things, but that effectively means lower prices and lower wages). This was the explanation favored at the time and still favored by some economic historians, but there are others who dispute the figures themselves and argue that the money supply largely grew, even if slowly.
    - Sometimes the US government’s withdrawal of currency was offset by a favorable balance of trade pouring money from foreign purchases of US goods into the US economy, but repeated waves of protectionist tariff wars in many countries often limited the impact.

- Perhaps more importantly, however: Massive industrial processes made it possible to mass produce (and deliver) both finished consumer goods and component goods (like steel) much more cheaply than ever before and in much greater volumes than before. (This doesn't include artisanal goods, which didn't see price declines. Same with services.) With the explosion in supply, prices fell. (In previous episodes, we talked about the overbuilding of oil production and rail capacity.)
- Companies struggling with lower prices and dramatically falling profits (and taking advantage of high rates of immigration, high rates of population growth from [an increasingly stable food supply](#), and high rates of unemployment related to market crashes) sought to cut wages.
  - Wages fell in nominal terms by a quarter nationwide in the 1870s (and in localized areas fell by much more) and stagnated at best in real terms, likely aided in keeping up only by the declining cost of living as consumer goods prices fell. (Does that sound familiar to present day? As a comparative point, this era saw the rise of chain Department Stores, which might today be paralleled by Big Box Store chains and their economic effects on both consumer goods access and area wages.)
  - Rising productivity per worker due to new industrial innovations also meant that companies could lay off workers to offset profit declines during investment market contractions, rather than hiring more workers to produce more goods using these new more productive innovations.
- Globally a new wave of imperialism kicked off to try to alleviate the declining domestic profits and give people a nationalist focus to avoid thinking about or organizing around the economic stagnation. This new wave of imperialism was the subject of Lenin's elaborations upon the works of Karl Marx, who died during this period.
 

[https://en.wikipedia.org/wiki/Imperialism,\\_the\\_Highest\\_Stage\\_of\\_Capitalism](https://en.wikipedia.org/wiki/Imperialism,_the_Highest_Stage_of_Capitalism) (1916/1917, with an update in 1920 to reflect the various treaties)