The Steel Strike of 1901

After the Apollo strike and lockout of 1893–1894, Apollo Iron and Steel’s wealthy stockholders provided the financial backing to build a spacious new mill at Vandergrift. Having acquired state-of-the-art steelmaking equipment and assembling a promising team of department superintendents and engineers, within three years the Vandergrift mill dominated production, making more black and galvanized steel sheets than any other producer in the entire country. Ultimately, the mill’s success provided these investors with the additional leverage needed to maneuver their way through a series of corporate mergers and in 1901 to become stockholders and officers of the U.S. Steel Corporation.

Throughout this process, the members of Apollo Iron and Steel had supported company president George McMurtry as he developed and implemented a town-building scheme targeted primarily at skilled and semiskilled craftworkers, the occupational groups that had traditionally shown the greatest tendency toward unionization. Central to the scheme were three strategies. First, McMurtry needed to start with the right social clay—workers whom he already knew were loyal to him and disdainful of unions. McMurtry offered permanent employment and the promise of promotion not only to nonunionized rollers and
heaters who had come to the company’s aid in 1893–1894 but also to farm boys and coal miners, as well as former mill operatives and laborers. Second, he created for these workers a new living environment—one quite unlike any other southwestern Pennsylvania steel town; he orchestrated the financing of this town, planned it, and built it. Third, he encouraged the workers to buy property in this new place. McMurtry and his stockholders hoped that workers would remain so contented and become so financially and emotionally committed to their property and fledgling community that they would never dream of risking its loss by joining a union or going on strike.

The first test of McMurtry’s scheme came in 1901, the year that the U.S. Steel Corporation was formed, when a major steel strike threatened to paralyze western Pennsylvania. At issue was the right of workers to organize. Not surprisingly, the Amalgamated Association pinpointed the Vandergrift works as one of the mills that had to be unionized. It was operated by George McMurtry and U.S. Steel as an “open,” nonunionized shop. If the Vandergrift shop floor could be “closed,” it would be a major victory for organized labor.

Apollo Iron and Steel’s Place in the Rise of “Big Steel”

Industrial restructuring during the 1880s and early 1890s had put the bulwark in place for a totally new business environment in the American steel industry. Although many firms still sought to compete with other producers by enlarging their market and increasing production capacity in much the same way as they had in the past, their activities required increased attention to product development, market research, business logistics, and, perhaps most importantly, capital acquisition. To integrate, retool, rebuild, and rework the former iron-production system and to ensure a constant supply of labor and production inputs, steel companies needed investment capital. They got it by changing their legal status. In almost sequential order, some companies went from being proprietorships to limited partnerships to corporate ownership.

During this process, many ironmasters (later, steelmasters) relinquished increasing amounts of company control to investors in return for the investment capital that would fund industrial restructuring. Although many investors never had direct involvement in the day-to-day intricacies of steel production, investors who were elected to corporate boards of directors did. These investor-directors controlled the purse strings. They also set, usually on the basis of “professional” advice and recommendations made by company managers, corporate
policy toward production and marketing. The rise of the corporate steel industry was, therefore, underpinned by the active participation of finance capital. It also recast the ironmaster/mill owner into several, sometimes overlapping, roles: steelmaster, operating executive, manager, and stockholder.

Although horizontal and vertical integration of the production process within single firms had been an increasingly important part of the steel industry through the 1890s, as the turn into the twentieth century approached, investors increasingly used their financial resources to acquire controlling interests in formerly separate production firms and merge them into new corporate entities. The frequency and complexity of these mergers, and the economic and spatial scale at which they took place in many industries—not only steel—signaled the dawn of a new industrial era that is now known by historians as “the rise of big business.” On January 10, 1899, Apollo Iron and Steel became a part of this development when the company sold the old Apollo mill to the American Tin Plate Company of New Jersey for $250,000.¹

In 1898, one of the founders of the National Biscuit Company (today’s Nabisco), William H. Moore, and several business associates organized the American Tin Plate Company. Intense competition between several dozen small, fledgling tinplate producers in the mid-1890s had caused tin prices to fall and companies to fail. Moore recognized the situation as an opportunity to integrate the industry horizontally. He convinced thirty-eight tin producers in Pennsylvania, Ohio, Indiana, Maryland, West Virginia, Illinois, and New York to consolidate their holdings into one company—because there was long-term “safety in numbers.” He also made consolidation lucrative for owners: “The transaction establishing the American Tin Plate Company permitted the previous owners of the various properties to take either full option price on their plant in cash, or preferred stock equal to the cash valuation, plus a bonus of 100% in common stock. Common stock was issued merely as a bonus to the former owners.”²

The Apollo mill was the thirty-ninth acquisition made by American Tin Plate. Apparently, because American Tin Plate issued $325,000 additional preferred stock about the same time that the transaction took place, Apollo Iron and Steel chose the preferred stock option. Thus for an old and troublesome mill, McMurtry and his company received at least 1 percent ownership in a company capitalized at $46 million. Because of American Tin Plate’s subsequent success (the company “had an accumulated surplus of $6.3 million” in 1901) this proved a boon to Apollo Iron and Steel. More importantly, McMurtry and Moore were,
in a sense, partners. This relationship would continue and intensify throughout the remainder of 1899 and 1900.3

After Moore and his associates set up American Tin Plate and drew other manufacturers such as McMurtry into their fold, they initiated similar merger schemes in other portions of the steel industry. During 1899, the “Moore Group” formed new steel companies at the rate of one every two months. The second Moore company was National Steel. Incorporated on February 25, 1899, it consisted of eight makers of “crude steel” in Ohio and Pennsylvania and a number of mining companies in Minnesota and Michigan. National Steel would supply steel ingots to American Tin Plate. Together, the two companies would operate as a vertically integrated steel-production system.

In mid-April 1899, National Steel began providing steel for the third Moore company to be organized, American Sheet Steel. Extending his rationale for creating American Tin Plate, Moore wanted American Sheet Steel to dominate and control the market for steel sheets. The task of creating this company, however, was more formidable than organizing American Tin Plate. Decades of ineffective American tin tariffs had stunted the growth of the tin industry. Until the federal government made changes to the import laws during the 1890s, few producers had joined Laufman, Kirkpatrick, and Dewees Wood as tin makers. Moore could virtually dominate the tin industry because it was so small. He was, however, able to bring only (if that is the right word) 70 percent of sheet-steel capacity under the control of American Sheet Steel. But to control even this 70 percent, Moore needed to acquire Apollo Iron and Steel’s Vandergrift works. Of the eighteen companies that he had lined up to make galvanized or black sheets as part of American Sheet Steel in 1899, none came close to the Vandergrift mill’s annual capacity (186,500 gross tons—nearly one-fifth of the total production capacity for the entire sheet steel industry). It is no wonder that Iron Age announced on April 5, 1899, that “in completing the details of organization of the American Sheet Steel Company a most important development has been evolved”: Apollo Iron and Steel had agreed to enter American Sheet Steel, and George McMurtry would serve as president.4

American Sheet Steel was incorporated on April 14, 1899, the same day that Moore organized another company, American Steel Hoop. Capitalized at $52 million, American Sheet Steel owned not only McMurtry’s Apollo Iron and Steel Company but also thirty-six other companies in Pennsylvania, Ohio, Indiana, and West Virginia: “With their close affiliations with the National Steel Company, the American Tin Plate Company and the American Steel Hoop Com-
pany, the American Sheet Steel Company will have the sheet trade of the company [country?] very well in hand, and will have a very commanding position in that trade. We understand that it is the intention of the concern to go after foreign trade in sheets very aggressively.”5 One might think, given his title, that as president McMurtry had ultimate control over American Sheet Steel's many production facilities. The historical evidence suggests otherwise. The composition of the board of directors for each of the four Moore companies (which were never legally combined as one corporate entity) created an inner circle of six directors. These six sat on all four boards. In charge of the American Sheet Steel mills, McMurtry answered to the inner six as this group tried to coordinate production between the various Moore companies. Despite the upheavals that took place directly above him at the pinnacle of the American Sheet Steel corporate structure in 1901, McMurtry's role remained relatively unchanged for four years.6

During 1899 and 1900 Moore and his associates virtually controlled the tin-plate, sheet, and hoop industries through the American Tin Plate, American Sheet Steel, and American Steel Hoop companies. The Moore Group was not unique in its activities (table 5.1). New York financier J. P. Morgan put together his own steel empire by forming two specialized companies—National Tube (fabricators of iron and steel tubes and pipes) and American Bridge—as well as Federal Steel—a vertically integrated holding company that was created by the merger of several smaller mining, refining, and rolling companies. Other financiers formed large, independent companies that specialized in various types of production: wire, rods, and nails (Elbert Gary's and John W. Gates's American Steel and Wire), steel girders for the construction industry and armor plates for shipbuilding (Bethlehem Steel), merchant bars (Republic), and structural steel (Jones & Laughlin Steel). Considered together, the Moore and Morgan groups, American Steel and Wire, Bethlehem, Republic, and Jones & Laughlin Steel dominated the finished-product portion of the steel industry.7

Despite these changes in the industry, the Carnegie Company still remained the largest single steelmaker. In 1900, it “produced 18% of the nation’s total ingot output.” Concentrated around Pittsburgh, this firm almost exclusively devoted its manufacturing to rails and semifinished products such as ingots, bars, and billets. Fifteen Carnegie Company subsidiaries developed in support of Carnegie Steel. They included H. C. Frick Coke Company, Carnegie Natural Gas Company, four separate railroad companies, three mining companies, two water companies, the Pittsburgh Steamship Company, and the Union Supply
This vertically integrated business empire dominated the semifinished steel industry, and even many finished-product makers relied on Andrew Carnegie for their materials. Despite their dependence, however, Moore, Morgan, and the other producers did little to combat Carnegie’s dominance until Carnegie threatened to expand into finished products; namely, tubes and rods. If allowed to do so, the Carnegie Company would then compete directly with Morgan’s National Tube Company and Gates’s American Steel and Wire. Steelmakers predicted that the end result of such competition would be a price war and the demise of the existing combinations.

Worried by these developments, J. P. Morgan—at the behest of the railroads, Gary, of Federal Steel, and Gates—in December 1900 began to make overtures to Carnegie Steel President Charles M. Schwab concerning a merger of Carnegie Steel, the Morgan companies, American Steel and Wire, and the Moore companies. Moore and his associates agreed to the idea, realizing that their firms were overcapitalized and that they could not withstand a protracted price war. The choice for them was to join the conglomerate—to be called the United States Steel Corporation—or to be put out of business. After a period of intense negotiation, Carnegie, too, agreed to the deal.

### Table 5.1. Major Steel Companies, 1899–1900

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<tr>
<th>Moore Group</th>
<th>Morgan Group</th>
<th>Carnegie Company</th>
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<tr>
<td>American Tin Plate (tinned and terne sheets)</td>
<td>National Tube (iron and steel tubes and pipes)</td>
<td>Carnegie Steel (ingots, bars, billets, rails)</td>
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<tr>
<td>American Sheet Steel (iron and steel sheets)</td>
<td>American Bridge (bridges)</td>
<td>H. C. Frick Coke Company</td>
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<tr>
<td>American Steel Hoop (steel hoops)</td>
<td>Federal Steel (mining, refining, and rolling)</td>
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<td>Pittsburgh Steamship Company</td>
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<td></td>
<td>Union Supply Company, Ltd.</td>
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<tr>
<td></td>
<td><strong>Bethlehem Steel</strong> (girders and armor plate)</td>
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<td></td>
<td><strong>Republic Steel</strong> (merchant bars)</td>
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<tr>
<td></td>
<td><strong>Jones &amp; Laughlin Steel</strong> (structural steel)</td>
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U.S. Steel received its charter under the laws of New Jersey on February 25, 1901. Capitalized at more than a billion dollars (its real value was probably somewhere between $600 million and $800 million) and spread across a large portion of the United States, the corporation was larger than Standard Oil had been before the Sherman antitrust regulations broke it up—a point repeatedly emphasized by the press. Fearing a formal government inquiry, U.S. Steel needed to assure the public, its competitors (such as Bethlehem and Jones & Laughlin Steel), and the federal government that it was not like Standard Oil.

At a meeting of the U.S. Steel executive committee on April 20, 1901, “attention was called to the fact that certain newspapers seem to publish any and everything that will create sufficient sentiment to influence newspapers sales.” The committee, resolving “to do all we reasonably can to keep public sentiment right and the facts before the public,” went on: “The United States Steel Corporation is not one employer . . . individual companies are distinct and separate for themselves; . . . while this company owns the stock of the different companies . . . they must all stand for themselves.” Under its charter, U.S. Steel could only hold stock in other companies: it did “not operate any iron or steel works, iron-ore mines, coal mines, coke ovens, railroads, or lake vessels.” That was the job of the ten companies in which it held stock.

What U.S. Steel's charter said the corporation would do and what the directors told the public it did differed from what actually went on within the confines of the U.S. Steel boardroom in New York City's Empire Building. For nearly a decade, the directors of U.S. Steel looked for ways to maintain a benign “stockholder” public image but at the same time coordinate and control subsidiaries. Part of their strategy utilized the same type of arrangement involving interlocking corporate boards of directors that the Moore Group had used to coordinate its holdings. By placing members of the U.S. Steel executive board on subsidiary boards, the parent firm could keep track of company affairs. Subsidiary presidents would be allowed to make decisions and react to problems independently as long as they reported their activities to the parent firm. During U.S. Steel's infancy, their decision-making responsibilities included dealing with labor in general and the unions in particular.

In the spring of 1901, the subsidiaries prepared to negotiate their first annual wage scale with the Amalgamated Association of Iron, Steel and Tinworkers since the creation of U.S. Steel. Within weeks, the executive board discovered the problems that came with having semiautonomous subsidiary presidents. It had given subsidiary presidents room to act in ways that might be good for a sub-
sidiary, but not good for U.S. Steel at large. This was particularly true in the case of American Sheet Steel and its president, George McMurtry.

McMurtry’s Role in the Labor Troubles of 1901

Despite the comparisons with Standard Oil, many industrialists, some politicians, and at least a portion of the general public viewed the consolidations in the steel industry as a good thing. Steel prices had fluctuated wildly for decades, and dozens of firms went bankrupt with each price swing; mergers would stabilize an industry that had become absolutely vital to the U.S. economy. From the point of view of organized labor, however, there was a dark side to the mergers. With consolidation, unionized mills and furnaces were lumped together with nonunion works under common ownership. Parent companies complained that they could not operate profitably in plants where union wage scales and union work rules existed, so they began to shut down unionized production sites and transfer machinery, managers, and even workers (they of course had to be nonunion) to nonunion plants. During the first six months of 1901, for instance, all nonunion American Sheet Steel plants ran at full production, but the company closed nine union mills. In the face of such tactics, the Amalgamated Associated had to organize nonunion plants in order to maintain what tenuous ground it had left in the steel industry after the turbulent strikes of the 1890s.12

In April 1901, two months after the formation of U.S. Steel, the Amalgamated held an organizational meeting at American Sheet Steel's nonunionized Dewees Wood works in McKeesport, Pennsylvania. Upon learning of the meeting, the Dewees Wood manager, Persifor F. Smith, promptly fired the new union members. Enough pro-union sentiment existed in the mill, however, for workers to organize a strike. They insisted that, because there was interest in the union, Dewees Wood should immediately become an Amalgamated mill. American Sheet Steel's president—McMurtry—stepped in and managed to get the strikers back to work, arguing that a union wage scale had to be in place for a mill before its workers could organize. No such wage scale existed for Dewees Wood, meaning that workers could not organize. He intimated, however, that American Sheet Steel would discuss the issue with the Amalgamated at annual wage-scale negotiations later in the spring.

According to labor and steel-industry historian David Brody, Elbert Gary—chairman of the executive committee of U.S. Steel—knew nothing of the events at Dewees Wood until after the strike had been settled. McMurtry, of American
Sheet Steel, did not tell him. And now, because of the way in which American Sheet Steel had resolved the difficulties, the issue of extending union wage scales to nonunion mills would have to be addressed at the 1901 summer wage-scale conference.\footnote{3}

In response to the Dewees Wood situation and in anticipation of the wage-scale negotiations, the executive committee of U.S. Steel debated for two months about how best to handle the labor situation in its mills, which now involved two basic issues. First there was the decision-making autonomy of subsidiary firms; second there was the extension of union rules to nonunion mills. Within the U.S. Steel executive committee there was disagreement over the prudence of the benign “hand’s-off the subsidiaries” policy that had become part of the U.S. Steel public image. The executive committee meeting minutes for April 20, 1901, stated that, with regard to “the plan of giving local presidents and managers the handling of what may appear to be petty situations,” at least one member was “rather inclined to think that this power should not be put in the hands of the local officers.” Other members believed that subsidiary presidents should be allowed to take care of problems on the spot. The matter was laid over for future debate so that the second issue could come up—the extension of the union scale to nonunion mills. Afterwards, the committee issued a directive to its subsidiary presidents: “We are unalterably opposed to any extension of union labor and advise subsidiary companies to take firm position when these questions come up and say that they are not going to recognize it, that is, any extension of unions in mills where they do not now exist; that great care should be used to prevent trouble and they [subsidiary companies should] promptly report and confer with this corporation.”\footnote{4}

At the end of June, the managers of American Tin Plate, American Sheet Steel, and American Steel Hoop works met with the Amalgamated in Pittsburgh to set the wage scale for their union mills. American Tin Plate and the union easily came to a wage agreement, and it appeared as though American Sheet Steel would do the same. The Amalgamated president, Theodore J. Shaffer, then made a motion that would require American Sheet Steel to extend the union wage agreement to the nonunion mills in their system, including Wellsville, Ohio, Dewees Wood at McKeesport, Kirkpatrick at Leechburg, Scottdale Iron and Steel, and Vandergrift. In effect, Shaffer argued that, based on the resolution of the April conflict at Dewees Wood, American Sheet Steel had indicated that for a works to become unionized, a union wage scale had to be in place. Now that the old scale agreement was to expire on June 30, the new agreement could
include the necessary clause that would permit any works to become unionized if the workforce so desired.

Persifor Smith, who represented the American Sheet Steel managers, refused to sign. Instructed to be “opposed to any extension of union labor,” he countered Shaffer by arguing that the nonunion mills for which the union desired a scale had operated for years (and in at least one instance [Vandergrift], for its entire existence) without the union. Furthermore, American Sheet Steel would not impose the union on nonunion workers. Smith maintained that no evidence existed, except in the case of Dewees Wood, of any prounion sentiment in any of the nonunion mills in the American Sheet Steel system. The unions appeared to be so weak at Saltsburg and the Old Meadow works at Scottsdale that for them, too, American Sheet Steel would not sign a union wage scale, despite the fact that they had operated as union mills under the 1900–1901 contract.

American Sheet Steel and the union thus came to an impasse. President Shaffer announced that the Amalgamated would strike if American Sheet Steel did not adopt the union scale for the mills in question. By way of reply, American Sheet Steel closed all of its mills and sent the workers home. Later in the same day, Shaffer met with representatives of American Steel Hoop. The result was the same. American Steel Hoop refused to extend the union scale to its nonunion mills.

Two days later (July 2), the U.S. Steel president, Charles M. Schwab, met with the executive committee to discuss the situation. Schwab remarked that “this is the very worst time of the very worst year [1901] to have any trouble.” Only in its first year of existence, U.S. Steel was still learning how to manage its complex, far-flung, and somewhat unwieldy internal hierarchy of stockholders, subsidiaries, and managers. Possibly the most devastating aspect of the entire strike for the directors was that “the demand for black and galvanized sheets is enormous and has filled the mills up with tonnage for the next three or four months.” The closure of the U.S. Steel sheet mills would lead to a shortage of sheets and to price increases and would benefit the corporation’s competitors, American and foreign. For the executive committee, the only logical solution was to “concede” to the union three mills that U.S. Steel had targeted for operation as nonunion mills: the unionized Saltsburg and Old Meadow works and nonunionized McKeesport. After the concession, the committee planned to close these three mills anyway.

Who would be sent to negotiate this with Shaffer? Members of the U.S. Steel board were reluctant to get involved for fear of disrupting U.S. Steel’s benign
“stockholder” image. Neither were they sure that American Sheet Steel president George McMurtry could effect a settlement. According to the minutes from July 6, 1901, the executive committee thought McMurtry was too hard-line in his stance toward labor. McMurtry had supported the decision of a superintendent at the Wellsville mill to fire a group of workers who had tried to organize a union lodge earlier in the week, thus giving signals of inflexibility to the Amalgamated. Moreover, McMurtry had not kept U.S. Steel informed of the happenings at Dewees Wood in April. The executive committee secretary recorded that Elbert Gary

regards Mr. McMurtry as a very able, conscientious man; nevertheless it may be that he is so grounded in his beliefs concerning these troubles that he has been a little inclined to not volunteer to us the information concerning the two mills [McKeesport and Wellsville] we ought to have. The chairman [Gary] does not believe in criticism of a man in that position, every one being liable to make mistakes, yet he doubted whether Mr. McMurtry would like to go and meet the association representatives.16

Two days later the U.S. Steel directors chose Veryl Preston—one of the original investors in the Vandergrift Land and Improvement Company and presumably connected to one of American Sheet Steel subsidiaries—to meet with Shaffer in Pittsburgh. Preston was to offer the Old Meadow works, Saltsburg, McKeesport, and the additional mill where there had been union support, Wellsville. At this July 8 meeting, U.S. Steel directors then began to look retrospectively at the course of events that had led them to concede these mills. Executive committee member Percival Roberts complained about the lack of “full and accurate information as to what the situation is in these different mills.” He blamed “the officers of the companies” and feared “that [union] lodges are established throughout the sheet mills to a greater extent than we had supposed.” Gary then, indirectly, gave American Sheet Steel and McMurtry a verbal slap on the wrist: “The chairman complimented the tin-plate people on the admirable management of their business, and feels that if Mr. Reid [chairman of the American Tin Plate executive committee] had been in charge of the business of the hoop and sheet mills he would have settled this long ago.”17 Three days later, Preston met with Shaffer in Pittsburgh. Although the company offered the union four mills, Shaffer was resolute: Either sign the scale for all of the mills—union and nonunion—or the union men would stay out on strike. Furthermore, Shaffer threatened to organize lodges in as many nonunion mills as possible.18
For American Sheet Steel and American Steel Hoop, the issue became one of keeping union organizers away from their nonunion works, even if it required spying on employees away from work and making threats of discharge. Although American Sheet Steel had restarted four mills in the Kiskiminetas Valley with nonunion labor—Apollo, Vandergrift, Leechburg, and Saltsburg, as well as the Old Meadow and Scottsdale Iron and Steel mills in Scottsdale—it anticipated that these mills would be the targets of unionization efforts. On the same day that Preston and Shaffer met, an anonymous letter from Vandergrift appeared in the *National Labor Tribune*: “A man must not think loud here, as even the trees have ears. When any two or more men get together, since the sheet workers went on strike there is sure to be some Judas . . . not far off. . . . The men dare not trust one another.”

**Vandergrift’s Reaction to the Troubles**

On July 20, 1901, the American Sheet Steel management held an antiunion meeting in the Vandergrift Casino for all Kiskiminetas Valley iron- and steel-workers. That morning, the weekly *Vandergrift Citizen* carried the headline “DON’T WANT TROUBLE OF ’93 OVER” and an article that expressed the newspaper’s opinion about the dispute:

> The workmen of the Vandergrift mills can look upon the present labor trouble with a good deal of complacency.

> Since the starting of the mills here five years ago the work has been steady, the wages are the highest that are paid, the conditions so pleasant, the management has been so fair and just, that there cannot possibly be any reason for any disaffection or desire to change. In the unionizing of the mills they would have everything to lose and nothing to gain.

> To the workmen here it partakes of a grim humor to hear Mr. Shaffer say that their fight is to protest the non-union workers. It is nothing more than a desire to finally get them out of their jobs.

> Under the present conditions our town has been exceedingly prosperous, and the workmen have been able to acquire most comfortable and pleasant homes here, and have them paid for too.

> The present trouble is not a question of higher wages or less hours to work, but it is a desire of a certain number of men to control works that they cannot have any possible claim to, and in which the men working are satisfied and independent.
A worse form of tyranny than this cannot exist anywhere. It is un-American and a strike at the very liberty of which the union prates so much.

The Vandergrift men are men of sense and independence and there is no danger that they will be mislead [sic] by any effort that may be made to change the present favorable conditions existing here.\(^\text{20}\)

The tone of the meeting that afternoon in the Casino was much the same. The assembly first elected as chairman a roller who was to play a prominent role in the days to come, Joseph T. Daugherty; then fifty-seven men approached the platform to speak. The following week’s *Vandergrift Citizen* reported some of their remarks (I reproduce only a sample). The first quote is from Daugherty himself:\(^\text{21}\)

In ’93 when the Apollo Iron and Steel Company decided to operate their plants non-union, Mr. McMurtry said, gentlemen, go to work and we will take care of you. . . . We have been taken care of ever since to such an extent that it has become a common remark that there are only two holidays in Vandergrift, the Fourth of July, the Nation’s great holiday, and Christmas, the day we celebrate the entrance of our Christ into the world [the implication was that there was no need to celebrate Labor Day, which had been made a national holiday in 1894 and had strong associations with trade unions at the time]. . . .

We have received good wages, steady employment, and everybody [is] entirely satisfied; no friction or [dis]content. Have we received anything else? Yes. We have an entire moral and modern industrial town, to which hundreds are journeying every year in search of steady employment at good wages. A place where every man is as good as his firm; a place where an industrial people quote a scrap boy as good as a roller in the eyes of the management. . . . I can say truthfully from the bottom of my heart, that I have never received better treatment anywhere.

—Joseph T. Daugherty [replacement roller during the 1893 Apollo strike and lockout; first-day Vandergrift lot buyer]

His words were echoed by another first-day lot buyer:

I have been in this mill ever since it went non-union, and about two years before. . . . We go [to] these union mills and union places to-day, and you see most of their people with hardly two dollars of their own. We, as a people here I hope, I think, are never without a dollar in our pockets, and good clothes to wear; what more do we want! What more do we need! If a man does a fair, square, and honest thing he gets promoted. If I would have waited on the Amalgamated Associa-
tion, I would never have gotten what I have to-day; I would have been in rags.
—Harry Beck [promoted from laborer to heater in the first year of the 1893 Apollo
strike and lockout]

A Vandergrift Heights homeowner was very future-oriented:

Now, do you think it would be right for us to go away and leave our creditors? We
all have lots of them. I have. Do you think that would be good policy for men who
want to join the Amalgamated Association? For my part I am perfectly satisfied as
far as I have gone. I expect to go further. I think the mill men in Vandergrift are an
improvement on anything I have ever come in contact with. I think that [they] are
interested in more than just taking care of their families here in Vandergrift. . . . I
am going to make an effort to pay what I owe and pay for my home, and I know
there are hundreds here making the same effort.
—William J. Duffee [Vandergrift mill worker]

Not everyone who spoke worked at the mill:

Are the men at Vandergrift satisfied? Are they going out? I say, in God's name, no.
They have nothing to go out for. They have nothing to strike for. The men of Van-
dergrift, Leechburgh [sic], Apollo and Saltsburg are working, to my mind, under
the best conditions that any workmen could get.

They work as American citizens. They are under the dictation of no one man.
Each man is king of himself and no other man has the right to call out you, or any
set of you, because there might be some trouble at some other point. . . . Now gen-
tlemen, I have just this to say: Is there any man in Vandergrift, who has thought,
or in Leechburg, or in Apollo, or Saltsburg, who is thinking of going out from his
work and joining with any organization? Now if there is, I have only this to say,
and I am going to put it in the mildest term I can—I could make it stronger, but I
don’t believe in swearing—I simply say this; that he is a “darned fool.” (Loud ap-
plause.)
—J. S. Whitworth [cashier of the Vandergrift Bank.]

An American Sheet Steel official, Eugene W. Pargny, responded to the testi-
monials by telling the meeting: “Gentlemen, I want to say most emphatically
that we are here to look after your interests, and propose to do so as long as we
have your confidence.” The assembly then passed a resolution in support of
American Sheet Steel, and five days later chairman Daugherty received a tele-
gram from New York City: “Have just received copies of resolutions and minutes of Casino meeting. My feelings of appreciation prompt me to wire you hearty thanks and congratulations. Will write. Geo. G. McMurtry.” Obviously, McMurtry viewed the Casino rally as a great success.

However, a man who identified himself only as Steve wrote to the *Amalgamated Journal*, the union’s weekly paper, to report triumphantly that less than one-fourth of the workforce had attended (he failed, however, to mention that one-fourth of the employees was more than the number of Vandergrift skilled and semiskilled workers who would be affected by unionization). Steve said the attendance would have been lower, but “those poor fellows are so bound up by their property investments that they are afraid to make a move publicly in favor of organization, but the union sentiment is gaining ground even in God-forsaken Vandergrift, and those poor slaves will yet be prevailed upon to make an attempt to remove the shackles which bind and make them to all intents and purposes greater slaves than were the colored men of the south before the war.”

There may have been some union support in Vandergrift, but many of American Sheet Steel’s skilled nonunion workers and their sympathizers tried hard to deny it, making it very clear to others in southwestern Pennsylvania that they had no intention of joining the union or going out on strike. An article by Walter J. Christy, correspondent to the July 24, 1901, *Pittsburgh Commercial-Gazette*, contained several profiles of nonunion workmen and quoted them on their attitude to the strike. E. D. Klingensmith, who said he had once been a roller at the Apollo mill and a former union member, would rather “give up my position before I would again become a member of the Amalgamated Association. . . . I am through with that organization forever.” Christy’s article continued: “John Buzzard, C. W. Lloyd, John Carmount, John Gumbert, William Caldwell and others insisted that there was no desire to strike. Some of them had gone through the troubles of 1893, and said that they had experienced enough hardships to satisfy them.” J. F. McIntyre, a roller (and later the burgess of Vandergrift Borough), so doubted the ability of the union to organize that he said he would give ten dollars for every man at the Vandergrift mill that the Amalgamated could get to join.

A copy of the *Commercial-Gazette* article appeared in the *Amalgamated Journal*, but with the following conclusion: “These men are the tools of their bosses and talked thus to please them. If they were in some other town and among union men they would talk just the other way.”
Vandergrift’s Role in the 1901 Strike

In the meantime, the labor troubles had spread to the mills of another U.S. Steel subsidiary, American Tin Plate. Despite American Tin Plate’s willingness to sign the wage scale for its mills at the June conference, Shaffer, the Amalgamated’s president, called tin workers out in the middle of July, based on a clause in article 35 in the Amalgamated constitution: “Should one mill in a combine or trust have a difficulty all mills in said combine or trust shall cease work until such grievance is settled.” The more immediate reason for the strike against American Tin Plate, however, was that all but one of the subsidiary’s works (Monessen) were unionized. If union workers honored the strike, production within an entire subsidiary of U.S. Steel would cease and the Steel Corporation would be forced to sign the new contract.25

Given the gravity of the situation for them, the directors of U.S. Steel decided to become actively involved. J. P. Morgan met with Shaffer in New York City on July 27. Shaffer was obviously surprised, impressed, and very much in awe of Morgan. Although one of the richest men in the United States, Morgan was approachable, and he appeared to Shaffer to be appreciative of the plight of labor. Morgan explained that he understood the union’s position, but given trends within the larger economy it was in both parties’ best interest to come quickly to an agreement. A long-term strike would hurt both the Steel Corporation and the workers. Morgan then made Shaffer nearly the same offer that Persifor Smith had made at the end of June: the scale would be signed for all mills that had operated as union mills in 1900–1901, plus Old Meadow and Saltsburg. McKeesport and Wellsville were not mentioned. Morgan was persuasive. Shaffer accepted.26

When Shaffer returned to Pittsburgh he announced to the union’s executive board that the strike was settled. But when the board discovered that he had given up the two mills that Preston had offered in the middle of July, they were furious. They immediately arranged another meeting with Morgan to demand that the scale be signed for Wellsville and McKeesport. Morgan would not budge: Shaffer had accepted his offer and Morgan considered the matter closed. Wellsville and McKeesport would remain as nonunion works. A week later, on August 10, the Amalgamated’s executive board had Shaffer call a general strike against all subsidiaries of U.S. Steel.

The response to the strike call was weak. Union members at many furnaces
and other Steel Corporation steelworks refused to walk off their jobs. In coming to a tentative agreement with Morgan, Shaffer and the union leadership had lost considerable credibility with the rank-and-file. Furthermore, the U.S. Steel subsidiaries were making concerted and successful efforts to operate the unionized mills with nonunion labor. During the first week in August, for instance, McMurtry’s American Sheet Steel “succeeded in starting the Hyde Park mill by laying off two mills at Appolo [sic] and two at Vandergrift and taking the crews to that place, which is only a few miles from Vandergrift.” The experienced crews from Apollo and Vandergrift then began to train nonunion workers who had been promoted from the Hyde Park ranks of clerks, operatives, and laborers. Later in August, the same tactics were used at other American Sheet Steel mills. The Amalgamated Journal stated that “the few men that have been inveigled into their [American Sheet Steel’s] mills to help break the strike in Wellsville are from the forsaken places called Vandergrift, Leechburg and Scottdale.”

By the middle of August, it was clear that the Amalgamated was losing ground in the strike. After several meetings in mid-September between union representatives and U.S. Steel’s Charles Schwab, Carnegie Steel’s W. T. Corey, American Tin Plate’s William Graham, American Sheet Steel’s George McMurtry, and Veryl Preston, the strike was settled. In the process, the Amalgamated lost not just Old Meadow and Saltsburg but thirteen additional mills. And of those that remained unionized at the end of the strike, several were soon dismantled. In the union’s final analysis, the Amalgamated concluded that “if the men at Vandergrift, Leechburgh [sic], Scottdale and Saltsburg had joined in the effort to get [union] recognition instead of helping the trust to break our strike which was really started with a view of freeing them from non-union conditions the strike would have been won by the Association.” In a historical analysis of the strike, however, David Brody argues: “Not merely falling short of its objective, the Amalgamated Association found its basis of strength, seemingly secure at the outset, shattered by the strike’s end. It was a settlement from which the union never recovered.”

McMurtry Vindicated

McMurtry had obviously irritated the executive committee of U.S. Steel during the 1901 labor dispute. But at the same time, he successfully used the same strategies that he had used in 1893 Apollo to break the 1901 strike. He had locked out union workers and trained nonunion workers as replacements. More
importantly, McMurtry’s handpicked Vandergrift and Apollo nonunion workforce helped implement the strategy. The end result was a reassertion of the power of capital over organized labor. This fact prompted American Sheet Steel and *Iron Age*, the major iron-and-steel industry trade paper, to boast afterward about the strike’s failure and to brag particularly (in two separate articles) about the success of a place such as Vandergrift.

Unlike previous articles on Vandergrift, however, much of the focus was placed upon McMurtry. Moreover, the tone of both articles was defensive, as if to justify the idea of a model industrial town and the tactics that McMurtry used to cultivate a nonunion workforce. One article said of McMurtry’s role in the 1901 strike:

> His creation of a model industrial town, peopled by men untrammeled by affiliations with labor unions, has, however, now brought to him the crowning vindication. His men have stood by him, and by the principle of frank and cordial relations between employer and employed. The men of Vandergrift have practically unanimously continued to work. The influence of the example in the valley of which it is the fairest gem has been such that it harbors a group of non-union works which have proved of the greatest importance to the large organization, and have to some extent been the nursery of skilled men for other plants. With such a splendid proof of the value of an industrial town laid out on modern lines, and of a management fostering close relations with the men based on absolutely fair dealing, it is to be hoped that in the future Vandergrift will have the distinction of being only the oldest of a series of similar communities.29

Later, in November, a seven-page supplement to *Iron Age* that included photographs of McMurtry, the mill, houses and streets of Vandergrift Borough, and a more explicit statement of McMurtry’s labor policy justified McMurtry’s actions again:

> The works at Vandergrift are free works, no union rules being tolerated. The consequence is that the lucrative positions in the works are open to all who show fitness. It may be said that civil service applies here. If a new roller is needed, a man from some subordinate position is promoted. No union is permitted to send an unknown man from another mill, to keep the craft of rolling confined to a select circle. The same methods apply throughout all departments. Men are advanced as they display merit or special aptitude, and worth receives its proper recognition. It is not surprising that men working under these conditions and with these sur-
roundings were unwilling to strike when the effort was made to “call” them out last summer. Among such men agitators and fomenters of strife can obtain no foothold. All this has largely been due to the personal influences of George G. McMurtry, president of the company, whose genius for executive responsibilities was so signal-ly demonstrated in the growth of the Apollo works.\footnote{30}

That same month, Charles Schwab, U.S. Steel’s president, and other officials of American Sheet Steel visited Vandergrift with McMurtry so that Schwab could see firsthand the basis for McMurtry’s success. During that visit, as the local newspaper reported, “President Schwab praised the town, the homes, the people and the works which made the town, saying that he was not able to decide whether it was the good town, good homes and good people that made the good works or vice versa.”\footnote{31} The following year (October 1902), the accolades were voiced again, but this time by the people of Vandergrift. During a trip from New York City to Pittsburgh, McMurtry stopped in Vandergrift long enough for employees of the Vandergrift mill to present him with a $5,000 sterling silver punch bowl made by Tiffany & Co. (fig. 5.1). The bowl, engraved with McMurtry’s portrait, bore a eulogy:

A lovable character and possessor of many noble qualities, who, by his generous deeds, has proved himself a true friend of the workingman.\footnote{32}

At the presentation ceremony, steelworker Joseph Daugherty spoke again, this time on behalf of the Vandergrift mill’s workforce:

Here . . . upon this platform, stand the two great factors in human existence—Capital and Labor—the one just as important as the other; the one cannot survive without the other; but on this we will not dwell. Let us look rather to the relations existing between them; capital on the one hand doing all it can to promote the interest of the laboring classes, by paying good wages, giving steady employment, encouraging them to build and own their own homes and educate their children; labor, on the other hand, by sobriety, industry and the careful handling of the trust reposed in her, is doing much to advance the interest of capital, no strife, no envying, but all is at peace and harmony, each endeavoring to do whatever is possible to help the other. What an inspiring sight, what a valuable lesson, to those who’s interest has been only for self, and who have never weighed the question of mutuality. Then, best of all, we remember that this is no new experiment, indeed it has passed the experimental stage, it has been proven and tried by years of experience, it has stood the test of times prosperous and times of peril, and love is the se-
cret of it all, the employers love for his workmen, the workmens [sic] love for their employers and managers.

Daugherty quoted the eulogy engraved on the loving cup, and his words appeared to have touched McMurtry deeply. He had Bache, his secretary, announce—on the spot—that McMurtry would “give to each and every church in Vandergrift, regardless of denomination, a pipe organ.”

During the summer of 1901, at the height of the tensions between U.S. Steel and the Amalgamated, the executive committee of U.S. Steel may have felt less than positive about McMurtry because of his tendency to act independently. But
McMurtry proved himself by controlling so successfully the production process as well as the workforces in his mills. McMurtry had been able to shunt workers around American Sheet Steel as needed and, moreover, had fostered nonunion sentiments in the minds of workers at the largest plant in the system he oversaw. Because of his efforts in creating a model industrial town, he had convinced Vandergrift workers that unions were unnecessary to achieve good working and living conditions. And in return, one of the ideals embedded in the Vandergrift plan—workforce loyalty—had become a reality. Two other ideals, however—American-ness and home ownership—were sullied after 1900 by societal, economic, and political changes far beyond the control of the town’s creators or inhabitants.