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PRIVATE DETECTIVE AGENCIES AND LABOUR DISCIPLINE IN THE UNITED STATES, 1855–1946*

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As a professional and bureaucratically organized institution of social control, the police in the United States originated less than 150 years ago. Traditionally, this development has been explained as an inevitable response to a dramatic rise in felonious crime. According to this type of account, a criminal reaction was a natural by-product of such factors as urbanization, immigration, and industrialization. Other investigators have disputed this interpretation, arguing that there is little evidence to support the occurrence of a crime wave. Rather, the municipal police in America originated as part of a larger class control apparatus designed to regulate working class social and political activities, including ‘subversive’ speeches, strikes, riots, and daily breaches of the ‘public order’. Those who argue that the ‘new police’ developed as a crime fighter typically neglect to discuss one of the oldest forms of professional policing in the nation, the private detective agency.

From the mid-nineteenth century private detective businesses policed on behalf of corporations, and in doing so they had a considerable impact on industrial relations for over seventy years. This paper investigates the origin, development, and major transformations of private detective industrial policing in the United States. The early development of the private detective agency was largely concerned with helping provide a disciplined supply of labour to power capitalist industrialization, and its transformation was a result of changes in the nature of the political economy as these affected the ‘labour question’.

Our analysis will begin with a historical sketch of the origin and early labour discipline activities of the nation’s most prominent policing business, the Pinkerton National Detective Agency. Successive sections will delineate major

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developments in the history of private detective agency labour work. Altogether, one can discern three distinct phases or periods in the development of labour policing. These phases reflect developments of the state and economy in relation to labour discipline, and their demarcation will provide a basic structure for this paper. First, the continuous policing of labour was almost the sole responsibility of private detectives until the First World War. This was followed by a period during which a war-bolstered Federal Bureau of Investigation joined the effort, forming with private police a two-front assault that helped thwart progressive unionizing efforts until the Great Depression. Thirdly, a major transformation in private policing occurred when, at the time of the La Follette Senate investigations in the late 1930s, the bulk of labour discipline was shifted from private detective agencies (and corporate security divisions) to representatives of big labour unions, with an assist from the FBI and the underworld. Labour bureaucrats then assumed many of the duties of the detective agency.

The final recognition of trade unionism was contingent upon changes in the nature of capitalism, that is, with changes in the way privately owned productive enterprises related to the state and by the values and beliefs of the period. This is a difference between laissez-faire and liberal corporate capitalism. The New Deal brought a new discipline under corporate liberalism. The importance of the labour contract under these different forms of capitalism was pivotal, and we will sketch its changing significance.

I

Born in Scotland in 1819, Allan Pinkerton immigrated to Chicago, Illinois in 1842 to escape imprisonment for Chartist activities. After serving as a deputy sheriff for Kane and then Cook counties, he accepted an appointment in 1850 as Chicago’s first city detective. In the same year he established his own detective agency, and from then until emancipation was largely engaged in the escape of slaves. Whilst Pinkerton was busy with the Underground Railroad, he initiated in 1855 the first labour spy service in the United States by providing ‘spotters’ to detect thieving and lazy employees for his earliest and most lucrative client, the transportation industry. Later, in one of the most infamous ethnic betrayals, he was to expand his espionage service and employ an Irishman to expose the purported leaders of a ‘secret labour society’, the ‘Mollie Maguires’.

Mr Pinkerton developed his expertise in organizational espionage during service for the Union during the Civil War. As the first Chief of the United States Secret Service, he dispatched Agency detectives to infiltrate Confederate ranks to obtain information on troop movements and enemy strength. ‘Secret operatives’ also served in Washington as counter-intelligence agents. This detective force was the federal government’s earliest intelligence agency. Though as an intelligence agent Pinkerton showed imagination and daring,
and developed a remarkable organization, he was a miscast. The problem was that he was too imaginative and consistently overestimated enemy troop strength. The detective’s sharpened capacity to persuasively exaggerate would better serve his Agency on another battle front – the labour movement. Begun in 1855, Pinkerton’s employee ‘testing’ service expanded in the 1860s along with the rapid growth of railroads, express companies, and city transit systems. In his 1870 publication, *Tests on passenger conductors made by the National Police Agency*, Pinkerton claimed that railroads were losing from 40 to 60 per cent of their ticket revenues because of conductor dishonesty.

Pinkerton’s business thrived in the wake of Civil War industrial expansion. As informal and personal labour controls began to erode, employers increasingly paid to know about their employees’ work performance and their attitudes toward management. Throughout the 1860s there were fears of unionizing and the danger of strikes. Because of periodic depressions and intense industrial competition in many productive sectors, sweating of the labour force was essential for sustained profits. Wages during the Civil War were high, but post-war conditions of periodic recession and unemployment fostered bitter fights over pay. Along with control over production, the wage and hour contract became focal points of intense struggle during this period.

By the early 1870s, Pinkerton’s ‘testing’ programmes had been implemented in Chicago, Philadelphia, and New York City. Operatives were instructed to make detailed reports on the daily conduct of employees, noting expressions of discontent as well as dishonesty. In moving beyond the detection of criminal behaviour, Pinkerton was able to greatly expand his business. This new service of revealing ‘dissatisfied’ workers, and more importantly, those who were recruiting members for ‘secret labour societies’, was explained in a circular addressed to a variety of fearful employers by the ‘Pinkerton Preventative Patrol, connected with Pinkerton’s National Detective Agency’.

Shortly after the Paris Commune, Allan Pinkerton added a second espionage service. This one went beyond the shop-floor. His secret operatives could gather damaging legal information by infiltrating radical political groups and the ‘inner circle’ of labour organizations, an especially helpful service during strikes.

In the face of increased labour unrest during the 1870s, Pinkerton offered property owners a powerful new tactic with which to fight back. The use of detectives for the internal surveillance of a union, though not unheard of, was
on an unprecedented scale in a case that was to catapult the Agency to new heights of fame, that of the 'Mollie Maguires'.

Although Pinkerton's business prospered throughout the 1860s, shortly after the turn of the decade his Agency was in serious financial trouble. In 1871 the great Chicago fire destroyed his home office. Additionally, wide public exposure of his 'spotter' programme resulted from several celebrated embezzlement trials. This put the recently formed Order of Railway Conductors on the aggressive in publicizing the spy system. These setbacks were compounded by a general business decline throughout industry that culminated in one of the nation's most severe depressions.

The failure of Jay Cooke's bank and the 'crash of 1873' also brought increased labour agitation in the rail and coal industries; hence, new business opportunities for the Pinkerton family (Allan's two sons, Robert and William, had recently joined the Agency). Allan sent operative George Bangs to visit his acquaintance, Franklin B. Gowan, president of the Philadelphia and Reading Railroad, to 'suggest something to Mr Gowan about one thing or another'. This led to the dispatch of two secret operatives into the anthracite coal region of eastern Pennsylvania, one of the nation's most economically depressed and volatile mining areas. Their mission was to infiltrate an Irish immigrant 'terrorist society' accused of the vandalism of company property and violence against German, English, and Welsh mine superintendents. This was the setting for what Bimba called 'the first major battle in American labor history'.

In October of 1873, Allan Pinkerton visited Gowan to discuss plans. What was Gowan's motive? And was he concerned about more than criminal behaviour? Pinkerton described part of their interchange in his book, *The Mollie Maguires and the detectives*, and reports Gowan as saying:

... the Mollie Maguire... wields with deadly effect his two powerful levers: secrecy – combination. Men having their capital locked up in the coal-beds are as obedient puppets in his hands. They have felt for sometime that they were fast losing sway over that which by right should be their own to command.


The trial of 1855 of Oscar Caldwell, one of the rail conductors nabbed by the Pinkertons, drew considerable publicity. Considered a 'test case' by the rail companies, this was also one of the nation's first embezzlement trials (in fact, there was as yet no such legal statute). Numerous fellow conductors and railworkers came to Caldwell's defence with attorney's fees and moral support. See Morn, *The eye that never sleeps*, pp. 17-18. Did fellow workers not define Caldwell's actions as criminal, but rather as wage-in-kind?


Despite the high sounding laissez-faire principles, ‘secrecy–combination’ were just what Gowan was up to in his effort at regulating prices in concert with competitors, as well as his circumvention of legal restrictions on the purchase of coal lands by the Reading. Using a pseudonym, he bought more coal lands than all competitors put together and, having a near monopoly over both rail and coal transportation in the Schuykill region, the only remaining impediment to complete control of production was the strength of the Workingmen’s Benevolent Association (WBA).  

For this important assignment the former Chartist fugitive went outside of his Agency to select someone special, James McParlan, an Irish Catholic from Ulster. McParlan, alias James McKenna, spent two and a half difficult years in his investigation of the Schuykill region. During that time he exemplified detective role playing at its best. He worked, fought, drank, sang, danced, and conspired with his countrymen, and eventually was elected secretary of the Shenandoah Lodge of the Ancient Order of Hibernians. From that position he was able to gather incriminating evidence with the help of another Pinkerton operative, P. M. Cummings, a member of the district committee of the WBA.

Scores of suspected Mollies were rounded up by the Coal and Iron Police, who were simply deputized Pinkerton operatives. On the basis of testimony of McParlan and an informer, Jim Kerrigan, who was granted immunity, the suspects were charged with various offences including murder. In trials during 1876 and 1877, Benjamin Gowan, acting as special state prosecutor, won a conviction that sent nineteen accused Mollies to the gallows. The disastrous ‘Long Strike’ of 1875, in the resistance to which Gowan played a prominent part, starved the miners into submission, destroying the WBA. The Mollie Maguire trials crushed the Ancient Order of Hibernians, which had been at the centre of the guerrilla warfare resistance since the strike.

In Pinkerton’s book, The Mollie Maguires and the detectives, there is an engraving of a scene at the West Shenandoah Colliery, 3 June 1875, depicting an encounter between rioting Irishmen and armed police. On one side stands Pinkerton detective Robert J. Linden, in charge of the Coal and Iron Police. On the other side, in the front ranks of the miners with his bulldog, stands McParlan, brandishing a club. That plate depicts the first known instance when private spies coordinated with private police to effect a system designed to crush a union, and the practice became widespread in succeeding years. Harold Aurand comments on the significance of this peculiar arrangement. The handling of the Mollie Maguire affair was:

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17 For a discussion of the origin and employment of Pennsylvania’s Coal and Iron police commissions, see J. D. Shalloo, Private police, with special reference to Pennsylvania (Philadelphia, 1933), pp. 58–134.
one of the most astounding surrenders of sovereignty in American history. A private corporation initiated the investigation through a private detective agency; a private police force arrested the alleged offenders; the coal company attorneys prosecuted them. The state only provided the courtroom and the hangman.

The Mollie Maguire affair bolstered the image of the Pinkertons in the eyes of corporations, and the money it received saved the Agency financially.

In the aftermath of Gowan’s victory, Pennsylvania’s railroads and industrial corporations were adopting the Coal and Iron Police commission as a device to build up their own formidable private armies. Appearing first in the anthracite coal fields of eastern Pennsylvania in 1866, commissions under the Coal and Iron Police Act merely required a petition to the governor with a list of names for appointment. After 1871 there was a fee charged. Between then and 1929 for one dollar the state sold police power to railroads and mining companies. The contract, according to Shalloo, involved ‘no investigation, no regulation, no supervision, no responsibility’ on the part of the state, ‘which had literally created ‘islands’ of police power which were free to float as the employers saw fit’.19

In the two decades after the Mollie case, the Pinkerton agency used Coal and Iron Police commissions in their armed guard work, most notably for Henry Frick, chairman of the Carnegie Steel Company. The last quarter of the nineteenth century witnessed increased ethnic tensions in the coalfields as the composition of the Pennsylvania mining population changed, from immigrants of North European origin, to East European – mainly Hungarian and Slavic – and Italian immigrants. For instance, in 1884 Frick hired the Pinkertons to guard his coal fields and to protect the Hungarians and Slavs he imported to displace the North Europeans. Then in 1891 when the Hungarians and Slavs revolted, Frick hired the Pinkertons to protect the Italian strikebreakers. Frick’s next assignment for the Pinkerton agency would result in a scandal of such proportion that William and Robert decided to temporarily abandon labour espionage work, and eliminate altogether its armed guard strike service.

Perhaps of all the controversial situations involving private detective agency policing of labour, reaction to the Homestead ‘riot’ tells us the most about congressional and public opinion concerning the rights of labour, private property protection, and the duties of the state. This was the first time that detective agencies like the Pinkerton company were seriously questioned by Congress, and they would be challenged only one other time, almost a half century later.

The conflict at this rural industrial town highlighted the disparity between the economic reality of corporate capitalism and the traditional rural understanding of property. The development of corporations had made the old laissez-faire principle of the unrestrained use of one’s possessions untenable, yet at Homestead that meaning of private property was being applied to the changed situation.

19 Shalloo, Private police, p. 59.
In 1892, the contract expired between the management of the Carnegie Steel Company at Homestead, Pennsylvania, and the 750 members of the highly skilled Amalgamated Association of Iron and Steel Workers. Henry Frick, chairman of Carnegie, had been determined to break the power of the Amalgamated men since the previous contract negotiations in 1889. Because of their skill, the union men had a fairly strong control over the production process. They had control over most of the details of production such as the apportioning of work and productivity of workers, and could use their monopoly of skill to strong advantage during contract negotiations.

Aided by sympathetic strikes against other Carnegie plants, the union succeeded in making the company back down on its 1889 contract demands for a 25 per cent wage reduction and individual contracts for workers. This time Frick was even more determined to eliminate the union, and issued what he knew to be impossible demands. The contract Frick proposed included a reduction in tonnage rates, because ‘new and improved machinery gradually being installed in the plant would enable the workers to increase their output’ by simplifying the production process. Furthermore, Frick proposed to abolish many of the crucial job rules which the union had used to prevent speedups. This was one of the first times that labour in the United States collectively tried to resist deskilling and, when they ignored an ultimatum issued by the company, Frick ordered a lockout. All 3,800 of the workmen, skilled, semi-skilled, and unskilled alike, responded by calling a strike.

Frick immediately requested the 300 armed Pinkerton men whom he had contracted prior to the negotiations and in anticipation of the union’s intransigence. As Frick noted in a subsequent congressional inquiry, local deputies were not hired because of past experience with the sheriff of Allegheny County, where citizens had refused to join him as deputies for service against labour.

Recruited from Chicago, New York and Philadelphia, the Pinkerton guards were placed in heavily armoured barges and were instructed to seize the plant from a vantage on the bank of the Monogahela River. The Pinkertons had to surrender after a 2-hour siege, complicated by the mutiny of those who had been hired under false pretenses and shipped to Homestead under gun point. The battle left 12 dead, 10 of whom were strikers. Finally, the National Guard was called in to end the ‘riot’. The state moved swiftly to mete out justice to workers who had violated the twin rights of private property and individual ‘freedom’ of contract. On this rare occasion when labour won a battle, 167 strike leaders were arrested, and Chief Justice Paxson of the Pennsylvania Supreme Court asked the grand jury to indict them for treason! The workers had the legal right to refuse to work, Judge Paxon reasoned, but they became rioters ‘the moment they attempted to control the works, and to prevent by violence, other laborers from going to work’.22

Newspapers, labour leaders, and Congress all agreed that the incident was abhorrent and that the use of the Pinkertons was irresponsible and led to violence. But for most observers the issue was not the right of capital to protect its property, nor even Frick’s attempt to regain his plant by force; rather, the complaint was that this work should have been the business of the government. From the press came strong criticism of the use of private armies. A Harper’s Weekly editorial observed: ‘A truly civilized community would not have to look to a Pinkerton force to do under private pay that which is obviously the business of the regularly constituted authority’. The force of laissez-faire notions concerning private property protection can be seen in the opinion of elements of organized labour, too. Among others, Terrence V. Powderly of the Knights of Labor, while denouncing the character of the men hired by Pinkertons, could think of no other remedy than to suggest that law and order be maintained by the ‘legally constituted authorities’. Powderly did not question the need for policing of private property; rather, for him only the manner of its protection was at issue.

The Senate investigation objected to the Pinkertons on the grounds that they were usurping the state’s authority. The previous congressional investigation in 1887–8 and all of the 28 subsequent investigations of labour/police conflicts raised the same objection. Whether assumedly or not, the employment of armed bodies of men for private purposes, either by employers or employees, is to be deprecated and should not be resorted to. Such use of private armed men is an assumption of the State’s authority by private citizens.

Both House and Senate stated that Federal legislation against the use of the Pinkertons would be unconstitutional, and urged individual states to legislate. However, the minority report claimed that Congress had the authority to prevent the use of private police by persons in interstate commerce. But Congress did not appear to be much interested in passing legislation anyway. As the La Follette Senate subcommittee investigating the strike-breaking business 47 years later observed, previous congresses were more concerned with the ‘evils of the practice of using professional strikebreakers and strikeguards than with its causes and objectives’. They deprecated the method, but found its objective both legal and ethical.
In the decade following the controversy at Homestead, some state governments chose to exercise their constitutional power to enact reform measures in the form of ‘anti-Pinkertonism’ laws, but they were ambiguous, very restricted and riddled with loopholes. For instance, many states prohibited the importation of armed guards from other states, so many agencies transported the two separately. Some states even prohibited the importation of strikebreakers, so numerous branch offices were established to recruit locally.30

Pennsylvania officials tried to avoid exasperating capital/labour conflicts by having companies deputize local men as Coal and Iron Police. This, of course, had little success in tempering violence. The state legislature responded by 1905 to sustained violence by creating the nation’s first state police. Now, officials reasoned, capital would have an easily mobilized, cheap, and efficient police force, an official representative of the state that hopefully would avoid inflaming workers. Theodore Roosevelt noted that this new police force eliminated the situation, as under the Coal and Iron Police, in which the state sold ‘her power to one of the contending parties, that of the vested interests’.31 The new mounted State Police soon proved to workers whose side the state was on, and the ‘American Cossacks’ were especially odious during the Bethlehem Steel strike of 1910.32

Despite the loss of its ‘watchmen’ service, the Pinkerton agency prospered during the Progressive era. Beefing up its labour espionage work, the Agency established 15 new branch offices from 1892 to 1910 to recruit labour spies locally. Eight new offices were added between 1903 and 1906 alone.33 The Agency boasted an unmatched capacity to break established union locals, and their participation on the Western Front in battles against the Industrial Workers of the World (IWW) and the Western Federation of Miners (WFM) illustrates some of their tactics.34

In Colorado Pinkerton worked in close association with state authorities in the ‘Thirty Years War’ of strikes and violence. They frequently participated in coordinated attacks on members of the WFM, a syndicalist union that was the most militant and powerful in the West. State officials seemed genuinely confused as to the difference between public and private power, and treated the corporate interest as if it were the public interest. For example, the 1903 Cripple Creek strike involved National Guard troops under the direction of Governor James Peabody, but paid for by the Mine Owners’ Association and housed on company property. Just as at Telluride, the Pinkertons were

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30 For a summary of these laws, see 29 above, appendix B, pp. 149–50. Also, see ‘Sixteenth annual report of the commissioner of labor’, House of Representatives (1901), vol. xvi.
33 Friedman, Pinkerton labor spy, p. 4.
34 Melvyn Dubofsky, We shall be all (New York, 1969); Friedman, The Pinkerton. The internal organization and typical operations of one of Pinkerton’s regional offices have been provided for the public by Friedman, a disgruntled stenographer who absconded with some financial ledgers and secret information about the Denver office.

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employed as spies by the state but paid and supervised by the Mine Owners Association.35

Detective agencies specializing in the provision of strike services proliferated during the Progressive era.36 Many agencies provided strikebreakers in addition to armed guards: Jim Farley, known as the ‘King of Strikebreakers’; Pearl Bergoff, who in the second decade of the new century commanded a veritable army of thugs; Corporations’ Auxiliary Company; Baldwin-Felts, and old timers like Gus Thiel, who expanded from the St Louis area to the coalfields of the Northwest. By the turn of the century the character of those who were recruited as strikebreakers changed. At first they were chosen from among the honest but destitute and gullible newer immigrant groups, and were usually brought to the scene of a strike under false pretenses. Now, these ‘finks’ were recruited from a class of professional strikebreakers, a lumpenproletariat with long criminal records who made a profession of their work.37

The suppression of strikes reached an unprecedented ferocity later in the Progressive era, with the years 1911 to 1916 especially notable. Frightening confrontations occurred between municipal, state and private police on the one side, and on the other side unskilled, newer immigrants in the garment, textile, and mining industries. The increasing organization of these workers by the Wobblies and the Socialist party raised the spectre of revolution. It was this same fear of the masses that was behind the Red Scare of 1919 and 1920. The First World War brought some respite, however, with a temporary reconciliation of conservative trade unions, the federal government, and enlightened elements of capital.

II

The advent of the First World War gave labour a new strength which temporarily altered the attitudes of business and government to trade unionism. The war created an enormous need for commodity production, and with immigration terminated, employers were faced with a scarcity of labour. Under these circumstances strikes were extremely potent, endangering corporate profits and threatening critical war production. With the unavailability of a mass of unemployed, employers could no longer use the old strategy of tolerating strikes until a body of strikebreakers was recruited.

These circumstances prompted a new strategy to keep workers under control: engage union leaders in labour discipline. Employers and government struck a bargain with the American Federation of Labor (AFL), in which the union was permitted to organize unmolested in government contract work for a pledge not to strike. ‘As a result’, Brecker observes, ‘union membership increased by about two million during the war. Both the AFL and the war

35 Dubofsky, We shall be all, p. 53.
37 Levinson, I break strikes!, also, Senate report no. 6, part I, 1939, p. 16; pp. 187-99, provides a job record and a criminal and arrest record for 150 strikeguards and strikebreakers.
employers agreed that wages were to be set, for the duration of the war, by boards composed of business, labor, and government'.38

Whilst big business and the federal government were stressing ‘conciliation’ through the medium of conservative trade unions like the AFL, which were concerned merely with wage and hour concessions, they expanded their brutal suppression of the IWW, which was trying to organize the semi-skilled and unskilled majority for the avowed purpose of effecting workers’ ownership of industry (syndicalism). On 5 September 1917, agents from the Department of Justice and local police ransacked the homes and offices of ‘Wobblies’ in every city where the IWW was established, herding hundreds into jails throughout the nation.39

Once the war was over and the federal government no longer needed labour’s support for the effort, even the philosophy of ‘conciliation’ between capital and trade unionism was abandoned. Additionally,40

Real wages had risen considerably during the war as a result of the enormous demand for labor; with the end of the great wartime industrial expansion and the return to ‘normalcy’, it was widely felt necessary to reduce wages if profits were to be maintained. As John Maynard Keynes once pointed out, this can be done with less resistance by inflation than by direct wage cuts. So in 1919, the government simultaneously ended wartime price controls and allowed corporations to resume their traditional union breaking policies.

So the post-war period was one of a resurgence of violent, state-sanctioned private repression in the service of capital. ‘Throughout the twenties, industrial employers developed new tactics or refined old ones to deter labor organization and to avoid genuine collective bargaining. Their tactics ranged from the so-called American Plan, which entailed the use of every hostile technique of anti-unionism, to the paternalism of welfare capitalism’.41 To implement this American Plan, the decade saw the proliferation of private agencies devoted exclusively and unabashedly to strikebreaking. These agencies and corporations stockpiled huge arsenals of weapons, including millions of dollars’ worth of machine and hand guns, sickening gas, tear gas and deadly chloropicrin.42 Literally the war was brought home. Whilst most hostile tactics of employers were legal – there was no federal legislation prohibiting espionage or violent strikebreaking, and private police agencies went largely unregulated by state and federal law – the activities of labour groups were frustrated by court injunctions and antitrust prosecution. It was only labour’s use of force which was illegitimate.

Besides a sympathetic legislature and judiciary, capital was assisted in its war against organized labour by a government with a repressive apparatus of

38 J. Brecker, Strike! (Boston, 1977), p. 103.
39 Dubofsky, We shall be all, p. 466.
40 Brecker, Strike!, p. 104.
42 Senate report no. 6, part I, 1939.
unprecedented strength. After WWI the federal government had a greatly expanded administrative bureaucracy and a large military; it was able to manipulate patriotic and anticommunist sentiment into a fervent anti-labour movement. Under the liberal Wilson administration the federal government began using this new power to assume more of the responsibility for labour discipline. Wilson appointed J. Edgar Hoover as the head of the Justice Department’s Radical Division and, in conjunction with the Immigration Department, the government conducted the infamous ‘red raids’ against steel and railroad workers participating in the 1919 mass strike. Thousands of aliens suspected of radicalism were arrested, and hundreds jailed and deported. The U.S. Army also was mobilized to restore ‘order’ when the National Guard proved insufficient to suppress strikes and demonstrations. The post-war period marked the end of federalist hesitation to develop a national secret police, and the federal campaign against ‘reds’ and unionization continued with a new ‘private’ twist under the Warren G. Harding administration.

President Harding’s new attorney general, Harry M. Daugherty, replaced William J. Flynn as chief of the Bureau of Investigation with a fellow member of the ‘Ohio gang’ – William J. Burns. Like Flynn, he was a former head of the Secret Service, and upon retirement in 1909 established his own private detective agency. After some notorious incidents involving jury tampering, office break-ins and wiretapping, ‘Colonel’ Burns was recalled to federal service in 1921. Ostensibly leaving direction of the William J. Burns International Detective Agency to his two sons, Raymond and Sherman, the new chief embarked on a three-year tenure that was to take the Bureau to new depths of unethical and illegal activity.

Ever since Allan Pinkerton’s service during the Civil War, private detectives spent time at federal secret service jobs. During the Harding administration the flow of personnel and influence from the private sector reached an apogee, with most newly appointed agents having been at one time private detectives. Strengthened by the war, the Justice Department became partners with private detective agencies (and corporate security divisions) in labour discipline. In a two-pronged assault, the Bureau’s General Intelligence Division (GID) became the nation’s political police, whilst private detective agencies specialized in shop-floor spying and picket slugging. The Bureau’s participation in the post-war ‘open shop’ campaign was an example of the most flagrant collusion of public and private power, and from that period one can date the beginning of an ‘old boy network’ between private and federal police to effect mutual influence, facilitate the sharing of information, organize ‘joint operations’, and arrange for the ‘moonlighting’ of government agents at private detective agencies.

The 1922 railroad shopmen’s strike was the first big assignment for the Bureau in its effort to enforce the Lever Act, and it provided the opportunity to develop many of the types of collusion identified above. The Lever Act was

43 W. Preston, Aliens and dissenters (New York, 1963), passim.
a war-time measure to prevent price increases, and was often the basis on which, perversely, courts issued strike injunctions. The Bureau of Investigation argued that, because strikes curtailed production, they raised prices, although union officials argued that they were merely attempting to regain their 'real' wages in the face of post-war cost of living increases. When the Lever Act was revoked in 1922, the Sherman Anti-trust Act was appealed to on the basis that labour unions were guilty of establishing a monopoly over labour.45

The state of the economy after the war was favourable to an all out anti-union effort, as the unemployment resulting from the depression of 1922 fostered a plentiful supply of strikebreakers. With anti-radical sentiment reaching a fevered state, even the conservative AFL was branded 'Bolshevik', despite Samuel Gomper's inflated patriotism during the war. When the government's Railway Labor Board ordered a pay cut of 12½ per cent, hundreds of thousands of AFL union workers rebelled. Management hired 'replacement men', and Daugherty obtained a federal district court injunction that, amazingly, prohibited 'acts or words' that would interfere with rail operations.46 The Bureau then got to work.

To enforce the injunction the Bureau dispatched agents throughout the country to espionage work, to infiltrate strikers' ranks, to attend meetings undercover, and to search for violations.47 The scenario was reminiscent of private detective agency strike work. Indeed, special agents worked closely with the security divisions of the railroad companies.48 Back in Washington, the Bureau of Investigation coordinated all of the information, projections were made on strike activity for employers, and reports were made to the Department of War.49 When all was over, some 1,200 employees were arrested for contempt of court.50 And the strike had been broken.

The Bureau's next endeavour involved nearly all of the possible types of private/public interpenetration and collusion. In the spring and early summer of 1923 an association of Arizona copper mine operators hired the Burns Detective Agency to infiltrate the ranks of workers to expose union organizers. Not wanting to be merely reactive, Burns agents seized the opportunity themselves by acting as IWW organizers. To back up the Burns private detectives in case of trouble were Burns G-men. Chief Burns used the Bureau of Investigation to help build up his private detective agency. In March of 1924, Industrial Solidarity, the IWW news weekly published a number of documents

45 Lowenthal, The federal bureau, pp. 269-81.
46 'Lawless disorders and their suppression'. Appendix to the annual report of the attorney general for the fiscal year of 1922, containing the correspondence relating to the action of the government with reference to the interruption by force of interstate commerce, the carriage of the mails, etc. in the year 1922. Printed pursuant to concurrent resolution of March 3, 1923, p. v.
48 'Lawless disorders and their suppression', pp. 8, 76, 80, 288, 349, 371, 431, 452.
49 Hearings. House appropriations committee on department of justice appropriations for 1924, pp. 71, 78.
stolen from the Los Angeles office of the Burns Detective Agency. These materials revealed that the Bureau of Investigation had transferred federal agents from other parts of the country to work with Burns private detectives in the Arizona operations; employed private detectives; assembled ‘blacklists’ of suspected agitators, distributing the names to employers; and, in the ultimate contravention of the duties of office, acted as agent provocateur.

Among the materials published by Industrial Solidarity were letters of correspondence between managers of the Los Angeles and New York offices of Burns Detective Agency, and copper company officials, sheriffs, police commissioners, and Justice Department officials, including Bureau Director Burns. Additionally, the Wobblies published photographed copies of espionage contracts with a mining company, and an itemized financial statement.

The first letter was written 19 May 1923 by G. P. Pross, manager of the Los Angeles office of Burns, to William Garvin, manager of the New York office. Pross enclosed reports from agents in the Arizona mining camps, and after discussing how time and expenses were to be pro-rated among 30 different mining companies, remarks:

All the arrangements on this operation were made while the Governor was here in Los Angeles. I am also sending copies of each report to him so that the Department of Justice will have full records of all going on; and, in fact, the agent in charge of the Department of Justice in Arizona is to work in conjunction with our investigation so that should anything come up, that would need immediate attention, the agent in charge will be able to go with us.

The ‘Governor’ is, of course, William J. Burns, and on 23 May 1923 he responded about the arrangements in a letter written on government stationery, and signed ‘Director’.

I have just received a letter from Mr Dowell in which he suggests that we have two of our Agents in Arizona call on Frank Carlock, Special Agent of the Old Dominion Copper Company, located in Globe, Arizona, so that they together might be able to suppress some of the activities of I.W.W. radicals.

‘Mr Dowell’, a former Thiel Detective Agency Manager, is the paymaster for the mining companies undercover work. Arrangements were not long in coming, and on 23 June Pross wrote a letter to Mr R. J. Burns, President, at the New York office, stating that the Arizona investigators are in ‘direct touch with the Department of Justice Agent, whom the Governor transferred from Butte, Montana to Arizona, and he is a real fellow and knows the game... also well thought of by the Mine Managers...’.

The Ruthenberg case provides an instance of how well the private and public...
sectors could work for mutual benefit. In April of 1923 Charles Ruthenberg went to trial on criminal syndicalism charges for possessing Communist party documents, and for participating in a party convention in northern Michigan.\footnote{\textit{Accuse Burns in red trial}, \textit{New York Times}, 21 April 1923; \textit{Links Ruthenberg to reds!}, \textit{New York Times}, 24 April 1923.} According to testimony, the impetus behind the convention was provided by A. C. Myers, head of the Radical Bureau of the Burns Detective Agency. Acting undercover, he infiltrated the Central Committee, and as \textit{agent provocateur}, also `planted' radical documents in Ruthenberg's luggage, according to defence attorney Frank Walsh. Then, Mr Myers changed hats, and with credentials as a special agent of the Department of Justice, took part in directing the state police raid (no federal laws had been violated).\footnote{\textit{New York Times}, 24 April 1923. The Bureau frequently spent time helping enforce laws of the individual states.} Apparently, here was an example of another `joint operation', this time for political rather than industrial espionage.

During the trial defence witness Albert Balanow, who in 1917 was a Department of Justice agent, accused Jacob Spolansky, head of the Radical Bureau of the Department of Justice, of selling documents to the Thiel Agency for $25.00 per day. 'Spolansky, he swore, had a cousin in the Thiel Agency and another relative on the Chicago Police Bomb Squad \"and they all worked together\"'.\footnote{\textit{New York Times}, 'Charges inciting of red outrages!', 13 February 1923.} We do not know if the sale of information actually occurred, but it was well-known that the Bureau \textit{gave away} privileged information. For instance, Mr Burns handed over information obtained under search warrant in the Michigan case \textit{before} the trial to R. M. Whitney of the American Defense Society.

Mr Burns frequently worked in conjunction with `patriotic societies', especially in providing them with information from radical investigations.\footnote{Preston, \textit{Aliens and dissenters}, p. 242.} Sidney Howard, in a 1924 \textit{New Republic} editorial, observed: `The militant patriots were publicity agents for Mr. Burns when he didn't have evidence to convict these `so-called liberals' and worse, he turned the patriots loose in his treasure house of rumours and portentous subversive documents'.\footnote{Sidney Howard, `Our professional patriots', \textit{The New Republic}, 10 September 1924, p. 40.} Burns had an especially close relationship with Mr Ralph Easely of the National Civic Federation, and that organization's annual Survey of Progress made special note of the Bureau's assistance. This cooperation, some have surmised, provided 'a convenient link between sworn enemies, Mr. Burns and Easley's pal Sam Gompers; provided, too, a convenient source of A.F. of L. propaganda against renegade unions'.\footnote{\textit{The New Republic}, 10 September 1924. See also, Norman Hapgood, \textit{Professional patriots} (New York, 1927), p. 99. `Mr Samuel Gompers, though long opposed to Mr. Burns as a labor spy and the representative of anti-union employers, had a common interest with him while he was in the Department. Both were fighting Reds – Mr. Gompers in the unions, Mr. Burns, anywhere. Mr. Easley was the friend of both. So there was, in effect, a most extraordinary alliance – the secret service, organized labor, and big business, all united in a patriotic effort to down radicalism'.
The mounting scandal surrounding the Department of Justice, especially in regard to the Teapot Dome corruption, finally led to Attorney General Daugherty’s dismissal by President Coolidge. About one month later, 9 May 1924, William J. Burns resigned. Apparently, the final straw was when Burns tried to discredit the Department’s congressional critics, especially Senator Burton K. Wheeler. Burns had his agents spy on Wheeler from the bushes of his home, ransack his Capitol Hill office, and attempt to entice him into sexual compromise. Political intrigue of this kind was just what Congress most feared when, back in 1908, it soundly defeated Attorney General Charles Bonaparte’s proposal to create a federal bureau of investigation.

The new Attorney General, Harlan Fiske Stone, promoted J. Edgar Hoover to Director of the Bureau, and pledged that thereafter the Bureau would be ‘a fact-gathering organization’ whose ‘activities would be limited strictly to investigations of violations of federal laws’. This was easy enough to say, as the union movement had been smashed. But, the Bureau would re-emerge as a red-hunter and labour suppressor in the late 1930s and 1940s, when Mr Easley’s view of conservative trade unionism finally prevailed, and such unionizing was given federal protection. The AFL and CIO leadership would cooperate with the renamed Federal Bureau of Investigation (FBI) in ferreting-out Communists from within their ranks.

Meanwhile, private detectives like Mr Burns left government service with valuable connections. FBI agents in the following decades would become well-trained at public expense to perform after retirement labour discipline work for corporations. They would learn more sophisticated methods than those employed by the usual union-busting detective agencies.

III

Throughout the twenties, a period of great capital expansion, strikes were largely unsuccessful, union membership declined, and industrial violence remained low. However, with the onset of the Great Depression, workers lost patience with the trade union movement and thousands resorted to direct action. Self-help movements of workers and the unemployed assumed various forms – mass demonstrations, coal bootlegging, spontaneous strikes, anti-eviction ‘riots’, and so on. By the end of 1931 more than fifteen million workers were unemployed, and many feared a revolutionary movement.

To meet the general crisis of the Depression, Franklin Roosevelt established the National Recovery Administration in 1933. To gain labour’s support for this emergency measure, Section 7A gave employees the right to organize and

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62 'Daugherty ousted by Coolidge; turns on president and accusers', New York Times, 29 May 1924.
63 'W. J. Burns quits fed service; long under fire', New York Times, 10 May 1924.
bargain collectively, free from employer interference. This was a relatively safe move for the government, as socialist unionism was dead by the 1930s. Trade unionism itself had nearly disappeared as union officials failed to deal with wage cuts and lay-offs. But following passage of Section 7A there was a rush to trade unionism.

Whilst the giant U.S. Steel Corporation accepted collective bargaining, the ‘little steel’ companies such as Republic Steel and Bethlehem Steel Corporation resisted vigorously. There was no means of enforcing Section 7A (that had to await 1935 and the Wagner Act), and small and middle level manufacturers organized in the National Association of Manufacturers (NAM) and the National Trade Association (NTA) helped precipitate an alarming number of strikes. By 1935 social unrest had spread over all regions of the country, evoking memories of the 1890s. Again, the state was faced with twin dangers, this time by fascism on the Right and socialism on the Left. Socialist ideas gained new vitality after a long period of decline, and for the first time explicitly fascist groups began to organize successfully.

At this point Roosevelt encouraged a congressional investigation into violations of free speech and rights of labour and the role that ‘citizens committees’ and private police played in frustrating those rights.67 The Senate Committee on Education and Labor formed an investigatory subcommittee chaired by Robert M. La Follette, Jr. The Committee’s target was the ‘intransigent minority of powerful corporations’ organized in NAM. Such ‘economic royalists’ and ‘anarchists’, including old family corporations like Ford, were endangering the existence of capitalism in the long run by their selfish robber-baron behaviour. If Roosevelt and like-minded progressives were to save capitalism, they had to defeat NAM’s short-run, interest-conscious position, to uphold the interests of the capitalist class as a whole.

The New Deal saw the fruition of the National Civic Federation’s teachings during the Progressive era. With the recognition of conservative trade unions, labour discipline could be shifted from management to union officials. Once a contract was negotiated (with specified limits) union officials would pledge worker efficiency, no strikes and noninterference with the basic prerogatives of management. The recognition of unions ‘left the subordinate position of workers intact, but provided a mechanism for eliminating those grievances which could be rectified without undermining the profit-making of the employer’.68

The ability of certain industrialists to bargain with trade unions was based on developments in the mode of production since the turn of the century. The growing merger movement and monopolization meant that the added costs represented by wage increases could be passed on to the consumer. This left small industry at a competitive disadvantage, adding to the monopoly


68 Brecker, Strike!, p. 252.
tendency. Furthermore, with new technology and ‘scientific management’, which was rapidly de-skilling workers, management gained greater control of output rates. Also, increasing industrial efficiency meant a shift in the labour force, with factory wage earners decreasing in numbers so that higher relative wages could be paid to a shrinking proportion of workers.69 In turn, trade union officials would attempt to guarantee uninterrupted production.

A test of how effective the union hierarchy might be in controlling its rank and file came suddenly with the onset of the Second World War. By the start of the war unions were recognized by many large industrial corporations. As in the First World War, big union bosses once again pledged no strikes or walkouts, and the leadership of the AFL and the Congress of Industrial Organizations (CIO) got busy disciplining their rapidly increasing membership.70 As a consequence, during a time of labour scarcity and burgeoning profits, those unions failed to make wage gains. Communist-led unions were no exception, and according to Business Week, they had ‘perhaps the best no-strike record of any section of organized labor’, and were ‘the most vigorous proponents of labor–management cooperation’.71 Wartime working conditions were so bad, however, that despite the union and management co-operative effort to discipline workers and prevent ‘wildcat’ strikes, there were 14,000 thousand strikes involving millions of people, more strikes ‘than during any period of comparable length in United States history’.72

So, with the end of the war unions faced a serious crisis. How would they keep their membership now that the government-backed maintenance-of-membership provisions were no longer in effect?73 Moreover, the massive lay-offs following ‘reconversion’ further depleted union ranks. Five million displaced war workers joined three million discharged military personnel on unemployment. Just after the war the federal government, recognizing the ineffectiveness of wartime controls, dropped the wage freeze in which wages were held at their 1942 level. Economists expected ‘deflationary forces’ to begin to come into play soon.74 And so they did. In contrast to the 1918–20 post-war rise in wages, weekly earnings in 1946 were expected to experience a 20 per cent decrease because of the reduction of work hours alone.75 With the prospect of such a drop in income in 1946, combined with continually rising prices, strikes were certain. The question was, would they be ‘wildcat’ or union-led?

There followed a rash of union-backed demands for higher wages, with a 30 per cent increase being the CIO standard.76 How was management to deal

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70 ‘In exchange for enforcing the no-strike pledge, unions had their hands upheld by being granted rights that greatly aided their growth, while making them less vulnerable to pressure from their own rank and file’, Brecker, Strike!, p. 222.
72 Brecker, Strike!, p. 226.
75 Business Week, 25 August 1945.
with this? Try to repeat the post-First World War strategy of smashing unions? The example of Ford Motor Company is very instructive, for here was a case of a corporation moving immediately from the most ‘feudal’ approach to organized labour to the most advanced. The Ford leadership definitely turned liberal in its attitude toward unions. This turnaround coincided with the transfer of leadership from Henry Ford to his grandson, Henry II, who put forth a new labour philosophy and strategy.

Henry Ford Senior took a hard line toward unions, and in 1941 his company was the last of the big automakers to come to an agreement with the United Auto Workers (UAW), an affiliate of the CIO. The company’s labour philosophy was a paragon of Social Darwinism. Mr Ford would do with his property just as he pleased. To help enforce his prerogatives, Ford employed a large number of police – he preferred his own to those of private detective agencies. The company’s Service Department was headed by ex-navy boxer Harry H. Bennett, and at its height, consisted of 3,500 thugs, including former boxers, ex-cops, bouncers, football players and ex-FBI agents, many of whom were associated with the underworld. With this private army Ford resisted New Deal reforms.

Henry Ford II, grandson of the 88-year-old founder, took over as president in September of 1945. Within a week of assuming office he made major executive changes that announced an important shift in corporate philosophy. The first top official to go was Harry Bennett, personnel director. Various of Bennett’s confidants and assistants promptly resigned or were transferred – a signal that ‘Ford Runs Ford’, in the words of Business Week. To help him wrest control of the company from Bennett and his gangsters Ford elicited the help of James J. Bugas, Bennett’s recently appointed assistant. He promoted Bugas to head of ‘industrial relations’, a new Ford title.

Mr Bugas came to his job well-prepared to deal with the new labour situation. He came to the attention of Ford officials whilst he was chief of the Detroit office of the Federal Bureau of Investigation, one of the nation’s ‘hot spots’, and where recently he supervised raids against ‘communists’. According to Business Week, Bugas joined Ford in 1944 only ‘on the company’s plea to Edgar Hoover that his experience concentrated at Ford would help win the war’. The changing of the guard at Ford, from gangsters to ex-G-men, brought a ‘new style’ to Ford’s labour relations effort, involving ‘subtle’ tactics rather than the slugging offensive of Bennett. ‘J. Edgar Hoover boasts that under his technique the G-men never have to use rubber-hose or other physical persuaders’. Bugas’ approach was not timid, however, but direct and ‘frank’, a strategy designed to control the situation. Unions would be recognized, but

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their leadership would be put on the defensive and held accountable to the company's demands.

Bugas' assistant, Mel B. Lindquest, also came to Ford well-equipped to help implement the company's new labour philosophy. His position as superintendent of labour relations put him on 'the direct firing line in the Ford relationship to labor'. An ex-boxer? No, Lindquest came from the 'labor relations' department of the Murray Corporation, where the 'company evolved its program for training union members as time study experts, so the union would have its own advocates in any dispute on timing of operations'.

This fitted in well with Ford's new strategy which, succinctly put by Henry II, was 'company security' should equal 'union security'. The company was willing to grant generous wage and hour concessions, but insisted on rank-and-file discipline. Henry Ford II majored in sociology at Yale, and that is where he may have learned that labour would be better disciplined by its own institutions.

At the start of the 1945 contract negotiations Bugas advanced 31 demands of the union in exchange for the 'union security' of a union shop and dues checkoff. Bugas put the UAW on the defensive with these counterproposals to ensure worker efficiency and continuity, and suggested $5.00 a day per worker fines on the local treasury for wildcat strikes. Moreover, there were certain matters that were off limits; the company would not consider negotiation over profits, for one. Another company demand excluded from UAW membership certain classes of personnel, such as supervisors and clerical workers.

So, a half-century after Homestead, the fundamental principles of capitalism were unaffected. Property owners have since retained complete control, with the basic prerogatives of management un compromised. Big business and big labour bosses work together and the working class gets disciplined by its own institutions. Unions have come to employ against labour itself the very same methods of discipline as the employers used: espionage, blacklisting, use of strikebreakers during 'outlaw' or 'wildcat' strikes, fines, intimidation, red baiting, etc. Once a contract is accepted, the very existence of the union and the jobs of its officials will depend on its enforcement.

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81 Business Week, 8 December 1945; 'Union time study', Business Week, 29 August 1942.
82 As an example of how effective Bugas' new offensive tactics were, and how far the grounds of dispute had shifted, union bargainers countered Ford with an offer to bring unauthorised strikers up before a union trial board. 'The union was kept so busy answering the company demands that it was not until a few days ago that it was able to inject its own call for 30 per cent in the discussion at all', observed Business Week, 8 December 1945.
83 'Two-way bargaining demand', Business Week, 24 November 1945; 'Clerical revolt', Business Week, 15 September 1945; 'White collared', Business Week, 22 September 1945. White-collar workers were becoming increasingly discontent, and willing to show it in organizational activity. The September 1945 strike at Westinghouse dramatized the 'revolt of the white-collar worker'. The close integration of plant and office idled 30,000 non-striking production workers, with the prospect of soon idling 60,000 more. This, one of the biggest strikes of white-collar workers, revealed the power that office employees possessed to stop manufacturing operations cold. Undermining unionization of the 'new working class' would provide a new area of 'labour relations' work for private detective agencies. See Huberman, The labor spy racket (New York, 1966, rev. edn).
This study has traced aspects of the origin, development, and transformation in the United States of private detective agency labour policing. We discussed its early development during the period of rapid industrialization under very competitive conditions. Policing of labour was largely the direct responsibility of employers until the First World War. Various turning points in private detective agency development were identified, and one of these was when the federal government’s Justice Department joined private detectives as partners in labour control (although officials of individual states had been doing so all along). This marked the beginning of a ‘new state’, a period when federalist hesitation was overcome. The example of the FBI since the First World War indicates the permeability of the membrane separating the private and public realms of policing. From the standpoint of a theory of the state, the private detective agency occupies an interesting space between the private and public realms of power. Although under private direction, the close association that private detective agencies have enjoyed with state and federal authorities, including the circulation of personnel, suggests that they have been more than civilian in nature. Further study of the origin and development of private policing in this regard could suggest something about the changing parameters of the state in the United States.

A major transformation of private policing occurred when the nation’s economy moved from a period of competitive, laissez-faire capitalism to the liberal corporate variety. This had particular significance for the wage contract, and once capital was able to accept the more effective labour discipline of conservative trade unions, the coercion of private detectives became unnecessary and undesirable. In dealing with union leadership, management after the Second World War had the help of former FBI agents. This was especially useful in dealing with ‘subversives’ (and thus in helping to keep union demands ‘reasonable’). ‘The FBI training and practice develop unusual qualities that are being sought by various business concerns’, Business Week observed in a 20 July 1946 article on the occupational market for ex-G-men. After retirement, many former FBI officers continued on to personnel and labour relations departments of major corporations or private detective agencies that had labour services. The area of labour discipline was ‘natural’ for old grads, Business Week continued, ‘FBI experience has taught them not only how to handle personnel but to know what is going on within groups, with special reference to communistic and other subversive activities’.

84 To ‘keep alive their old bonds, the ex-stalwarts of the FBI have created their own association’, the Society of Former Special Agents of the FBI, Inc., whose president at the time was a personnel executive of American Airlines, observed a 20 July 1946 Business Week article. The Society is a formal institutionalization of the ‘old boy network’ begun under Mr Burns. This fraternity serves as a recruitment and placement service for graduates, and Business Week continued, ‘relations with the old chief are cordial, almost reverent’. See also, ‘Post to FBI ex-agent’, New York Times, 25 September 1947, p. 44.