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Sectional Parties, Divided Business

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I. INTRODUCTION

The National Association of Manufacturers (NAM) led the corporate attack on labor organization and government regulation in the early twentieth century. Yet NAM's deep distrust of coordination, in fact, developed years into its organizational life: at its inception, NAM organizers sought mechanisms to coordinate economic and political business activity, and held policy positions that resembled those favored by contemporaneous European manufacturers. Thus, the organization's dramatic shift in policy preferences almost a decade later was something of a sea change: suddenly NAM became committed to laissez-faire liberalism—the antithesis of coordination—and became best-known for its commitment to fighting organized labor.

In this article, I explore this bizarre early trajectory in NAM's policy positions, and reflect more broadly on a critical juncture that seemed to set American employers' organizations down a path of laissez-fair liberalism. A paradox, I argue, is at the heart of the NAM mystery: the association was formed to overcome the limits of the American sectionally-based and locally-dominated two-party system; yet, its broader ambitions were defeated by the very political structural conditions it was created to overcome. First, two-party systems create representation gaps and interest groups often arise to speak for neglected constituencies. In the case of NAM, while the Republican Party was arguably a party of business, employers in the Democratic south were loathed to vote Republican; consequently, NAM was created at the behest of the McKinley campaign to support the party's industrializing agenda and to mobilize potential voters beyond the party's border. Yet second, expecting interest groups to fill needs left unmet by political parties is problematic, because interest organizations are deeply influenced by the characteristics of their nations' states and party systems. In the case of NAM, sectionally-dominated party competition and limited national capacity constrained the realization of NAM's policy agenda, and the organization failed to realize its ambition of becoming an intermediary between business and government in the transition to industrial capitalism.

NAM's dramatic policy reversal—in effect, the rise and fall of the cooperative instinct among nineteenth-century American employers—reflected these dual impacts of party system structures on business organization. The American sectionally-based two-party system created a representation gap: Although the Republican Party can credibly be called the party of business during this so-called "age of innocence," not all employers' interests were covered.[1] Employers in sections of the country beyond the Republican territory (most notably in the industrializing regions of the south) had no comfortable partisan home. Southern manufacturers refused to join a party dominated by African-American leaders, yet these employers grew increasingly alienated from the Democratic economic positions of the day. Thus, even though these manufacturers' interests were represented by the national Republicans, their electoral participation in party activities was constrained by sectional tensions as well as by the composition of local parties.

Republican Party entrepreneurs (most notably Marcus Hanna) had an obvious interest in broadening the Republican constituency base, and experimented with various organizational forms to reach these Republicans in Democratic garb outside the Northeast/Midwest Republican stronghold. Party entrepreneurs were joined in this endeavor by corporate allies who felt great kinship with the GOP and

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1. Thus I do not wish to argue that the Republican Party was anything less than a party of business, or that employers were dissatisfied with the Republicans' positions on their policy demands. Rather, I argue that the McKinley campaign wanted to expand its constituency base from other sections (most particularly in the South), and that it conceptualized NAM's development as a tool to this end.

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who wished to expand the business political voice in Washington. NAM's creators viewed business organization as necessary for political nationalization and centralization; NAM was to be, in effect, a vehicle for organizing manufacturers across sectional divides and diverse communities.

Yet the limited capacities of the national government and party systems that inspired NAM's organization, ultimately, blocked its ability to become an agent for national coordination. Because NAM was partially inspired for electoral mobilization, the association was tainted by its politicized genesis, that compromised the legitimacy of the organization. Democratic legislators from the south and west correctly perceived the association's political overtones, sought to limit its prerogatives and scope, and voted against successive policy requests viewed as advantaging Eastern and Midwestern manufacturers. For example, NAM organizers had hoped to enjoy close cooperative relations with a proposed department of commerce and sought explicit recognition (in the form of a national charter) as the representative of business; however, hostile Democratic legislators initially refused to support either legislative proposal. Left without its anticipated central role in managing the transition to industrial capitalism, NAM began to wither away. Finally, in order to build membership, the NAM leadership dramatically switched positions in 1903, and set off on the anti-labor trajectory that was to define its identity throughout much of the twentieth century.

The rise and decline of NAM's cooperative instincts are eerily echoed in the conception of the United States Chamber of Commerce, which is offered as a shadow case to strength the claims about NAM. The Chamber offered the same institutional commitment to cooperation with labor and government, and was pressed by political figures for electoral and bureaucratic reasons that bring to mind the NAM experience. The Chamber came of age later than NAM and enjoyed greater legislative success in expanding national administrative capacities, yet the Chamber also met with frustration reminiscent of NAM's failures in securing Congressional support for other coordinating public policies.

With this arguably esoteric story, I hope to offer fresh insights into the course of American political development and the "exceptional" policy positions of business. American employers have been characterized as largely rejecting state intervention and sustaining a Hartzian attachment to laissez-faire liberalism.[2] Yet the NAM story suggests a more shallow commitment to rampant free market competition by nineteenth-century employers. Indeed, in its earliest days, institutional incapacities rather than ideological intransigence seemed to direct NAM toward its signature liberalism.

In addition, with this contribution, I hope to join others in emphasizing the enormous regional economic diversity of nineteenth-century America.[3] Some American manufacturers (largely concentrated in certain regions or sectors) resembled European employers in seeking to develop competitive strategies based on coordination.[4] Many regions approximated the coordinated market economies of European districts in terms of workers' skills, content of the firms' production processes and institutions for regional cooperation such as vocational training systems.[5] The importance of regional diversity and sectionalism to American political development has been given much-deserved attention: I hope add to this perspective in emphasizing how sectionally-based, two-party competition (sensitive to these regionally-diverse economies) influenced political economic development in general and the process of business organization in particular.

Finally, with this article, I contribute theoretically to the scarce literature on the connection between party systems and business organization. Students of comparative party politics generally root partisan development in the structure of societal cleavages, yet the NAM case suggests a reciprocal influence of parties on the historical evolution of business organization and social class.[6] The party literature recognizes that

2. David Vogel, "Why Businessmen Distrust Their State," *British Journal of Political Science* 8 (1978): 45–78; Louis Hartz, *The Liberal Tradition in America* (New York: Harcourt Brace, 1955). I view my explanation as consistent with other institution views of American exceptionalism, emphasizing the limits of state institutional capacity, the weakness of the American labor movement, and judicial activism in creating expansive corporate rights. Stephen Skowronek, *Building a New American State* (New York: Cambridge University Press, 1982); Karen Orren, *Belated Feudalism* (New York: Cambridge University Press, 1991); Christopher Tomlins, *The State and the Unions* (Cambridge: Cambridge University Press, 1985); Morton Horwitz, *The Transformation of American Law, 1780–1860* (Cambridge, MA: Harvard University Press, 1977).

3. Bensel, Richard, *The Political Economy of American Industrialization, 1877–1900* (New York: Cambridge University Press, 2000); Peter Trubowitz. *Defining the National Interest* (Chicago: University of Chicago Press, 1998).

4. Berk, Gerald, and Marc Schneiberg, "Varieties in Capitalism, Varieties of Association," *Politics and Society* 33 (2005): 46–87; Michael Piore and Charles Sabel, *The Second Industrial Divide* (New York: Basic Books, 1984); Louis Ferleger and William Lazonick, "The Managerial Revolution and the Developmental State: The Case of U.S. Agriculture," *Business and Economic History* 22 (1993): 67–98.

5. Hal Hansen, "Caps and Gowns" (Ph.D. diss., University of Wisconsin, 1997); U.S. Bureau of Labor, *Industrial Education* (Washington, DC: Government Printing Office, 1911).

6. Maurice Duverger, *Political Parties, their Organization and Activity in the Modern State* (New York: Wiley, 1954); Seymour Martin Lipset and Stein Rokkan, "Cleavage Structures, Party Systems, and Voter Alignments: An Introduction," in *Party Systems and Voter Alignments*, ed. Lipset and Rokkan (New York: Free Press, 1967), 488–509; Stefano Bartolini, *The Political Mobilization of the European Left, 1860–1980* (New York: Cambridge University Press, 2000).

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two-party systems, especially those dominated by sectional cleavages and local control, incompletely represent specific interest group preferences—the umbrella is simply too large—and tend to cater to the medium voter.[7] The NAM story vividly exemplifies how such a representation gap can give rise to interest group formation.

Yet this story also demonstrates a limit to the representation gap argument: societal groups tend to mirror state structures. Weak states and parties with a limited capacity for and focus on national public policy are unlikely to give much business to national employers' organizations. NAM's desire to occupy a central, coordinating position—influenced as it was by European experiments in cooperation among business, labor, and the state—was thwarted by the very structural deficits in national bureaucracy and party that prompted its creation in the first place.

The NAM story also illustrates how the development of national business associations and other societal groups can influence future party development: NAM's creation had a powerful impact on future trends in party competition. McKinley and Hanna held somewhat contradictory goals of modernizing and nationalizing the Republican party on the one hand, and working around the party on the other.[8] Ultimately, of course, these dual ambitions became less easily reconciled and the business mobilization strategy (along with other presidential efforts to side-step parties and to develop new electioneering techniques) eroded partisan politics.[9] Policy entrepreneurs' efforts to organize business must be viewed as part of broader presidential efforts to develop alternative sources of political power, and comprehending the origins of NAM is relevant to understanding later changes in parties and electioneering.

II. SECTIONAL PARTIES, DIVIDED BUSINESS ORGANIZATION

Conventional explanations for the public policy positions of American business associations have difficulty accounting for NAM's dramatic policy reversal. First, many classic ideological arguments about employers' policy positions find no cooperative impulses within American firms and business associations. These ideological or cultural explanations assume *prima facie* that U.S. employers hold anti-state, anti-labor attitudes almost as a birthright.[10] In marked contrast, scholars of welfare capitalism recognize that some firms specialize in segmentalist labor market strategies, in which employers are willing to pay higher wages and provide better benefits in order to attract a more productive, stable workforce.[11] Yet, neither the classic nor revisionist views of business ideology can explain NAM's dramatic reversal in its preferences for policies fostering cooperation with labor and the state.

A second set of theorists looks to competitive strategies to explain American firms' rejection of state coordinating policies and cooperative arrangements with labor; however, this explanation again has difficulty accounting for NAM's dramatic switch. According to this view, the United States has a liberal market economy and firms use competitive strategies relying on less highly-skilled workers than firms in Europe's coordinated market economies. The skills content of production matters to business policy positions and organization because firms relying on highly-skilled workers seek collective mechanisms for training, tolerate (or even push for) union organization to secure workforce stability, and recognize the advantages of nonmarket coordination.[12]

While this argument is compelling, many parts of the U.S. economy were fairly coordinated and relied on highly-skilled workers in the late nineteenth century; indeed, economic dualism may best characterize American manufacturing during that period.[13] The need for skilled workers increased with the expansion of production in metal manufacturing sectors at century's end, and firms sought mechanisms

7. Anthony Downs, *An Economic Theory of Democracy* (New York: Harper, 1957); Russell Dalton, *Citizen Politics* (New York: Chatham House, 2002); Torben Iversen, *Capitalism, Democracy, and Welfare* (New York: Cambridge University Press, 2005).

8. Daniel Klinghard, "Presidential Party Leadership and the Emergence of the President as Party Leader," *Presidential Studies Quarterly* (December 2005); Michael McGerr, *The Decline of Popular Politics* (New York: Oxford University Press, 1986).

9. Sidney Milkis, *The Progressive Party Campaign of 1912 and the Birth of Modern American Politics* (Lawrence: University Press of Kansas, forthcoming).

10. Vogel, "Why Businessmen Distrust their State"; Hartz, *Liberal Tradition in America.*

11. Sanford Jacoby, *Modern Manors* (Princeton, NJ: Princeton University Press, 1997); Peter Swenson, *Capitalists Against Markets* (New York: Oxford University Press, 2002).

12. Peter Hall and David Soskice, *Varieties of Capitalism* (Cambridge: Cambridge University Press, 2001). Kathleen Thelen, and Torben Iversen and David Soskice argue that countries with high levels of national coordination in the Twentieth-Century had considerable local and regional coordination in the nineteenth century, especially in vocational training systems that allowed firms to develop specific assets. These systems are traced back to the pre-industrial guild system (Thelen, *How Institutions Evolve* [New York: Cambridge University Press, 2004]; Iversen and Soskice, "In the Shadow of the Nineteenth-Century," unpublished paper).

13. Piore and Sabel, "*The Second Industrial Divide*"; Gerald Berk, *Alternative Tracks: The Constitution of American Industrial Order, 1865–1917* (Baltimore, MD: Johns Hopkins University Press, 1994). The munitions production sector laid the groundwork for mass-production by manufacturing interchangeable parts for weaponry using dedicated equipment. Yet this "armory practice" that gave rise to perceptions of an American system of manufacturing was not widespread and most other sectors continued to look much like contemporary European manufacturing during the latter part of the nineteenth century. David Allen Hounshell, "From the American System to Mass Production:The Development of Manufacturing Technology in the United States, 1850–1920," (Ph.D. diss., University of Delaware, 1978).

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for addressing an enormous skills deficit.[14] Some states and communities developed extensive vocational training programs, and employers in some regions entered into private collective arrangements to meet their skills needs.[15] The story of American agriculture, marked by developmental state policies and high levels of economic coordination, also refutes the image of a country doggedly committed to unrestricted laissez-faire liberalism.[16] With respect to our story, NAM's initial willingness to cooperate with the state and labor seems consistent with the interests of these coordinated parts of the American economy; however, NAM's movement away from these early policy positions is more difficult to reconcile with the portrait of extensive nineteenth-century coordination.

Third, it is possible that NAM's inability to sustain its early support for cooperation with government and labor reflected sectional divisions in the American economy. Indeed, we might presuppose more generally that pronounced regional diversity makes it difficult for employers to identify common ground and that countries with diverse regionally-specific economies would develop weak employers' associations.[17] We know that sectionalism and pronounced territorial conflict between divergent economic systems has affected other aspects of American political development—southern, quasi-feudal, export, agricultural producers had vastly different interests from northern manufacturers and this economic dualism worked against the formation of a strong state in the very earliest days of the Republic.[18] By 1899, manufacturing was responsible for $5.04 billion of total value added, compared with only $3.4 billion generated by agriculture; therefore, we might expect government enthusiasm over policies for industrial development.[19] But, economic divisions—between industry and agriculture, large and small employers, shippers and railroad companies—continued to shape political development throughout the nineteenth century.[20]

Yet regional diversity cannot completely account for NAM's strange journey from an instrument for cooperation to an agent of liberalism. While it is easy to envision how sectional diversity stood in the way of NAM's policy ambitions, it is more difficult to envision why NAM was ever proposed as a *national* association for representing manufacturing interests, given these strong regional divisions.[21]

14. Hansen, "Caps and Gowns."

15. For a marvelously comprehensive overview of these diverse models, see Bureau of Labor, *Industrial Education*. The United States also had an extensive apprenticeship system during the nineteenth century, and, as in Germany, this system functioned to move juvenile labor to family production sites needing additional workers. The apprenticeship system began to decline in the United States not because skills were downgraded but because paid labor developed as a more viable way to supply workers. Yet despite an interest in securing new forms of skills development, American manufacturers never secured the development of a national comprehensive vocational training approach—diverging, for example, from German employers who lobbied hard for the German Handicraft Protection Bill of 1897. By the 1920s, vocational training in America was located in school-based programs lacking standards, occupational definitions, skills benchmarks, certificate procedures, or ties to the labor market. Large firms began developing their own in house training programs. Thus, the collective training arrangements found in the nineteenth century ultimately fell apart when *national* public policies became necessary to serve the needs of a more integrated, national economy (Hansen, "Caps and Gowns," 266–68, 548–49).

16. Ferleger and Lazonick, "Managerial Revolution and the Developmental State," 67–98.

17. In Britain, for example, manufacturers' desire for protective tariffs ran against the interests of the land-holding gentry and financiers, who wanted above all to maintain a liberal trading regime. Tolliday and Zeitlin trace the postwar decline of British multi-employer bargaining in the engineering sector to financial concerns about how an employers' lock out might affect balance-of-payments and consequent efforts to weaken the engineering association (Steven Tolliday and Jonathan Zeitlin, *The Power to Manage* [New York: Routledge, 1991], 301).

18. Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon Press, 1966); Bensel, *Political Economy of American Industrialization*; Trubowitz, *Defining the National Interest*.

19. U.S. Department of Commerce, "Value Added by Selected Industries and Value of Output of Fixed Capital, in Current and 1879 Prices: 1839 to 1899," in *Historical Statistics of the United States: Colonial Times to 1957* (Washington, DC: Government Printing Office, 1961), 139. Farm workers did, however, represent 37.5 percent of the workforce in 1900 ("Gainful Workers, by Age, Sex, and Farm-Nonfarm Occupations: 1820–1930," in ibid., 72).

20. Robert Wiebe, *Businessmen and Reform* (Cambridge, MA: Harvard University Press, 1962).

21. One can also imagine how the limited and late development of the administrative state in the United States could dampen employers' enthusiasm for national coordinating policies. The absence of strong national bureaucratic capacities in the nineteenth century left policymaking relegated to courts and parties. Stephen Skowronek, *Building a New American State*. The initial organization of the two major umbrella associations, the National Association of Manufacturers and the Chamber of Commerce, happened before the burst of state activism and regulatory innovation that often included a role for business and labor in other countries. Thus while elsewhere the formation of national-level business associations coincided with and was often linked to the development of national regulations (and employer associations provided input into the design of these regulations), the limited national goals of the American state meant that the goals of the newly emerging business associations were likewise constrained. Yet while it is easy to see why the associations did not achieve the standing of peak associations in other countries, it is less clear why these organizations developed in the first place, if not to help with the goals of an expanding national administrative state. Party competition, as is noted below, sheds light on this issue. The role of the courts also shaped the trajectory of cooperation among American employers. Nineteenth century employers initially responded to the market instability brought about by industrial capitalism with cartels and other forms of collusion. But the Sherman Anti-trust Act made cartels illegal, while permitting mergers; therefore, firms solved stability problems with corporate concentration. Anti-trust law's discouragement of collusion by employers in economic matters increased business antagonism to public policy and cooperation in the social realm as well. Although some nineteenth-century employers had tried to use labor organization to stabilize industry, as industries came to be dominated by a few large firms there was less need for labor to assist in stabilization. (Martin Sklar, *The*

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Finally, the dynamics of party competition might have influenced NAM's dramatic reversal and American employers' turn toward liberalism more generally. Although there are few studies of the impact of political parties on the historical development of business associations, contemporary students of political parties recognize that parties and interest organizations both intermediate societal interests and that dynamics in one sphere influence the other.[22] In particular, when major parties neglect or insufficiently speak for certain societal interests, alternative political organizations such as interest groups and social movements can develop to fill these representation gaps.[23] This process can happen from the top-down or the bottom-up; for example, interest organizations might organize from the bottom-up when aggrieved constituents feel inadequately represented by political parties. Alternatively, party strategists might create a business group from the top down to serve their political needs of rallying societal support for the party's agenda or to develop societal capacity to implement the policies of the party.[24]

It should be possible to identify systematically the characteristics of party systems most likely to create a representation gap and to give rise to new interest groups and social movements. Indeed, a staple of the party literature is that majoritarian party systems (single member plurality systems with two-party rule) cover specific interests less comprehensively than multiparty systems with proportional representation.[25] Multi-party systems often include dedicated business parties that aggregate and represent broad corporate interests. In contrast, two-party systems with large umbrella parties are more likely to cut across class lines and to represent incompletely business interests. Thus, just as the structure of two-party competition has arguably prevented the development of a labor party, it may have constrained the development of a dedicated party to represent broad corporate concerns.[26] Two-party systems in which parties fight for the median voter are less likely to make credible commitments than multiparty systems (with PR), that remain true to their interest-group constituents.[27] Multiparty systems are also more likely to form coalition governments; therefore, individual parties have greater incentives to compromise with one another than partisan organizations in majoritarian systems.[28] Parties in majoritarian systems therefore cover specific interests less well, have greater difficulty making credible commitments to their constituents, and have problems engendering party loyalty over time. NAM President John Kirby alluded to a representation gap when he called for the establishment of a new party and complained that "neither party represented the true interests of business."[29]

The problem of incomplete coverage afflicting two-party systems is exacerbated when geography defines party competition: when sectional or regional diversity constitutes the primary cleavage dividing the electorate into two parties, class and other likely determinants of party identification lose salience. The relative timing of suffrage may contribute to the development of representation gaps, in that early suffrage tends to produce less ideological or programmatic parties. Countries with early suffrage such as the United States tend to develop a division of work between parties and unions; while in countries with late suffrage, these groups are joined in the struggle for broad political rights and dedicated labor parties are more likely to develop.[30]

Party localism should contribute to the representation gap of employers interested in national developmental policies. A party dominated by local organizations should be ill-equipped to address national issues, while a national party should have a greater need for centralized business organizational support for its political agenda.

Corporate Reconstruction of American Capitalism, 1890–1916 [New York: Cambridge University Press, 1988]).

22. Analyses of the linkages between societal organizations and party systems generally assume that parties (and their preferences) emerge from societal cleavages and organizations; yet, party systems might also shape the construction of social class and the organizations representing class fractions. On this, see Maurice Duverger, *Political Parties: Their Organization and Activity in the Modern State* (New York: Wiley, 1954); Hans Daadler, "Parties, Elites and Political Development in Western Europe," in *Political Parties and Political Development*, ed. Myron Weiner and Joseph LaPalombara (Princeton, NJ: Princeton University Press, 1966): 43–77. For example, the political legacies of the authoritarian party in Pinochet's Chile reshaped Chilean social identities and class cleavages. M. Torcal and Scott Mainwaring, "The Political Recrafting of Social Bases of Party Competition," *British Journal of Political Science* 33 (2003): 55.

23. Kay Lawson and Peter Merkl, *When Parties Fail* (Princeton, NJ: Princeton University Press, 1988).

24. I argue elsewhere that Democratic Party strategists' business mobilization efforts led to the formation of the Business Roundtable (Cathie Jo Martin, "Business and the New Economic Activism: The Growth of Corporate Lobbies in the Sixties," *Polity* (1994).

25. Downs, "Economic Theory of Democracy"; Iversen, "Capitalism, Democracy, and Welfare."

26. Shefter. The South, of course, effectively had a one-party system after the civil war, an institutional arrangement allowing politicians to ignore working-class demands and constraining the growth of a southern labor movement (Gerald Friedman, "The Political Economy of Early Southern Unionism: Race, Politics, and Labor in the South, 1880–1953," *Journal of Economic History* 60 [2000]: 384–413).

27. Iversen, "Capitalism, Democracy, and Welfare."

28. Sven Steinmo and Caroline Tolbert, "Do Institutions Really Matter?" *Comparative Political Studies* 31 (1998): 165–87.

29. Wiebe, *Businessmen and Reform*, 116.

30. Martin Shefter, "Trade Unions and Political Machines," in *Working Class Formation*, ed. Ira Katznelson and Aristide Zolberg (Princeton, NJ: Princeton University Press, 1986).

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The extent to which representation gaps motivate interest group development might also influence the degree of politicization of these groups, and one might surmise that the functions of employer associations would differ in party systems with extensive coverage of business from systems where associations interact less directly with electoral systems. Employer organizations in systems with dedicated business parties might help to implement party goals, but might largely remain outside of electoral politics. In comparison, when parties inadequately cover societal interests, business organizations might play a larger role in electoral politics. The excessively politicized nature of business organization in two-party systems might give rise to greater questions about the employers' associations' legitimacy.[31]

Yet questions can be raised about this crediting of NAM's organizational trajectory and policy positions to a business representation gap in nineteenth-century America. John Kirby's aforementioned comment notwithstanding, the characterization of the Republican Party as neglecting corporate interests seems empirically unsound. From 1890 to 1910, the Republican Party was, arguably, as much a party of business as any found in contemporary Europe. Consequently, one must wonder why employers would need an additional agent of interest representation. While some interests were under-represented by the party, this lack of representation was manifested largely in terms of electoral support rather than in public policy positions—for example, employers in the South could not be mobilized easily to support Republican candidates in electoral competition even if those candidates adequately represented their political interests. Party strategists, perhaps, felt this gap most keenly, and set out to create an interest through which to reach potential corporate allies. The impetus thus came less from employers who felt under-represented and more from party strategists who wanted to broaden their constituency base.

Another problem with the representation gap theory is inherent in its expectation that interest groups can fill needs left unfilled by political parties: political organizations—both parties and interest groups—are influenced by the characteristics of the state in which they are embedded. Weak states with fragmented political authority (due to federalism and separation of powers), underdeveloped national bureaucracies, and high levels of regional diversity are not likely to produce either parties or interest groups that represent coherent national constituencies. This may be a two-staged process: government structure and goals may influence the level and form of party organization.[32] Party institutions may, in turn, have independent effects on emerging social organizations.[33] Thus features of party systems (and of the state more broadly) can help to determine the attributes of business associations, especially in shaping the level at which interest groups' concerns are considered and how demands of these interests are processed politically. In the United States, a federal devolution of authority to the state level combined with party localism and sectional domination should work against the materialization of employers' associations with a national focus.

III. MCKINLEY AND THE NATIONAL ASSOCIATION OF MANUFACTURERS

In this section, I illustrate the impact of sectional party competition on the formation of and subsequent shift in the National Association of Manufacturers. I argue that the NAM case gives truth to the insights about the relationship between party systems and business organization discussed above. Organized at the behest of the McKinley campaign to push the Republican's agenda for industrial development and to bring into the electoral coalition employers from other regions, who were reluctant to join a party including African-Americans, NAM was designed to fill a representational gap felt most keenly by the Republican Party. However, its efforts to represent emerging national employers' interests in coordinating public policy ultimately crashed on the shoals of sectional party competition.

NAM was formed to nurture the development of industrial capitalism, a goal held mutually by the Republican Party and by an expanding group of

31. Characteristics of party competition may also have bearing on the degree of cooperation between employers and other class factions. Dedicated business and labor parties may be more willing to cooperate where political power is fragmented across multiple parties and coalition government is the norm, than where two-party systems produce a ruling party after each election. The partitioning of manufacturers, workers, and farmers into different dedicated parties may historically have allowed industrialists to express greater support for managed capitalism at the point in which these manufacturers were trying to develop competitive advantage in world markets. At the dawn of the twentieth century, manufacturers in many western countries sought governmental supports (such as reciprocal tariffs) to improve their positions in international markets, while agricultural exporters of raw materials were often more likely to lobby for unrestricted trade. Party structure had a bearing on the degree to which manufacturers and their industrial workers could cooperate to secure policies that would benefit industry over agriculture. Thus, while Francis Castles has correctly argued that social democratic policies are more likely to develop in countries where the right is divided (because divisions between industrialists and wealthy agricultural interests create political space for the left), dedicated business parties might also enable greater cooperation between manufacturers and labor (Castles, *The Social Democratic Image of Society* [New York: Routledge and Paul, 1978]).

32. Octavio Amorin and Gary Cox, "Electoral Institutions, Cleavage Structures and Number of Parties," *American Political Science Review* 41 (1997): 149–74.

33. Pradeep Chhibber and Ken Kollman, *The Formation of National Party Systems* (Princeton, NJ: Princeton University Press, 2004).

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American manufacturers with a collective interest (and self-interests) in a set of policies to transfer regulatory privilege from agriculture to manufacturing and to nurture export capabilities.[34] This was a period of immense economic development: The Depression of 1893 prompted a merger movement led by J. P. Morgan, as banks created centralized holding companies in one industry after another.[35] The effect of these mergers was to unify bankers and manufacturers behind industrial policies such as the reciprocal tariff, because financiers acquired strong interests in manufacturing concerns.[36] By 1900, U.S. firms exported nearly as much value in goods as Britain, Germany, and France combined and exports of manufactured products greatly exceeded exports of raw materials.[37]

NAM's goals for industrial development are reflected in its organizing manifesto's focus on five ambitions: the extension of domestic and foreign markets, reciprocal tariffs, the Nicaragua Canal, expansion of a merchant marine, and expansion of waterways.[38] These goals were all critical to the promotion of American manufacturing in domestic and world markets. For example, the Nicaragua Canal (later achieved as the Panama Canal) was put forth as critical to establishing national markets because it would enable shipping of goods from the East and Midwest to the Pacific coast.[39] NAM's Committee on Resolutions proposed as a basis for organization the general principle: "To the largest possible extent our home market should be retained and supplied by our own producers and our foreign trade relations should be extended in every direction."[40]

At its inception, NAM clearly identified cooperation among agents in business, labor, and the state as an appropriate tool for fostering economic development. Industrial development in the latter part of the nineteenth century certainly had sharp implications for the balance of power among classes. This was a period of growing labor militancy, and NAM's vision of economic development was far from neutral in its impact on class interests. Economic recession between 1873 and 1893 produced a number of the most vivid and memorable episodes of labor unrest in U.S. history.[41] Yet NAM's anti-labor stance only first developed eight years into the organization's life, and NAM held to a spirit of accommodation with workers before its dramatic reversal in 1903. In this vein, NAM President John Edgarton later sought to correct the general misunderstandings about NAM's origins, deploring the lack of attention to the organization's "biography." According to Edgarton, NAM was organized not to combat labor, but rather to respond to economic panic in 1893–1894 following the passage of the tariff-for-revenue-only legislation. After the tariff legislation, "Trade was languishing in every mart and shop" and a "handful of industrial organizations" were "confined to a few trades or territories."[42]

Much like many European employers at the time, NAM leadership believed that stable, cooperative labor relations would assist firms in realizing their ambitions to export to foreign markets. The high point of trade agreements was 1898 to 1902, coinciding with a period of trust formation and other sorts of business combinations. Employers, in fact, sought union assistance in the formation of business combinations: firms would negotiate trade agreements with unions and then ask labor allies to pressure other firms to join the combinations.[43] This logic was remarkably similar to Danish practices during the same period.[44] Thus, Theodore Search was to note in his presidential address at the 1901 convention that industrial development was creating new problems between large employers and organized labor. While it was not NAM's role to dictate the wages and hours of specific sectors, the organization could rightfully investigate and make recommendations about the social conditions of the workplace, or "industrial betterment ideas":

> Organized capital is confronted by organized labor and it is exceedingly gratifying to note that instead of more determined antagonism there is a larger disposition to consider the points at issue with calm deliberation and intelligent judgment …. To those who are appreciative of the humanitarian aspects of industrial life it must be exceedingly gratifying that so many representative manufacturers

34. See Bensel, *Political Economy of American Industrialization*, for an expanded view of this period.

35. Matthew Josephson, *The President Makers* (New York: Harcourt, Brace and Co, 1940), 6.

36. Thomas Ferguson, "Party Realignment and American Industrial Structure," *Research in Political Economy* 6 (1983).

37. Richard Werking, *The Master Architects* (Lexington: University of Kentucky, 1977), 21.

38. NAM, "Reports of Officers: Annual Address of President Edgerto," *Proceedings of the Thirty-First Annual Convention of the National association of Manufacturers of the United States of America* (New York: NAM, 1926).

39. "Timely. The Subject's Treated," *Cincinnati Enquirer*, 23 Jan. 1895, 8.

40. "Delegates Got Down to Business," *Cincinnati Enquirer*, 24 Jan. 1895, 8.

41. The Pullman strike portended revolution to fearful observers, at the same time that the frontier was no longer an escape valve for disgruntled workers (Werking, "The Master Architects," 21–22). Josephson compares the 1890s with the 1790s in that the McKinleyites like the Federalists served the "haves" against the "have-nots" (Josephson, "President Makers," 28).

42. NAM, *Proceedings of the Thirty-First Annual Convention*, 61–62.

43. Richard Gable, "Birth of an Employers' Association," *Business History Review* 33 (1959): 539.

44. In the 1890s, Danish employers were centrally organized before labor and pushed for a more centralized labor federation, because they wanted unions to refuse to work for free-riding firms who stayed out of the business group (Walter Galenson, *The Danish System of Labor Relations* [Cambridge, MA: Harvard University Press, 1952]).

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> are devoting much attention to the problems affecting the conditions under which their operatives live and labor …. There is an economic value in such ideas in addition to the interest which attaches to them from the humanitarian standpoint, and profit can be derived in many ways … in those modern establishments where progressive ideas have been applied in full force.[45]

NAM's organizers also supported cooperation with government; indeed, the Atlanta manufacturers who were instrumental in the creation of NAM were intrigued by Bismarck and the German model.[46] The initial structure of the organization reflected the NAM founders' elemental view of the organization as a coordinating agent between business and government. The association purported to embrace "a broader field" than other organizations and to represent "the entire manufacturing interests of the country" and not to constitute "a competitor of any other organization."[47] Only associations (but all types of sectoral and regional business associations) were permitted originally to belong to the group: individual members were required to represent their associations. The executive committee encouraged encourage attendees to form state manufacturing groups at home and set forth NAM's fundamental purpose as follows:

> … to consolidate into one great powerful representative body the total force and influence of American industry, so that when any question of any large national industry shall present itself, American manufacturers will speak and act with a positive assumption that they will be heard and heeded ….
>
> At present the power of manufacturers is diffused through many minor organizations … We urgently request that you will present this project to the association to which you belong.[48]

NAM's creation was additionally prompted by the deep sectional (regional, sectoral, and urban/rural) divisions in the U.S. economy, which complicated Republican efforts to establish national economic goals.[49] Republican efforts to expand centralized governmental power and to create national public policies were hampered greatly by sectional tensions, which were exacerbated by the Civil War.[50] Conscious of these deep sectional divides, McKinley and Hanna determined that the 1896 elections should center on the core concerns of manufacturers (such as the reciprocal tariff) and should dodge the divisive silver question, which divided manufacturers in the East from the West and South. Hanna thus proclaimed: "Protection is the issue …. Our sole cry will be McKinley and protection. St. Louis will ring with it and the birds will sing it."[51] Even when silver emerged as the key issue of the campaign, McKinley and Hanna wanted to delay the Republican Party's agreement on the gold platform for as long as possible to prevent a bolt by the silver interests. Hanna hid McKinley's support for the gold platform from the silver states, even while he secretly made commitments to the gold states.[52] One *Macon Telegraph* editorial linked McKinley's silver position to his desires for a national constituency:

> [I]t is generally doubted here that Governor McKinley has put himself on record from Thomasville, Ga., as being unalterably opposed to the free coinage of silver. He would hardly take a stand, they say, against the unmistakable wishes of the people among whom he intended to go in furtherance of his interests in the presidential nomination.[53]

45. Theodore Search, "President's Report," *Proceedings of the Sixth Annual Convention of the National Association of Manufacturers* (New York: NAM Bureau of Publicity, 1901), 23-24.

46. See numerous articles in the *Atlanta Constitution* in 1895.

47. "The National Association of Manufacturers and other Organizations," *American Trade*, 1 Jul. 1899, 148.

48. "Proceedings of the First Meeting of the Executive Committee of the National Association of Manufacturers of the United States of America," *National Industrial Review*, 1 Apr. 1895, 67. Subsequently, NAM leaders tried to organize manufacturing organizations in their home states to cooperate with the national association ("Manufacturers Organize," *Macon Telegraph*, 6 Apr. 1895, 1.

49. Wiebe, *Businessmen and Reform*.

50. Bensel is a wonderful source on the Republican's policy ambitions; however, I disagree with his analysis of NAM on a few points. For example, at 183 n.143 of *Political Economy of American Industrialization*, he asserts that NAM "assumed no position on the tariff, neither favoring nor opposing protection." I find that manufacturers were still very committed to a reciprocal tariff as a device to open up markets for American products. I also view Republicans as more divided over the gold standard than does Bensel.

51. *Cleveland Press*, 23 Mar. 1986. McKinley met with prominent businessmen from Western states such as Montana to reassure them about his political views on silver.

52. H. H. Kohlsaat, *From McKinley to Harding* (New York: Charles Scriber's Sons, 1923): 33–36; Clarence Stern, *Resurgent Republicanism* (Ann Arbor, MI: Edwards Brothers, 1963): 21–30. Indeed, there was much subsequent debate about the extent to which Hanna and McKinley were forced into signing onto the gold platform by Lodge, Thomas Collier Platt, and others from the east. In his autobiography, Platt includes a memo written about a conversation between Lodge and Hanna, in which Hanna reported that "while he was as good a gold man as anybody else, he was not in favor of driving away from the Republican party those great numbers of Republicans in the South and West to whom the use of the word 'gold' in the platform would be offensive" (Louis Lang, ed., *The Autobiography of Thomas Collier Platt* [New York: B.W. Dodge & Co., 1910]: 323, 310–11). Kohlsaat claims that while Hanna did indeed wish to delay discussion of the gold standard, he had been secretly a gold man from the beginning. Kohlsaat reported that Hanna stated: "I am just as strong a gold-man as you are, but if I had been as outspoken as you we would not have gotten the votes for McKinley, but I want you to know I love you just as much as ever."

53. "M'Kinley's Tour," *Macon Telegraph*, 27 Mar. 1895, 1.

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NAM billed itself as overcoming the sectional disputes dividing the country's economic regions; indeed, it was the first organization that claimed to be a "general organization of manufacturers exclusively embracing all trades, conditions, sections, and sizes of industrial units."[54] The leadership continuously framed the association as above sectional and sectoral conflict, arguing that "The Association is not in any respect a competitor of any other organization"; rather, it "occupies a position of complete independence and fills a field that is distinctively its own."[55]

Finally, NAM's development was influenced by the structure of party competition. Although the Republican Party largely acted as dedicated business party to push policies for industrial development, the system of sectionally-divided two-party competition made Democrats oppose the Republican's national economic ambitions. Efforts to advance industrial capitalism were seen both as shifting resources and privilege to northeastern manufacturing interests and as furthering the ambitions of Republican politicians. Policies for industrial development were thus intrinsically connected in the Democratic mind to regional economic and political interests of the Northeast and Midwest regions. When in power, the Democrats enacted policies that worked against manufacturing interests; for example, Cleveland adjusted tariffs in 1893 and Democrats opposed expansion of national state capacity. The Democratic Party platform exclaimed that the Union needed saving:

> From a corrupt centralism, which, after inflicting upon ten states the rapacity of carpet-bag tyrannies, has honeycombed the offices of the Federal Government itself with incapacity, waste, and fraud: infested states and municipalities with the contagion of misrule, and locked fast the prosperity of an industrious people in the paralysis of hard times.[56]

Republican efforts to create *national* policies to further the industrial economy were hampered as well by the party system's *local* orientation and domination by corrupt party bosses, who demanded control over patronage in exchange for political support. McKinley and Hanna ran afoul of the party bosses (and the favorite son tradition) during McKinley's bid to gain the Republican presidential nomination; indeed, the presidential contender's difficulties in securing local party support increased his resolve to cultivate business instead.[57]

McKinley—or more accurately his campaign manager, Marcus Hanna—tried creative inventions to surmount the limitations of the party system. These experiments to restructure and to nationalize the Republican party included campaign techniques usually associated as first important in the twentieth century—including grass roots mobilization, polling, advertising, a "southern strategy," and businessmen committees to undercut the rule of urban bosses.[58] This focus on organization is not to discount the much-touted role of money in the McKinley campaign. In McKinley's 1891 run for governor, Hanna solicited a significant number of $5,000 contributions from large manufacturing firms (with one Chicago steel company donating $10,000). According to the *New York Times*, the campaign spent $110,000 on the campaign, "and it all came easy."[59] Hanna more than repeated that monumental fund-raising effort for McKinley's 1896 presidential run, including a personal contribution of $100,000.[60] Although Hanna's fund-raising adventures are well-known to political scientists, it is important for readers to note that the campaign's oft-overlooked *organization* (made possible with Hanna's aggressive funding strategies) was also critical to McKinley's success. Breaking with the past, McKinley's 1896 campaign relied more on business—money and organization—rather than on party bosses.[61]

One new tactic adopted was a drive to transform parties by establishing alternative power bases in various localities. In order to improve their chances of securing the presidential nomination on the first ballot at the St. Louis Republican convention; McKinley and Hanna needed to wrest power away from party bosses who were committed to "native sons" in order to secure pledges from other states' delegates. In an effort to secure an early victory in a large northern state and begin this transformation, the campaign focused on Illinois, which chose convention delegates in March and April, well before other large states.[62] Using such political outsiders as businessmen, Union veterans, and retired

54. Despite this claim, members were primarily drawn from medium-sized independent manufacturers largely located in the East and Midwest, and NAM members employed only about a third to a half of the nation's manufacturing workers (Robert Brady, *Business as a System of Power* [New York: Columbia University Press, 1943]: 190, 192, 199).

55. E.P. Wilson, "The Cincinnati Convention," *American Trade*, 1 Dec. 1898, 1.

56. Charles Olcott, *William McKinley Vol. 1* (New York: Houghton Mifflin, 1916), 213.

57. Hanna met with the bosses in the fall of 1895 to discuss the terms of their support for McKinley. In return for supporting McKinley, these bosses requested control over the patronage of New York, Pennsylvania, and other New England states. Hanna reluctantly favored the deal, but McKinley objected on grounds that the costs were too high. (Olcott, *William McKinley*, 300–1).

58. At Hanna's request, McKinley undertook a big speaking campaign in 1894, traveling 12,000 miles and visiting 16 states in the process. McKinley was also a master at advertizing (Olcott, *William McKinley*, 298; Stern, *Resurgent Republicanism*, 13).

59. "A Republican Tells How Fat Frying Helped McKinley in 1892," *New York Times*, 23 Mar. 1896, 1.

60. Herbert Croly, *Marcus Alonzo Hanna* (New York: The Macmillan Co, 1912), 184.

61. Stern, *Resurgent Republicanism*, 7.

62. Croly, *Marcus Alonzo Hanna*, 182.

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Republicans, Charles Dawes (who would later serve as vice president) led the assault on the Illinois machine and native son candidate Shelby Cullan. As Dawes noted in his diary, "It is McKinley against the field—against the bosses—against everything that the bosses can bring to bear."[63] By introducing "organization and quiet business methods" to the campaign, Dawes ultimately delivered 46 of Illinois' 48 delegates to McKinley.

Drawing on the lessons learned in Illinois, the McKinley campaign refined its approach to neutralize a greater threat in Indiana. Fearing that McKinley's enemies would push Benjamin Harrison to run as a favorite son "merely for the purpose of rallying the anti-McKinley sentiment,"[64] McKinley aide G. H. Grosvenor encouraged a local associate, William Holloway, "to organize thoroughly a movement … to secure an overwhelming instruction for McKinley" at the state convention. To build this movement, Holloway was to identify the leading man in each county "who will take charge of the business of securing a straightforward vote.[65] In an aggressive and innovative grassroots operation known as the "blocks of five" system, each voter in Indiana was assigned to a Republican Party loyalist.[66]

Building on these successes, the campaign subsequently unleashed "an army of campaigners" in September 1896 to educate Americans on McKinley's view of the political economy as laid out in a carefully-crafted letter of acceptance that included terms such as "good money never made times hard." These grassroots forces also distributed 120,000,000 pamphlets (largely McKinley speeches) across the country.[67]

In the Northeast, McKinley continued to draw on business influences to the assault on local bosses. As the result of the attempts to capture the New York delegation. one anonymous New Yorker estimated that McKinley could raise $500,000 and was told that, "the McKinley people had plenty of money, and were willing to spend it; that the manufacturers who had profited by the McKinley tariff were willing to contribute generously to aid the cause that would put him in the White House."[68] Hanna also tried to persuade manufacturers in other states to support McKinley over Thomas Reed (from Maine and the New England candidate of choice) and other contenders.[69] Hanna complained to James Swank, the General Manager of the American Iron and Steel Association, that there was a "combine against McKinley." Swank responded that Reed's struggles with the tariff made it impossible to go against him. Yet, in closing, he denied that his position implied "any lack of appreciation" of McKinley's tariff record: "Nor have I any better friends than the Ohio manufacturers who are standing by him today."[70] The McKinley operatives were criticized for "the free use of money on the part of manufacturers" and critics felt that this aggressive behavior would ultimately result in a backlash losing the party "thousands of votes."[71]

The Republican club was another institutional innovation to garner support among employers to diminish the power of party bosses; this model was created by Hanna in 1880 with the "Cleveland Business Men's Marching Club."[72] The party realized that the old style militaristic rallying of loyal party members no longer worked in an era when voters were increasingly caught up in the divisive issues of prohibition and religion. Independent voting was on the rise and the party elite decided to move to a "merchandising approach" to political action that relied on advertizing.[73] The National Republican League was a key component in this drive, as business leaders were instrumental in the selling of the party to the voters, and overtures to business in 1896 built on the tradition of Republican clubs and education campaigns.

In the South, Hanna and McKinley also devised a southern strategy to overcome sectional divisions and geographically-determined political identities. Southerners were reluctant to become involved in Republican Party politics, as the party included (and was sometimes led by) those African-Americans who had not yet been disenfranchised. For example, W. W. Brown of Macon, Georgia (a self-identified Republican), expressed disdain for a Republican

63. Charles Dawes, *A Journal of the McKinley Years* (Chicago: Lakeside Press, 1950), ix–xii, 66.

64. Letter, Jason Boyle to W. R. Holloway, 5 Apr. 1895, in William Robeson Halloway Papers, 1795–1903, Microfilm ILL: CLIO0104 (hereafter, Halloway papers). Boyle added an intriguing handwritten postscript informing Holloway that "The situation 'on the inside' grows better & better. It's 'a cinch'."

65. Letter, G.H. Grosvenor to William R. Holloway, 21 Mar. 1896, Holloway papers. Mark Hanna realized the potential for such a campaign backfiring when he warned, "Do not understand me as advising that this course under all circumstances and conditions should be pursued. There are times and places where it might not be wise" (Letter, M.A. Hanna to W.R. Holloway, 17 Mar. 1896, Holloway papers).

66. William Allan White, *Masks in a Pageant* (New York: MacMillon, 1928): 7–8.

67. Olcott, *William McKinley*, 324.

68. "McKinley for President," *New York Times*, 1 Mar. 1895.

69. Croly, *Marcus Alonzo Hanna*.

70. Letter, James Swank to Mark Hanna, 28 Feb. 1896. Series 1, Reel 1 "1847 Sept 6–1897 Feb 22."

71. *Cleveland Press*, 25 Mar. 1896, 6. The battle between Hanna and the urban bosses was revealed in a struggle over the location of the Republican national party headquarters ("Two Booms that Clash," *New York Times*, 26 Jan. 1894).

72. Solon Lauer, *Mark Hanna* (Cleveland, OH: Nike Publishing House, 1901), 101; White, "Masks in a Pageant," 201.

73. Richard Jensen, *The Winning of the Midwest* (Chicago: University of Chicago Press, 1971): 164–65. However, a claim was made at the League's fourth annual convention (held in Cincinnati) that the amalgamation of "the clubs of the State for active party service originated in Ohio in the interest of Major McKinley" (Addison Burk ed., *Republican Club Book 1904* [Philadelphia, PA: Dunlap Printing Company, 1904], 10).

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"negro-bossed organization" and wished that African Americans within the party would "wisely submit to the national leadership of such white men as could command the respect and support of all Republicans." At the same time, southern industrialists deplored the free silver policy of the Democrats, and Brown even offered to bet $10,000 that McKinley would win the election.[74]

Despite these challenges, the southern states were important to McKinley's ambitions beyond their electoral strength. Although southern states delivered all their electoral college votes to Democratic candidates, southern Republicans were fully represented at the party's convention and wielded considerable power at the nomination stage.[75] McKinley and Hanna sent Charles Dick and Joe Smith all over the South to secure endorsements for McKinley.[76] In addition, in March 1895, during a three-week "social visit" to Hanna's winter home in Thomasville, Georgia, McKinley actively courted significant Republican leaders from the state, and made important overtures to manufacturers, including, for example, meeting with a half-dozen important protectionists in Atlanta to discuss the formation of a local Protection League.[77] McKinley's campaign tried to convince the Atlanta elite that their interests lay with the McKinley vision of the political economy and to reposition the party along the fault lines of class and ideology instead of race and sectionalism. The impact of the McKinley campaign's southern strategy was substantial: the election of 1896 produced the largest percentage of Republican votes in the South since Reconstruction (for example, Atlanta very nearly went Republican).[78]

It should be noted, however, that McKinley's southern strategy did not *ignore* racial and sectional issues. Indeed, much has been made of McKinley's overtures to African-American Republicans during his stay in Georgia; furthermore, at the 1896 Republican convention in St. Louis, Hanna was accused of buying delegates' votes (or tickets) for McKinley.[79] Conversely, McKinley was also criticized (somewhat inconsistently) for trying to build a white Republican Party in the South—an accusation he strongly denied in private letters to African American leaders. For example, in correspondence with Rev. I. Dawson, McKinley stressed that "the story is too absurd" and that "no colored Republican who met me would circulate such a report."[80] Later, in a letter to Hon. Walter Johnson, via white businessman Colonel A. F. Buck, McKinley would again deny this charge and assert that "no member of Congress was ever more active in support of every measure guaranteeing to the Republicans of the South equal rights."[81]

Yet, despite his protestations to the contrary, one cannot help but sense that McKinley was actually trying to play both sides of the issue. For example, when Hanna passed along a proposed deal with southern white Republicans, McKinley wrote that they could never support "a practice which disenfranchises any of our fellow citizens" or that violates "constitutional rights, but that there were "phrases of the question which can be later discussed when we meet."[82] The *Macon Telegraph* reported:

> The governor and his managers have shown a disinclination to be publicly associated with the colored element of the Republican party, but they have been shrewd about it … McKinley's managers are also quietly at work to secure the influence of prominent negros for the Ohioan ….
>
> It is evidently the intention of the governor's managers to outwardly accept the Southern view of the negro question for purposes of his campaign in this section for the presidential nomination. Whatever bids are made for the negro support will be made surreptitiously.[83]

Finally, McKinley and Hanna encouraged (and played a role in initiating) the National Association of Manufacturers as part of this general strategy to reconfigure the sectionally-divided and locally-dominated Republican Party and as a vehicle for reaching manufacturing interests outside of the Northeast and Midwest. From its conception, NAM was intimately linked to the electoral fortunes of William McKinley and must be included in the campaign's repertoire of institutional experiments to overcome the limitations in party power. The *National Industrial Review* (a quasi-official NAM publication) highlighted the organization's ambitions to be an intermediary between business and government. The *Review* wrote that government "is in the service of the people" and that the National Association of

74. "$10,000 to bet on M'Kinley," *Atlanta Journal*, 15 Jul. 1896, 9.

75. Because the South did not typically endorse Republican favorite sons, delegates from these states could provide an important source of support to contenders from other regions (Margaret Leech, *In the Days of McKinley* [New York: Harpers, 1959], 62).

76. Olcott, *William McKinley*, 305–7.

77. "They Welcomed M'Kinley," *Macon Telegraph*, 18 Mar. 1895, 1.

78. Clarence Bacote, "Negro Officeholders in Georgia under President McKinley," *The Journal of Negro History* 44 (1959): 220.

79. The extent to which the votes were purchased may be disputed; however, after becoming president, McKinley gave Hanna control over patronage decisions in the South and rewarded a number of African-American supporters (Bacote, "Negro Officeholders in Georgia under President McKinley," 220; White, *Masks in Pageant*, 168).

80. Letter, McKinley to Rev. I Dawson, 15 Apr. 1895. McKinley Papers, Series 2 v87-P90.

81. Letter, McKinley to Walter Johnson, 8 Jan. 1896. McKinley Papers, Series 2 V87-P90.

82. Letter, McKinley to Hanna, 25 Feb. 1896, McKinley Papers, Series 2 V87-P90.

83. "M'Kinley on the Negro," *Macon Telegraph*, 29 Mar. 1895, 1.

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Manufacturers "will be in future a great factor in our National elections."[84] The national party organization was designed to help Republican leaders transcend the regionalism constraining the national body politic and build a national constituency composed of interest groups rather than of local networks dominated by party bosses. In fact, NAM was created to provide a key mechanism for the McKinley campaign to communicate with and draw support from like-minded manufacturers, especially in small and medium-sized firms, across the country.

The need for a national business organization supporting policies for industrial development was especially great in the southern one-party states. Given the Democratic Party's dominance in the South, an organizational alternative to the political party was necessary to affirm a commonality of interests among employers, to link southern business managers to their compatriots in other sections of the country, and to connect these employers (largely Democrats) to McKinley's campaign for political economic change. To reinforce this message, the *National Industrial Review* repeatedly urged southern manufacturers to form local chapters of manufacturing associations in order to focus employers minds on national issues.[85] As a result, employers who opposed Democratic economic policies yet were unwilling to tolerate African-American Republican Party bosses came to view NAM as an *alternate political organization* that more clearly represented their interests.

At this point, a review of NAM's origins proves instructive as it reveals McKinley's political involvement and interests. The story presented at the time was that Thomas H. Martin, editor of Atlanta-based trade publication *Dixie Manufacturers*, conceived of the organization as a means to represent the manufacturing sector's political interests and circulated the idea of a national convention to promote manufacturing concerns. In a letter to Thomas Egan and the Cincinnati Manufacturers' Association proposing these ideas, Martin traced his interest in a national business association to his experience with the Cotton States and International Exposition in Atlanta, which was designed to display local industrial products for an international audience and thus to promote exports, especially to Mexico and other parts of South America.[86] According to Martin, although upper-class Mexicans visited the exhibition, "the middle classes, mechanics, and the working people of that country could not be expected to attend." To address this shortcoming and thus better acquaint foreign citizens with American goods, Martin, writing in *Dixie*, proposed that American firms participate in a series of expositions held in South American ports. From this initial concept of international expositions came Martin's idea of a broader employers' association.[87] Moreover, Atlanta business leaders were eager to advertise the benefits of the region for manufacturing—a warm climate, a lower wage rate, and cheap real estate—and one might surmise that the proposed employers' association was another way for Atlanta to promote goods in its region.[88]

Reacting favorably to Martin's ideas, Thomas Egan and the Cincinnati manufacturers set about organizing and raising funds for the endeavor. According to the *Cincinnati Enquirer*, the Cincinnati Manufacturers' Association, inspired by similar business organizations in Canada, had been contemplating establishing just such an organization at the same time as Martin and the Atlanta manufacturers. Although the initial meeting was poorly attended, Egan was undeterred; he quickly organized a banquet at the Grand Hotel for 450 businessmen (reportedly at his own expense) to raise $10,000 fund for the endeavor.[89] A group known as "the Big 50" led by Thomas Egan ("the father of the project") was formed to organize the convention, and invitations offering an "elaborate and comprehensive digest of the purposes of the convention" were sent to manufacturing concerns across the United States. Noting that the advancement of the "manufacturing interests of the entire country may be best promoted by concerted action," the invitation insisted that "the convention shall be non-political, nonpartisan and nonsectional."[90]

At the time, NAM denied that McKinley had any role in its inception; however, the organization later admitted that McKinley was, indeed, partly responsible for its origins.[91] In fact, there was significant

84. *The National Industrial Review*, 1895; Albert Steigerwalt, *The National Association of Manufacturers 1895–1914* (Grand Rapids: University of Michigan, 1964): 33. Another contemporary observer, William Allen White, believes that Hanna, in fact, curbed corruption in this process, although the obvious question concerns corruption by whom? As White put it, "Under Hanna the efforts of the manufacturers to control government had become an orderly branch of politics … [Hanna] picked the most effective crowd and the least prodigal, and used the most effective means and least expensive to promote his plans" (White, "Masks in a Pageant," 163.)

85. NAM, "Advice from the South" *National Industrial Review*, 6 Jul. 1895, 154.

86. NAM, "Proceedings of the Thirty-First Annual Convention," 61.

87. "The Cincinnati Convention." *Atlanta Constitution*, 27 Jan. 1895, 19.

88. "To Cotton Mill Men," *Atlanta Constitution*, 27 Jan. 1895), 19.

89. "Dixie the Toast," *Atlanta Constitution*, 28 Jan. 1895, 7.

90. "Tomorrow in Odd Fellow's Temple." *Cincinnati Enquirer*, 21 Jan. 1895, 8. Cincinnati had a strong developmental bent during this period. For example, the Cincinnati Chamber of Commerce started the U.S. Weather Bureau and operated it for six months as an experiment, after which it was taken over by the U. S. Army Signal Corps. The city also built the Cincinnati Southern Railway to connect Cincinnati with Chattanooga ("Remarkable Works for Cincinnati," *Nation's Business*, 23 Sept. 1912, 3.

91. NAM, *Proceedings of the Thirty-First Annual Convention*; Gable, "Birth of an Employers' Association."

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overlap between the NAM organizing body and the McKinley campaign, including several individuals who played key roles in both efforts. Among the core group of Ohioan NAM organizers was Thomas McDougall, who served as chair of the Committee on Resolutions at the first convention and was a key speaker at NAM's second convention.[92]

McDougall's presence is particularly noteworthy as he was a figure that was intimately connected to McKinley's political career. In 1894, McKinley found himself on the precipice of a significant financial scandal when it was revealed that Robert Walker, whose enterprises McKinley had helped to subsidize, was going to declare bankruptcy. McDougall was among the handful of McKinley's closest associates that initially gathered to prevent this ruinous event.[93] McDougall's week-long visit with McKinley in December 1894 came roughly a month before the NAM organizing convention, which fuelled speculation in the press. While no record of discussions during this visit are available, the contemporary press was convinced that McKinley was behind some of McDougall's activities and suggested that McKinley had "an 'authorized organ' in Cincinnati." In private correspondence, McKinley complained to McDougall about the newspapers being "full of every manner of suggestion of conspiracy and strategem." In one letter, McKinley felt compelled to defend a conversation with a *Tribune* reporter, claiming to have said repeatedly that "you [McDougall] were acting on your own responsibility and sense of duty."[94]

Nor was McDougall the only McKinley associate with significant influence within NAM. In fact, the organization's first president, Thomas Dolan presents a particularly curious case as he was elected to office at the organizing convention without actually being present at the time. According to contemporary press reports,

> … delegates were entirely in the dark as to who would be recommended [by the nominating committee], and when the name of Mr. Thomas Dolan of Philadelphia was announced by Chairman Fish, there was a moment of silence and then a burst of applause. Charles Heber Clark was asked to provide background information about the nominee.[95]

Yet as distant as Dolan was from NAM's membership, he was so close to William McKinley that he was appointed as one of the few trustees for the McKinley monument after the president's death.[96] Furthermore, a Dolan associate named Thomas Ryan testified before a grand jury that Ryan, Dolan, and three other men had each contributed $100,000 to a McKinley campaign fund in 1900, which was later recovered from the coffers of the Metropolitan Street Railway Company.[97]

While serving as president of the Manufacturers' Club of Philadelphia in the early 1890s, Dolan proved to be a steadfast supporter of McKinley's tariff legislation, which he described as "the best representative the Nation has had of protective principles."[98] Dolan's support was also demonstrated through published attacks on those politicians he identified as being insufficiently pro-McKinley, including such Republican stalwarts as James G. Blaine and Senator Matthew Quay (R–PA).[99] When campaign leaders worried that Quay and Thomas C. "Boss" Platt would seek to derail McKinley's candidacy in 1896, W. M. Osborne recommended contacting Dolan to coordinate a "fight in [Pennsylvania] for every delegate."[100] Dolan and Quay had a nasty interchange over the appropriate role of employers in politics shortly after the 1896 election: Dolan announced that although businessmen were "belittled," they had done a mighty service in the campaign and proposed that a businessmen's league be formed "in every county in Pennsylvania." Quay presciently expressed opposition to the conception of the businessmen's league: "Its basic theory is that organized wealth shall dictate high office, and so take possession of the Government."[101]

The three Georgian employers who attended the NAM organizing convention and remained active in the association were likewise quite involved with the McKinley campaign (and with coordinating McKinley's visit to Georgia shortly after the first NAM convention in 1895). Thomas Martin was given credit for the conception of NAM, served as a member of the organization's constitution and bylaws committees, and was the president of the Atlanta McKinley club. *Macon Telegraph* owner Colonel J. F. Hanson was both the NAM vice-president from Georgia and the major speaker at the southern

92. NAM, *Proceedings of the First Annual Convention of the National Association of Manufacturers of the United States*. (Chicago, January 21st, 22nd and 23rd, 1896).

93. Olcott, *William McKinley*, 290.

94. Letter, McKinley to McDougall, 19 Dec. 1894, McKinley Papers, Series 2, Vol 87-P90. Letter, 5 Feb. 1895, McKinley to W. Heath, McKinley Papers, Series 2, Vol 87-90. While McDougall enjoyed the closest ties to McKinley, NAM treasurer Woodmansee served as head of the Ohio League of Republican Clubs ("Woodmansee Is Once More Chosen." *Cincinnati Enquirer*, 13 Feb. 1895, 8).

95. "It's President Dolan," *Cincinnati Commercial Gazette*, 25 Jan. 1895, 1).

96. The list of trustees was requested by McKinley's close friends and family ("For the McKinley Monument," *New York Times*, 6 Oct. 1901, 3).

97. "Metropolitan Cash Used for M'Kinley," *New York Times*, 4 Apr. 1908.

98. "Manufacturers of Woolen Goods and the Tariff," *New York Times*, 20 Jun. 1893, 4.

99. "Mr. Blaine's 'Deadly Stab'," *New York Times*, 26 Dec. 1890, 4; "Shall Quay Rule or Not," *New York Times* 7 Sept. 1890, 1.

100. Letter, W. M. Osborne to McKinley, McKinley Papers: Series 1, Reel 1 "1847 Sept 6–1987 Feb 22."

101. "Mr. Quay Takes a Stand," *New York Times*, 9 Dec. 1896, 5.

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Republican convention in advance of the 1896 National Convention.[102] Hanson was also one of the half-dozen well-known protectionists who met with McKinley in Atlanta during his aforementioned March 1895 southern sojourn.[103] McKinley discussed his campaign strategy with Hanson in a letter, explaining that he did not want to travel very much in advance of the campaign because he did not wish to appear to be promoting his own interests.[104] The final Georgian NAM organizer, Colonel A. F. Buck, both advised McKinley on potential Republican delegates for the St. Louis Republican National Convention and served as a liaison to Georgia's African American Republican leaders.[105]

McKinley himself was also a prominent participant in NAM's founding. Upon arriving at the NAM organizing convention, McKinley was met by a host of marching businessmen which escorted him back through the streets of Cincinnati. At the convention, McKinley, who, as the keynote speaker, was the first to address the assembly after the mayor of Cincinnati, offered strong protectionist message that drew a standing ovation from those present and generally laudatory coverage.[106] NAM's second annual convention in January 1896 provides, perhaps, an even better example of the organization's place in furthering McKinley's presidential ambitions. The meeting was originally scheduled for autumn 1895, which, as the *New York Times* noted, was "just about the time when the campaign for the Republican nomination for the Presidency will open, and McKinley will be there."[107] In an even more telling move, the convention was later postponed until January 1896, which coincided with the start of the series of state conventions to choose the presidential nominee. Although NAM organizers promised in advance that the convention would be a nonpartisan affair, they noted that the critical issues to be addressed at the convention (most importantly, the reciprocal tariff) meant that "a greater significance attaches to the outcome of this convention and its ultimate results, than to that of any other convention, either commercial or political, that has ever been held on this hemisphere."[108] According to the *New York Times*, the most significant event was "the applause which greeted a mention of the name of Major McKinley. This applause told as plainly as could a preamble and resolution the real purpose of the delegates."[109] In his keynote address, Thomas McDougall admonished that the crusade carried on in the name of tariff reform in 1892 was "the greatest crime of this century." Mentioning McKinley several times in the address, McDougall blamed "business paralysis to-day" on adverse tariff policy and lack of statesmanship:

> While you have been devoting your energies to the building up of this marvelous industrial and economic system, you have not been organized for its protection against the attacks of those who were more or less guided by ignorance and hostility to the system that you had created ….
>
> I do not unduly criticise our modern legislators when I say that not one man out of fifty, either in a State Legislature or in a Federal Congress, possesses the qualifications the knowledge and the experience that entitle him to wisely legislate on such a marvelous system.
>
> Now, this Association is formed for what purpose? To speak, as representing those vast interests, to the legislators of this country ….
>
> We do need statesmen. (Prolonged applause.) …
>
> Party politics make a foot-ball of the interests of this country … and it is now tying the hands of a country that ought to be to-day on the high road to prosperity. And nothing but the voice of our united manufacturing industries will be able to compel these so-called statesmen to act.[110]

Shortly before the 1896 elections, NAM's *National Industrial Review* went further in abandoning its alleged nonpartisan neutrality to lobby for Republican tariff protection and reciprocity policies. Asserting that "there are certain questions embodied in the platforms of the two great political parties that are of vital interest and importance to the

102. "Manufacturers in Convention," *Atlanta Constitution* 24 Jan. 1895, 2; Bacote, "Negro Officeholders in Georgia under President McKinley," 218.

103. Letter, McKinley to Col. J. F. Hanson. 27 Feb. 1896, McKinley Papers. Series 2 V87-P90. "They Welcomed M'Kinley," *Macon Telegraph* 18 Mar. 1895, 1.

104. Letter, William McKinley to J. F. Hanson, 27 Feb. 1896, McKinley Papers. Series 2 V87-P90.

105. Letter, McKinley to R. E. Wright, 4 Jan. 1896, McKinley Papers Series 2 V87-P90; Letter, Col A. F. Buck to McKinley, 8 Jan. 1896, McKinley Papers, Series 2 V87-P90.

106. Steigerwalt, "National Association of Manufacturers," 19–39; Gable, "Birth of an Employers' Association," 536. The convention organizers offered many "free privileges" including free telephone and telegraph service, local transportation, museum admissions and opportunities for food and drink. One of the first orders of business, to appoint a Committee on Resolutions, prompted "the first sign of a clash … over the very point which the local committee had been using every endeavor to avoid, that of sectionalism." An attendee from Tennessee protested that while Ohioans occupied 6 of the 25 positions on the committee, Tennesseans had none ("Solid Business Men," *Cincinnati Commercial Gazette*, 23 Jan. 1985, 1).

107. "A High-Tariff Republican President," *New York Times*, 25 Jan. 1895, 1.

108. NAM, *The National Industrial Review*, 6 Jul. 1895, 148.

109. "Manufacturers Cheer for McKinley," *New York Times*, 22 Jan. 1896, 1.

110. Thomas McDougall, "The Home Market"; NAM, *Proceedings of the First Annual Convention*, 3–8.

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manufacturer," *Review* editors urged members to ignore personal party affiliations and support these policies.[111]

IV. THE DECLINE OF NAM'S SUPPORT FOR COORDINATION

NAM was formed to overcome the electoral institutional incapacities of sectionally-dominated two-party competition and, thereby, to triumph over the constraints against McKinley's nationalist economic ambitions and national presidential campaign. That being said, the group nearly floundered on the circumstances motivating its rise: NAM became enmeshed in the sectional conflict inherent in the American structure of two-party competition—a situation resulting largely from its tarnished reputation as a partisan political agent of McKinley and the Republican Party. NAM's efforts both to secure its position as the primary representative for manufacturing interests and to promote ambitious industrial development policies were either postponed or defeated in the legislative arena. In 1903, in response to these setbacks, NAM leadership abandoned its prior commitment to cooperative labor-management relations and completely revised the organization's core policy positions and organizational profile to adopt a decidedly antagonistic stance toward unions and state-led coordination.

NAM's program for action was thwarted by the very sectional tensions it hoped to overcome. Despite the constant efforts to define the organization as a national one in focus and membership, the NAM leadership was viewed (accurately) as dominated by Northeast and Midwestern sectional interests. In fact, in 1898, the top dues-paying states were New York, Pennsylvania, Ohio, Illinois, New Jersey, and Indiana.[112] NAM's founders further limited the scope of the nascent organization by taking steps to maintain control by the Eastern and Midwestern members. At the organizing convention, the leadership proposed that each state have a vice-president, but that only vice-presidents from the states with the most members could sit on the executive committee. The top 10 states were all in the Northeast and Midwest: New York, Pennsylvania, Illinois, Massachusetts, Ohio, New Jersey, Missouri, Michigan, Wisconsin, and Connecticut.[113] NAM Secretary E. P. Wilson later acknowledged that the organization was in a "tentative and experimental stage of existence" because some doubted its national focus. Wilson urged employers to rise above those doubts by attending the next convention: "As the events of the last year have demonstrated beyond cavil our right to spell 'Nation' with a big 'N,' the future of the Association should demonstrate the right of American manufacturers to spell 'Industry' with a big 'I.'"[114] In an attempt to address the obvious regional imbalances, members would later propose the expansion of NAM's scope to include business managers beyond manufacturing. Even though this idea gained enough traction with delegates to earn a resolution that was passed at the 1903 annual convention, NAM's executive committee rejected any changes on the grounds that any move to reconstitute NAM as a broad-based employers' association would detract from the organization's special emphasis on core manufacturing interests.[115] Mr. Ochs from Tennessee protested this obvious sectional bias at the organizing convention:

> … if you have met here to form a National organization, with a big N, and I am a National man in all respects—is it right in your fundamental law, which shall be the basis of your Association, that we should enact a clause here which shall absolutely shut out from your Executive Committee every State south of Mason and Dixon's line?[116]

This internal conflict was further exacerbated by the real sectional conflicts that divided manufacturers at the turn of the twentieth century, especially over the issues of international trade and the tariff. Although NAM members were drawn largely from sectors seeking entree to international markets and strongly championing reciprocal tariff reduction, other industrial sectors continued to benefit from protective tariffs. NAM members were acutely aware that other countries might erect tariffs in response to U.S. protectionism, which presented a serious potential threat to their own export efforts. In order to send a clear message to Congress that the future lay with reduced protectionism, NAM leadership organized a National Reciprocity Convention in Washington, DC, in November 1901, and invited representatives from *all* industrial sectors without regard for membership in NAM.[117] To the

111. NAM, *National Industrial Review*, 7 Aug. 1896.

112. NAM, "Proceedings of the Third Annual Convention of the National Association of Manufacturers of the United States of America," 35.

113. NAM, "Proceedings of the XX Annual Convention," 48, 50; Steigerwalt, "National Association of Manufacturers," 30, 12. At one point, a NAM member suggested that the organization be relocated in New York City, because 85 percent of its members were exporters. The Ohio businessmen strongly objected to this suggestion, maintaining that Ohio's location at the center of the population made it advantageous for meetings "Reply to Chas. A. Schieren." *New York Times*, 1898.

114. E.P. Wilson, "The Cincinnati Convention," *American Trade*, 1 Dec. 1898, 1.

115. The executive committee furthermore stated that NAM would support a broader-based association, and indeed, in 1912 NAM did join the Chamber, although it later left due to policy arguments. Steigerwalt, "The National Association of Manufacturers," 121-2.

116. NAM, *Proceedings of the National Convention of Manufacturers*, (Cincinnatti: Press of W.B. Carpenter & Co. 1895), 65–66.

117. "Will Discuss Reciprocity," *New York Times*, 17 Aug. 1901, 7.

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leadership's chagrin, protectionists from the American Protective Tariff League turned out in force and "captured the convention for regular Chinese wall protection."[118] During his address at the 1902 annual convention, NAM President Search acknowledged these competing priorities within the organization and expounded on the difficulty of building consensus among the "wide range of views held by the delegates."[119]

NAM's reputation for favoring export sector interests hampered efforts to grow membership and forced members to struggle constantly to portray the association as a boon to a broad array of industrial activity. In this light, the *American Statesman* was to bemoan the "widely prevailing impression that the National Association of Manufacturers is an organization composed exclusively of those who are interested in foreign trade." Rather, the association should be viewed as "a body of leading manufacturers whose efforts are united in work that will promote the general welfare of the manufacturing interests of the country." All manufacturers would directly benefit from joining the association because "[d]omestic commerce and foreign trade are inseparably allied."[120] NAM's pro-trade reputation became particularly problematic after 1900, when peace and prosperity expanded the domestic market for American manufacturing products and caused interest in exporting to foreign markets to wane. NAM President Search warned NAM members against complacency in relying on domestic markets, suggesting that manufacturers might "find themselves ill-prepared to meet [future] depression with all their interests concentrated in the home market."[121]

Furthermore, NAM's dubious reputation as a Republican partisan political agent seeking to establish a base in Democratic states contributed to the organization's declining fortunes. NAM's second president, Theodore Search, acknowledged that "[s]uspicions of political purposes have done great injury to the Association and have naturally retarded its progress."[122] NAM's electoral goals were fulfilled with McKinley's victory, yet the group failed to secure any expansion of the administrative state and, consequently, could not establish itself as the primary representative of business in Washington. The achievement of its electoral goals without new links to government left the association in a sort of functional and political limbo.

NAM's organizational growth was constrained by the failure of Congress to legislate the association's agenda of economic development. NAM eagerly sought the creation of a new Cabinet-level Department of Commerce (established eventually in 1903) to serve as a clearing house for technical expertise and information, to rationalize business-oriented regulation, and to engage in NAM's vision of business/government cooperation. As part of lobbying efforts in spring 1895, *National Industrial Review* editors urged the NAM executive committee to "map out a plan for action" in seeking legislation of the commerce department, arguing that "anything submitted or recommended to Congress by this August body will receive due and favorable consideration."[123] Following the 1896 elections, NAM leaders were so certain of the immanent creation of this new department that NAM Resolutions Committee member George Johnson leaked a story to the *New York Times* noting that legislation creating the department was about to be passed by the Senate, that President-elect McKinley had already selected John Converse to head the new department, and that Converse had NAM's unconditional endorsement.[124]

Unfortunately, bills to create the Department of Commerce and Industry faltered in Congress, which grew into a cause of significant concern for the association. By the 1898 NAM annual convention, NAM President Search was to comment wearily, "There is scarcely another government in the civilized world that does not possess a governmental department whose duty it is to exert a special care and to observe a solicitude in behalf of trade and industry." In the United States functions are "scattered about" with a "certain confusion and a partial dissipation of useful energy." Search looked with admiration to the British and French systems, where departments for commerce and industry controlled matters having to do with technical education, patents, strikes, inspections, and trade.[125] NAM's Committee on Commerce and Industry reported on its work to secure legislation for the commerce department, hoping that the substitution of the word "industry" for "manufacturing" would move the process along and deploring the sectional partisan conflict preventing the legislation of the bill:

> Members of Congress seem now more favorably disposed toward the bill than they have been; still it will require considerable active

118. "Reciprocity Convention Meets in Washington," *New York Times*, 20 Nov. 1901, 8.

119. Theodore Search, "Annual Report of the President [1902]," *Proceedings of the Seventh Annual Convention of the National Association of Manufacturers of the United States* (New York: NAM Bureau of Publicity, 1902), 15.

120. "Home Interests and Foreign Trade," *American Statesman* 15 Mar. 1899, 92.

121. Search, "Annual Report [1902]", 13.

122. Quoted in Steigerwalt, "National Association of Manufacturers," 39.

123. NAM, *National Industrial Review*, 4 May 1895.

124. "A Ninth Cabinet Member: A Contingent Offer Made," *New York Times*, 23 Feb. 1897, 1.

125. Theodore Search, "To the Executive Committee and Members of the National Association of Manufacturers," *Proceedings of the Third Annual Convention of the National Association of Manufacturers* (New York: NAM Bureau of Publicity, 1898), 3–32, 13–14.

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> work on the part of the merchants and manufacturers of the country to show the representatives from the Granger States the urgent necessity for the passage of this bill … Our representatives in Congress now realize that the creation of a Department of Agriculture was beneficial to the entire country, to manufacturers and merchants as well as the farmer; likewise, a Department of Commerce and Industry will serve to promote general prosperity throughout the country.[126]

In 1900, the supporters of the legislation expanded the reach of the proposed commerce department to include mining interests, yet the bill still took a few years to pass.[127]

NAM's other early legislative endeavors met with similar failure. For example, though they enthusiastically supported an extension of the Dingley Tariff Act of 1897, which would ease the development of reciprocal tariffs, the act wasn't extended after expiration in 1899, complicating the trading environment for American manufacturers. The association then pressured the Senate to approve treaties of commercial reciprocity, yet the Senate refused to consider these treaties for ratification, even after successive presidential messages on the issue and the creation of a process within the State Department to negotiate international treaties. The association's frustration with their lobbying failures prompted it to organize the afore-mentioned National Reciprocity Convention in 1902.[128]

In 1899, another NAM policy effort met with some initial success when a bill to enact a "federal act of incorporation" or a national charter was introduced in the Senate by none other than Marcus Hanna.[129] This success was fleeting however as the bill was rejected by congressional leaders (largely Democrats), who viewed NAM as an agent of Republican and sectional interests.[130]

Unfortunately, this perception of NAM was not limited to Congress. NAM's legislative disappointments contributed to its failure in gaining acceptance as the central representative of business. For example, the San Francisco Chamber of Commerce opened its own Washington office to lobby Congress because it believed its members' interests differed from those of manufacturers in other parts of the country.[131]

In many European countries, the formation of national-level business associations coincided with and was intimately linked to the development of national economic and social regulations. Yet NAM was established before the onset of the state activism and regulatory innovation that often motivated business and labor organization elsewhere. Although NAM was formed in part to build political support for this type of regulatory agenda, the subsequent limits to state expansion meant that the newly-formed association did not have much to do in the way of activities that might propel its growth beyond its own electoral origins. Limited capacities and ambitions meant that American policymakers stopped short of creating policy-making forums to engage employers in the implementation of an extensive framework of regulation. What was asked of the associations was fairly narrow in scope—centering on seeking election and passing legislation, but not on the next step of implementation.[132]

Because NAM's dream of routine engagement with government failed to materialize, the organization was left without much of a purpose by the end of the century. Members complained that they got very little out of the meetings except for fun, to which one member, John Patterson, replied, "One reason why we cannot do more in this Association is because we have not the money …. What will give us money is more members."[133] This point was echoed in the 1902 NAM Proceedings where it was noted that the biggest challenge facing the organization was simply staying afloat—the organization simply had to consider new ways to expand.[134] Even after organizers reversed their earlier position of only allowing organizations to be members and permitted individuals to join, NAM's membership declined precipitously at the start of the twentieth-century: in 1900 membership dropped to 1,050; in 1902, it fell to 988.[135] To maintain financial stability and attempt to reverse their declining fortunes, NAM leaders began asking each member to sign a pledge promising either to bring in two new members or to pay membership dues for two new members.[136]

126. "Committee on Commerce and Industry," *Proceedings of the Third Annual Convention of the National Association of Manufacturers* (New York: NAM Bureau of Publicity, 1898), 46-47.

127. Theodore Search, "President's Report," *Proceedings of the Fifth Annual Convention of the National Association of Manufacturers* (Philadelphia: NAM Bureau of Publicity, 1900).

128. NAM, *Proceedings of the Sixth Annual Convention,"* 8, 66, 109.

129. Search, "President's Report [1900]," 12–13.

130. Search, "President's Report, [1901]," 13.

131. Steigerwalt, "National Association of Manufacturers." Earlier, after the NAM organizing meeting in March 1985, San Francisco held a manufacturers' convention that was retitled by resolution an "Industrial Convention" in order to more accurately reflect the multiplicity of employer interests in that city. ("San Francisco Industrial Convention," *National Industrial Review,* 3 May 1895, 94).

132. In comparison, European states often helped to develop the capacities and legitimacy of their employer organizations by bringing these groups into the details of policy development and implementation. The electoral function of these corporatist groups remained relatively limited, in part because the social partners had parties to represent them and in part because electoral activities comprised only a small part of their multiple goals.

133. NAM, *Proceedings of the Third Annual Convention*, 95.

134. NAM, *Proceedings of the Seventh Annual Convention*, 32.

135. NAM, *Proceedings of the Thirty-First Annual Convention*, 59–62.

136. "New Members Pledged," *American Statesman*, 1 Feb. 1899, 69.

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The failure to expand the organization's scope and membership rolls ultimately explains its conversion to an anti-labor platform in 1903, and also sheds light on the larger question of why American employer associations drifted into neoliberalism. The precipitating cause for NAM's adoption of an anti-labor stance was the proposed legislation in Congress that would mandate an eight-hour work day and prohibit employers' use of injunctions against collective actions by workers—policy positions that would affect *all* employers.[137] Yet NAM's opposition to this legislation represented a significant about-face for the organization: even as late as 1901, President Search continued to assert that the "relations between manufacturers and their employees has never been regarded as one of … [NAM's] proper functions." It seems likely, therefore, that the profound absence of more positive goals also drove NAM toward its anti-labor position. Indeed, after NAM's newly-elected president, D.M. Parry, began his anti-labor campaign in 1903, the association's membership began to increase and reached a new high of 2,742 by 1907.[138] History thus moved in a different direction and we can only speculate about the course of NAM's trajectory if national governmental capacity had been more fully developed, had sectional conflicts been less acute, and had the party system been less dominated by two-party, sectional competition.

V. THE UNITED STATES CHAMBER OF COMMERCE

The origins of the U.S. Chamber of Commerce echo the NAM story in eerie ways, as the Chamber was subsequently developed to accomplish all that the National Association of Manufacturers failed to do. While it is beyond the scope of this article to develop fully this parallel story, I offer the Chamber's tale as a shadow case to fortify the claims made about NAM's genesis and strange trajectory. The Chamber articulated goals quite similar to those of NAM and was created in much the same way. The Chamber's goals resembled those of NAM: to unify and to represent employers' collective political interests in the context of a sectionally-divided party system, to facilitate economic coordination, to build export capacity, to create infrastructure for the industrial economy, to offer political support for the expansion of the administrative state, and to aid in Taft's electoral ambitions. Once again a president (now Taft) led industrialists in his effort to further coordination, to unify employers' collective interests across sectional divides, and to build an electoral constituency.

Unlike NAM, however, the Chamber was ultimately less frustrated with the legislative fortunes of its preferred public policies. The organization was developed in a later era when national governmental power was on the rise and when its ambitions for representing employers in public/private forums could more easily be accommodated by governmental processes. Although, like NAM, the Chamber suffered legislative disappointments when objectives were caught up in and defeated by sectional and partisan rivalries, their other priorities were recognized as necessary to the more widely-recognized needs of industrialization.

First, the principal goals articulated by the Chamber resembled greatly NAM's initial cooperative ambitions. Above all, proponents sought to create an organizational mechanism to promote their ambitions for industrial development. The Chamber would be a "clearing house" for invaluable information about both state-of-the-art business methods and governmental efforts to enhance manufacturing. As the Chamber's magazine, *Nation's Business*, reflected, "how lamentable must be the general failure throughout the nation to use the multifarious service which the government is ready to perform, and which it can better perform than any private organization."[139]

In addition, the organization sought to disseminate information from employers to government and to the general public. Chamber promoted a message of "commercial patriotism," arguing that "the interests of each are the interests of all."[140] The organization planned to gather monthly polling data on employers' policy views, to provide "by means of referendum vote an intimate knowledge of the business sentiment of the United States on all important subjects affected by national legislation."[141] Thus a series of referenda were taken on key policy goals, and the Chamber made sure that legislators were fully appraised of the outcomes of these referenda. At its inception, the organization developed a legislative committee to analyze issues before Congress and the Board of Trade from Springfield, Massachusetts, urged that regional committees be developed in every state to study national economic and business problems.[142]

As with NAM, the Chamber's organizers hoped to aggregate business opinion into a single formidable voice that would overcome the limitations of the sectional party system. In this light, the *Globe Democrat* disparaged organizations "which call themselves 'national,' but which include bodies in only a few states"; and noted that the Chamber's proponents wanted "to form an organization broadly representative of the whole country and of all commercial and

137. NAM, *Proceedings of the Seventh Annual Convention*, 23.

138. NAM, *Proceedings of the Thirty-First Annual Convention*, 59–62.

139. "Organization and Purposes of the Chamber of Commerce of the United States." *Nation's Business*, 2 Sept 1912, 8.

140. "The Chamber's Field," *Nation's Business*, 2 Sept. 1912, 1–2.

141. "Organization and Purposes of the Chamber of Commerce of the United States." *Nation's Business*, 2 Sept 1912, 8.

142. "Committees on National Legislation," *Nation's Business*, 2 Sept. 1912, 2.

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industrial interests."[143] President Harry Wheeler credited the Chamber's creation to the "vital necessity … to impel business men to forget competition, to obliterate sectional lines, and to forego selfish gain in their desire for its creation."[144] The *Nation's Business* pointedly asked its readership,

> Can the business organizations and the business interests that are scattered over forty-eight States and our possessions be brought into one cohesive body that shall ultimately be able to bring to a focus the entire constructive thought of the entire nation.[145]

The leadership sought to overcome sectionalism by forming committees with an equal number of members from each of the four sections: Eastern, Western, North-Central, and South-Central.[146] At the first annual meeting of the Chamber, Secretary of Commerce Charles Nagel bluntly posed the problem of unifying manufacturing interests in a sectionally divided party system:

> "What we need is to square political declarations and platforms with commercial, industrial and social experience …. We are confronted with this difficulty, that politically speaking we are still divided on sectional lines. Industrially speaking we do not recognize those lines … The difficulty is that politically we are divided along different lines than we are industrially and commercially. Politically we are a house divided against itself and industrially we are one union. We need the intelligence, the judgment and the experience of the whole country to solve the problems that confront us, without bias and without prejudice, with that brotherly co-operation that we boast of having sustained and now maintain. We are all patches on the same cloth. The success of Louisiana helps Michigan, and the failure of one State reflects on every other State. We are one union and we must succeed together …. What is your difficulty? I say you have been divided. Agriculture is one large interest in the United States that has been permitted to speak for itself …. The labor unions know what they want and ask for it …. You ought to know your mind, and to find the way to register your opinion …. It will not take long for the people of the nation to understand that the laborer and the proprietor belong together."[147]

At the heart of the Chamber's economic vision was an ardent desire to enhance the trading capabilities of American companies by expanding the national, administrative state. Indeed, Burton Kaufman attributes the formation of the Chamber explicitly to the desire to expand commerce especially in Latin American and "the need for cooperation in order to compete successfully with England and Germany."[148] In keeping with this elemental support for expanded trade, the Chamber called for the creation of a permanent tariff commission to gather information and to make recommendations about tariff adjustments.[149] In order to build support for this critical piece of legislation, the Chamber held a referendum, asking whether Congress should legislate "a permanent body of experts to gather, investigate, and tabulate technical and statistical facts of all kinds pertinent to the tariff schedules, both in this and other countries."[150] The Chamber then advertised publicly its widespread support for the Commission, reporting that members voted overwhelmingly in favor (715-9) of the policy.[151] In keeping with its explicit "clearing house" mandate, the Chamber routinely reported on cities' efforts to expand regional exports.[152]

The Chamber also supported proposals to expand the Department of Commerce's administrative capacities, particularly in the Bureau of Foreign and Domestic Commerce. The Department of Commerce and the Chamber both sought to develop a consular function in the form of commercial attaches (who would be civil servants) and to expand the number of translators in the department. So seriously did the Chamber take this proposal, that it supported a twofold expansion of spending for the reorganized Bureau, increasing the appropriation to $759,630 over the current $323,300.[153] Albert Baldwin (head of Commerce's Bureau of Manufactures) wrote in supporting the development of the Chamber that "many alert businessmen" had become convinced of the need for closer relations between business and government in the task of competing against "foreign trade rivals" and advocated for something

143. "Businessmen to Be Brought into Closer Touch with Government" 1912.

144. Harry Wheeler, "Three Great Elements," *Nation's Business*, 20 Jan. 1913, 1.

145. "Organization and Purposes of the Chamber of Commerce of the United States." *Nation's Business*, 2 Sept. 1912), 8.

146. "The Method for Selection of Committees in the Chamber of Commerce of the United State of America," *Nation's Business*, 20 Jan. 1913, 8.

147. "Secretary Charles Nagel Speaks Encouragingly," *Nation's Business*, 28 Jan. 1913, 3. Despite the Chamber's ambitions to reach out to businessmen across sections, the organization remained most heavily represented in the Northeast and upper Midwest ("Membership Map of the National Chamber," *Nation's Business*, 15 May 1913, 8).

148. Burton Kaufman, "United States Trade and Latin America: The Wilson Years," *Journal of American History* 58 (1971): 347.

149. "Two Important Decisions," *Nation's Business*, 16 Jun. 1913, 1.

150. "Permanent Trade Commission," *Nation's Business*, 28 Jan. 1913, 3.

151. "In the Business World," *New York Times*, 20 Jun. 1913, 11.

152. See, for example, "Several Cities Working for Foreign Trade" *Nation's Business*,15 May 1913, 13.

153. "Promoting Foreign and Domestic Commerce," *Nation's Business*, 15 May 1913, 3.

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akin to the German model. According to Baldwin, "[a] new commercial organization is now proposed … [with] the hearty endorsement of the Department of Commerce and Labor." This body would be able to pass on to much larger business audiences the information gathered by the government about trade conditions around the world.[154]

Expanding state infrastructure was a theme running through the Chamber's early policy stands in non-trade related policy areas as well, because greater state capacity was viewed as absolutely necessary to the emerging industrial economy. The Chamber supported Taft's proposal to create a national budget, calling a Taft-commissioned report on the subject "splendid" and based on the general idea of "simplicity itself."[155] A national budget, reasoned the *Nation's Business*, was "Absolutely Necessary to Added Efficiency in the Nation's Business"; indeed, the United States was one of the few countries in the western world lacking such a centralized accounting of the national government's operation.[156] The organization also supported the reform of banking and currency, which would eventually culminate in the creation of the U.S. Federal Reserve Bank.[157] As with the Federal Trade Commission, in the Chamber's referendum on banking and currency, members overwhelmingly supported the Owen-Glass bill.[158]

The Chamber lobbied for the establishment of a "Legislative Reference and Bill Drafting Bureau" within Congress, a concept taken from existing models in foreign countries and some American states. This body of expertise was to provide Congressional committees comprehensive information about current legislation and to ensure that the legislation was drafted correctly.[159]

The Chamber reflected favorably on legislation to expand the highway system and suggested that these national efforts be rationalized to fit with state and local endeavors.[160] The Chamber joined Progressives in viewing the proposed Federal Trade Commission as a "constructive and timely aid to business."[161] Finally, the Chamber expressed considerable interest in the Wisconsin income tax experiment, which demonstrated the potential to reduce reliance on property taxes.[162] Nagel's address to the New York Chamber of Commerce clearly articulates this vision of an expanded activist national government, enhanced power located in the executive branch, and the consequent benefits to organized business:

> It goes without saying that in times of agitation and unprecedented growth the demand upon executive power is always great …. we have political adjustments to make; we have to determine for ourselves what is the meaning of the dual system of government, and we have to learn to recognize the limitation of the states and the obligations of the nation. We have to say to ourselves that many of our commercial interests have grown out of proportion to any state control or state protection and call aloud for national government …. Everywhere we are passing from the passive to the active state. We were mere watchmen; we have become real builders. In the face of such problems we need the united support of the entire people and of every section … the President's appeal is for that kind of a union.[163]

The Chamber leadership also resembled early NAM thinking in promoting an accommodating relationship with labor. NAM's move to a rabid anti-labor stance had put off employers who were less radical on the subject or for whom other issues were more important; furthermore, two presidents, Roosevelt and Taft, considered NAM's anti-unionism a political liability.[164] Chamber President Harry Wheeler envisioned the organization as cooperating with both labor and agricultural interests in order to "find a proper solution of the problems which now vex the nation." He believed that this cooperative stance was absolutely essential to the country's economic ambitions and wrote, "The interdependence of their interests is so positive that antagonism should never exist."[165] *Nation's Business* was full of discussions about partnership with labor and reported on experiments in welfare

154. Baldwin, *American Industries*, 1911.

155. The report was made by the Commission on Economy and Efficiency ("Statement of Arguments Favoring a National Budget: Analysis of Report on National Budget and Its Advantages," *Nation's Business*, 18 Nov. 1912, 1).

156. "Opinions of Leaders in Business World and in Education," *Nation's Business*, 18 Nov. 1912, 2.

157. Hon. Carter Glass, "Banking and Currency Reform," *Nation's Business*, 15 Apr. 1913. For a discussion of the various corporate factions in this battle and the Chamber's moderate stance, see Robert Wiebe, "Business Disunity and the Progressive Movement, 1901–1914," *Mississippi Valley Historical Review* 44 (1958): 664–85 .

158. "Referendum on Banking and Currency," *Nation's Business*, 15 Oct. 1913, 1.

159. "Legislative Reference and Bill Drafting Bureau," *Nation's Business*, 15 Nov. 1913, 4.

160. "Road Legislation in Present Congress," *Nation's Business*, 18 Nov. 1912, 3.

161. G. Cullom David, "The Transformation of the Federal Trade Commission, 1914–1929," *Mississippi Valley Historical Review* 49 (1962): 437–55.

162. "State Income Taxation As Applied in Wisconsin," *Nation's Business*, 16 Dec. 1912, 2.

163. Nagel, "Speech of the Honorable Charles Nagel, Secretary of Commerce and Labor." Fifty-Second Annual Report of the Corporation of the Chamber of Commerce of the State of New York for the Year 1909–1910. (New York: Press of the Chamber of Commerce, 1910), 99–100.

164. Wiebe, *Businessmen and Reform*, 112, 31–34.

165. Wheeler, "Three Great Elements," 1.

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capitalism, such as the "model" Bell Telephone benefits system.[166]

The Chamber ardently supported the expansion of a national vocational education system and held a referendum to this end. The resolution presented to the membership put forth that half of America's children left school after sixth grade "with only the rudiments of education … and with no preparation or guidance for life work. The statistics are startling, and in sad contrast to the better practice of most of the nations of Northern Europe." The Chamber argued that "Federal aid and encouragement is essential" to the realization of this project.[167] The organization also expressed interest in Massachusetts' experiment in *mandatory* (4 hours per week) vocational education for all students who leave regular schooling early and who are employed in the state.[168]

Vocational education and training was very much a part of the cooperative, coordinated approach to economic production that the Chamber believed essential to the expansion of American manufacturing competitiveness. Indeed, the admonitions in *Nation's Business* nearly 100 years ago seem prescient in light of recent critiques of American manufacturing:

> The greatness of America therefore is accounted for by the accidents of location and opportunity. We can not claim that the results so far secured in the expansion of business have been due in any large measure to scientific or thorough use of resources and opportunities …. [M]any of our resources are in danger of exhaustion, therefore, the thought of today is strongly directed not merely towards efficiency in securing raw resources from the soil, but also efficiency in manufacturing and in marketing both at home and abroad …. The maintenance of such efficiency is to be secured only by recruiting from the younger elements, those who are prepared for the life work. This gives the reason for the present wide-spread and persistent agitation in favor of vocational education.[169]

The processes of the U.S. Chamber of Commerce's creation also bear a striking resemblance to NAM's: government officials took the lead in organizing the association, and political and electoral ambitions were important to the state actors' motivations. During the first decade of the twentieth-century, NAM's limits became painfully apparent. It failed to represent a broad cross-section of American business, never built a broad constituency beyond its core regions, remained focused on small and medium-sized manufacturers, and refused to broaden its membership base beyond manufacturing. Soon after NAM's abrupt policy reversals and prompted by its many dysfunctions, public sector actors endeavored to create an encompassing employers' organization to facilitate cooperation among business, labor and the state. The Chamber was the culmination of these experiments in coordination.

Efforts leading to the formation of the U.S. Chamber were begun by Secretary of Commerce Oscar Straus. The Department of Commerce and Labor was finally created in 1903 and the Department's's Bureau of Manufactures was established to help U.S. producers compete in foreign markets.[170] Straus was impressed by the German system of export promotion and asked department aides to study the close working relations between the German state and its national business association to foster trade. The Bureau of Manufactures' Naham Stone offered an extensive discussion of German and British commerce departments' extensive data collection efforts covering tariffs, patents, foreign investments, and treatment of commercial interests abroad. These foreign departments also had the administrative capacity to offer extensive technical advice to business, much of which was delivered on a confidential, private basis to employers belonging to the relevant trade association. Stone was particularly impressed by this system of contact between associations, which created a mutually-rewarding relationship between the public and private organizational spheres, and urged strongly that a similar system be explored in the United States.[171] Stone urged that the Commerce Department take similar action:

> So far we have no equipment comparable to that in foreign countries … In view of the rapid growth of our foreign commerce, the work of this Department in connection with foreign tariffs is relatively of as great importance to the country as the work of the Treasury Department.
>
> Above all it is highly important that the people for whose benefit the work of the Department is to be done be kept in close touch with it. To-day there is no provision for systematic cooperation between the Department and the

166. "Model Benefits for Bell Employes" *Nation's Business*, 16 Dec. 1912, 11; Interview with William Wilson, Secretary of Labor, "The Mutual Interests of Capital and Labor," *Nation's Business*, 15 May 1913, 5.

167. "Vocational Education," *Nation's Business*, 28 Jan. 1913, 4.

168. "Compulsory Vocational Education," *Nation's Business*, 15 Nov. 1914, 15.

169. "Vocational Education," *Nation's Business*, 15 Apr. 1913, 4.

170. Burton Kaufman, "The Organizational Dimension of United States Foreign Economic Policy, 1900–1920," *Business History Review* 46 (1972): 23.

171. Naham Stone, *Promotion of Foreign Commerce in Europe and the United States* (Washington, DC: Government Printing Office, 1907); Richard Hume Werking, "Bureaucrats, Businessmen, and Foreign Trade," *Business History Review* 52 (1978): 327.

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> various commercial and trade associations which are most affected by its work. Except for the correspondence which goes on between the Department and individual business firms, and occasionally also some commercial organization, there is no medium by which regular interchange of opinion and active cooperation on a comprehensive scale could take place.[172]

Persuaded by this research, Straus set out to develop a similar system of business-government relations in the United States, and, in December 1907, invited chambers of commerce and boards of trade from forty cities to meet in Washington, DC. At this meeting, participants decided to form a National Council of Commerce composed of representatives of leading commerce organizations throughout the country. The National Council would appoint an Advisory Committee to make recommendations to the Commerce Department and to bring news of departmental activities back to the membership. Although it was envisioned to be a sort of liaison between government and local chambers,[173] it was never widely accepted by business, in part due to its $100 membership fee and in part to the suspicious close ties of Council's leader, Gustav Schwab, to the German shipping industry.[174]

Straus's successor, Charles Nagel, was also quite interested in developing employer organizational support for activist government economic policy, but felt that the National Council was the wrong medium for this effort. Charles Nagel believed that employers' prior efforts to organize themselves had been inadequate and that "if commerce and industry in this country were to organize with any hope of exerting an influence, it would have to be done upon a larger basis."[175] Nagel and Bureau of Manufactures chief Albert Baldwin met with various chambers around the country to generate business interest in a broader group. The Chicago Chamber attempted to organize a national association on its own, but the limited response convinced organizers that they needed government assistance to succeed.[176]

In December 1911, Taft proposed to Congress the formation of a national chamber. In February, Baldwin hosted a meeting at the Bureau of Manufacturers between Bureau officials and business representatives to plan the conference that would create the U.S. Chamber of Commerce. From the beginning the bureaucrats recognized that Recognizing that sectional representation was essential, the organizing group included representatives from the San Francisco Chamber and the Southern Commercial Congress. This group drafted the letter inviting employer organizations to attend the conference (subject to President Taft's approval), and laid out the details for an April convention of delegates, who were subsequently invited by Taft to establish a new Chamber of Commerce of the United States.[177]

The U.S. Chamber was officially initiated at the National Commercial Conference in Washington, DC, on 22–23 April 1912. In response to the formal invitation from President Taft and Secretary Nagel, approximately 700 delegates attended, representing 392 organizations and most states. State caucuses were held to identify a member for the committee on organization, which evolved into the nominating committee to propose members for the Chamber's board of directors.[178] After a welcoming speech by President Taft, Secretary Nagel offered a adulatory testimonial to the power of business-government cooperation and to the importance of transcending sectionalism. The Chamber's initial structure reinforced its core ambition to achieve national unity (where others had failed): the group was to be composed of organizational rather than individual members, drawing in particular from local chambers of commerce, boards of trade, and other commercial organizations.[179]

The political ambitions of the state actors who drove the Chamber's creation were striking. The newly-developed Department of Commerce sought a broad business advisory association in order to assist with its own political goals of expanding Congressional support. Richard Werking noted that the Chamber "owes its origin chiefly to the initiative of government officials," who sought to create a "mobilized constituency" that would help lobby Congress for funds.[180] As soon as the U.S. Chamber was formed, Baldwin sought to assist the nascent group by sending the proceedings to a broad group of employers and to reaffirm that the Bureau of Manufactures would seek to help the new group develop "in every legitimate way."[181] Internecine

172. Stone, "Promotion of Foreign Commerce," 22–24.

173. Kenneth Sturges, *American Chambers of Commerce* (New York: Moffat, Yard and Co., 1915), 59–61.

174. Wiebe, "Businessmen and Reform," 326–31.

175. Harwood Childs, *Labor and Capital in National Politics* (Columbus: Ohio State University Press, 1930), 10.

176. Werking, "Bureaucrats, Businessmen, and Foreign Trade," 332–36.

177. Earl Shreve, The Chamber of Commerce of the United States of America (New York: Newcomen Society in North America, 1949), 12–14; Child, "Labor and Capital in National Politics," 10–11; Wiebe, "Businessmen and Reform," 36; Werking, "Bureaucrats, Businessmen, and Foreign Trade," 335–36.

178. "Organization and Purposes of the Chamber of Commerce of the United States," *Nation's Business*, 2 Sept. 1912, 8.

179. A. H. Baldwin, "The New 'Chamber of Commerce of the United States of America,'" *American Industries* 12 (1912).

180. Werking, "Bureaucrats, Businessmen, and Foreign Trade," 322.

181. Internecine battles with the State Department (which also claimed a role in promoting export trade) fueled the Commerce Department's desire to bring in outside allies. For example, Nagel did not want the state department involved in organizing

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battles with the State Department (which also claimed a role in promoting export trade) fueled the Commerce Department's desire to bring in outside allies. Fearing that the State Department would try to cultivate commercial interests and thus diminish the bureaucratic power of the Commerce Department, Nagel informed Secretary of State Huntington Wilson that this affair was to be a Commerce Department event.[182]

The Chamber's creation was also calculated to satisfy the electoral ambitions of William Taft. In August 1911, Nagel asserted that proactive leadership by the Taft administration in establishing a broad-based employers' association would win considerable goodwill among employers and would further Taft's electoral ambitions. Yet after Taft had hosted the Washington conference initiating the Chamber, the group subsequently distanced itself from its sponsor's electoral efforts in July 1912. In a letter to Taft, Harry Wheeler stated that, "contrary to his original purpose," he could not participate in the campaign, as the organization feared that an overly political connection between the Chamber and the Republicans would compromise the group's other goals.[183] The Chamber also made very explicit that, despite its cooperation with "every executive and legislative department," it would receive no federal support and would preserve its neutrality.[184] It is possible that the Chamber had come to understand the potential danger in linking its fortunes to a presidential candidate that stood a good chance of losing in the three-way presidential race of 1912. Had Theodore Roosevelt not run against his former party, one can only wonder whether the Chamber would have played a more explicitly political role in the campaign.

Finally, the Chamber's shared some of NAM's frustration in securing legislation of its policy ambitions; yet, the organization also enjoyed some successes with Congress because it came of age during a period of increasing receptivity to the expansion of national public policy. As in the case of NAM, the Chamber sought a national charter to establish itself as the legitimate representative of business. Again reminiscent of the past, the Chamber's bid for incorporation failed to pass; in this case, Democratic opposition prevented the legislation from being reported out of the Senate Judiciary Committee.[185] Chamber members were particularly aggrieved by their inability to obtain a national charter, because agricultural interests had secured a privileged status for their own organizing association. In this vein, President Wheeler complained that while labor spoke with one voice, and agricultural interests were "organized into local and up to national groups" that allowed them to speak with one voice; chambers and boards of trade were never allowed to operate except as independent units and only represent the individual voice of a "section or community or a single business interest."[186] Employers felt thwarted by sectional opponents who blocked their efforts to coordinate business political representation. The Chamber's hopes for the development of national vocational training schools were dashed when vocational training was folded into the public high schools.[187]

In the areas of expanding national administrative capacities, however, the Chamber enjoyed some success because the federal government was finally catching up to the challenges of modern industrialism. The Federal Trade Commission legislation was passed and a system of commercial attaches was put into place. In fact, A. H. Baldwin of the Bureau of Manufacturing (who had lived in Paris in his younger days) was appointed as one of these early liaisons to American manufacturers.[188] The organization also saw the enactment of the legislative reference bureau proposal in a $25,000 appropriation to establish a Librarian of Congress to index and compile digests of laws.[189]

However, over time, the U.S. Chamber of Commerce also moved away from its early stance as an organization devoted to coordination and cooperation with government and labor. Perhaps the greatest threat to the Chamber's early positions was the existence of the National Association of Manufacturers and the problem of having two so-called "peak associations" claiming to speak for American employers. Because NAM and the Chamber competed to represent the business community, the Chamber experienced greater difficulty

the U.S. Chamber of Commerce (and told Huntington Wilson that this would be a Commerce Department event) because he felt that direct relations between the State Department with commercial interests would diminish the Commerce Department. Baldwin, "The New 'Chamber of Commerce of the United States of America'"; Werking, "Bureaucrats, Businessmen, and Foreign Trade," 338-9. Wiebe and Werking differ a bit in this story, in that Werking argues that the ideas originated with government actors and Wiebe says that they originated with business managers (Werking, "Bureaucrats, Businessmen, and Foreign Trade," 327 ff #18).

182. Werking, "Bureaucrats, Businessmen, and Foreign Trade," 338. Wiebe and Werking differ a bit in this story, in that Werking argues that the ideas originated with government actors (327 ff #18), while Wiebe states that they originated with business managers.

183. Wiebe, "Businessmen and Reform," 37

184. "No federal Support," *Nation's Business*, 22 Sept. 1912, 1.

185. "Charter Bill Did Not Pass," *Nation's Business*, 19 Mar. 1913, 1,4.

186. Wheeler, "Three Great Elements," 1.

187. Hansen, "Caps and Gowns," chap. 6.

188. "Recently Appointed Commercial Attaches," *Nation's Business*, 15 Oct. 1914, 6.

189. "Legislative Reference Bureau Organized," *Nation's Business*, 15 Dec. 1914, 7.

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taking stands that might alienate a portion of its members—NAM's presence meant that, in effect, disgruntled members could go elsewhere. As I argue elsewhere, when umbrella associations lack jurisdictional monopoly, they act like sales organizations rather than like decision-making bodies and defer to vocal minorities and neglect majority sentiments. The art of offending no one has left big business groups in a kind of political limbo, which makes it difficult for them to endorse cooperative policies that further their long-term, collective concerns.[190]

CONCLUSION

Perplexing to students of American political development is the dramatic shift of the National Association of Manufacturers—from an aspiring agent of coordination with labor and the state to an organization devoted to resisting unions and government intrusion. NAM's radical policy reversal challenges our conventional understanding that Americans in general and employers in particular are deeply wedded to a synthetic Hartzian ideology of neoliberal resistance to the interventionist state and the activist working class.

In this article, I use the NAM experience (and the shadow case of the U.S. Chamber of Commerce) to criticize the conventional wisdom about American ideology and suggest, instead, that institutional incapacities caused the business turn toward neoliberalism and the faltering of the cooperative impulse among American employers at century's turn. Chronicles of the impact of institutional incapacities on American political development have certainly been brilliantly told elsewhere: these include the role of underdeveloped national administration capacity, the evolution of labor along craft lines, and the conflicts between economic sections of the country. I add to this discussion in focusing on American employers' rejection of coordination and cooperation and in linking this "exceptional" (for the late nineteenth-century time period) stance to the limitations of the American party system.

NAM's development was part of a movement to bring the American economy and polity into the twentieth century. The 1890s—that reputed "age of innocence"—was, in reality, an era of economic (and military) conquest and many businessmen sought developmental state policies to aid in their export adventures. A growing group of American manufacturers supported expanding state administrative capacity to promote international trade and industrial development, and wished to convey employers' support for these national policy proposals. Contrary to the conventional wisdom that American business preferred voluntary organization, NAM (and, subsequently, the Chamber) struggled to get a national charter that would accord recognition as the legitimate organizational representative of business. McKinley and advisors encouraged the organization of NAM to overcome the limitations of administrative incapacity and a dysfunctional party system, and to further their political ambitions.

Yet NAM's cooperative ambitions were ultimately dashed on the shoals of the two-party system. Its organizational growth was greatly hampered by the failure of Congress to legislate its agenda of economic development. Because employers lacked a dedicated business party to represent their interests, NAM's concerns were viewed as *Republican* rather than as *business* issues. NAM's growth was limited by the failure of Congress to legislate a commerce department, that could have added legitimacy to the new organization; for example, NAM's repeated efforts to gain a national charter were rejected by Congressional leaders who viewed the organization as an agent of Republican interests. NAM also appeared to be linked too intimately to the McKinley campaign to rise to its loftier ambitions, and the nascent manufacturing community beyond Ohio was skeptical of its apparent multiplicity of purpose. Its perceived role as an agent for the McKinley campaign compromised its legitimacy in aggregating the long-term collective interests of employers. NAM ultimately suffered these limits to its utility and pushed off in a radically different, anti-labor direction. This critical juncture signaled a setback for coordination in the American political economy and strengthened the neo-liberal impulse among U.S. employers.

What broader lessons can be gleaned from this story of the McKinley campaign's links to the National Association of Manufacturers? The snapshot of NAM at its inception offers insights into American political development from a comparative perspective. American employers' rejection of coordinating policy arrangements at the end of the nineteenth century reflected not so much a deficit of imagination as a flaw in the organizational realization of the ideal. NAM's creators were guided by hopes, dreams and organizing principles somewhat similar to those of their business brethren in Canada and Northern Europe; however, their aspirations were dashed by the realities of sectional competition, limited state capacity, and American party politics. Although organizations to facilitate coordination among employers, labor, and the state presupposed national governmental activism; NAM was initiated at a time when national governmental authority was still hotly contested. The ultimate rejection of NAM thus had to do more with the failing in the institutional realization of coordinating public policies than with manufacturers' ideological rejection of that ideal. In comparison, peak employer associations in Europe were often established after

190. Cathie Jo Martin, *Stuck in Neutral* (Princeton, NJ: Princeton University Press, 2000); Graham Wilson, "American Business and Politics," in *Interest Group Politics*, ed. Allan Cigler and Burdett Loomis (Washington, DC: CQ Press, 1986), 227–31.

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national administrative states were fully developed and after dedicated business parties had been formed. Governments often helped to develop the capacities and legitimacy of their employer organizations by bringing these groups into the details of policy development and implementation. The electoral function of these corporatist groups remained relatively limited, in part because employers had parties to represent them and in part because electoral activities comprised only a small part of their multiple goals.

More broadly, the story hints at fundamental interconnections between party structures and patterns of employer association. While it is beyond the scope of this article to demonstrate cross-national truths abut this relationship, the NAM case is suggestive of the impact of party organizational characteristics on structures of business representation. This insight should not surprise us. Scholars of contemporary parties recognize that interest organizations, social movements, and political parties have overlapping functions, and that alternative forms of interest intermediation develop in response to representational gaps in party politics.[191] It arguably follows that the initial development of peak employers' associations could be molded by the dynamics of party competition—groups might arise to serve unrepresented interests or might be actively sought by party entrepreneurs seeking additional societal support for their policies. Thus the NAM story suggests that party politics has bearing on the construction of business as a social class: The incapacities of the American party system might be matched by the failures of employers' organizations.

191. Lawson and Merkl, *When Parties Fail*.

The story of the origins of business organization is also important for reasons transcending esoteric academic concerns. Business organization is an important determinant of levels of social protection across advanced industrial societies: Employers who belong to encompassing, centralized business associations organization are significantly more likely to support social spending than those in fragmented groups.[192] Thus, the fragmentation and limited institutional incapacity of American employers has had important consequences for the political economy and public policy. Weak business political organizations make it much harder for U.S. employers to act on collective long-term interests than their counterparts elsewhere. Competition for members between the U.S. Chamber of Commerce and the National Association of Manufacturers, which compete to represent the entire business community, and the Business Roundtable, which claims to represent big business, leaves *all* of these groups risk-adverse and unwilling to alienate their constituents with controversial stands. Although U.S. employers have enormous power to prevent unwanted regulations or to secure selective benefits from the political process, they lack a single organizational forum to deliberate and to lobby for broader collective goods.[193] If organization translates into greater support for social protections and an equitable society, it is important to understand how this pattern of fragmentation and limited institutional incapacity initially emerged.

192. Martin, *Stuck in Neutral*; Cathie Jo Martin and Duane Swank, "Does the Organization of Capital Matter?" *American Political Science Review* 98 (2004): 593–611.

193. Martin, *Stuck in Neutral*.

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