

Lincoln Steffens's
The Shame of the Cities,
and the Philosophy of
Corruption and Reform

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Edited, Annotated and Introduced by

H.G. Callaway

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PREFACE

American journalist and writer Lincoln Steffens (1866-1936) hoped he could *shame* Americans, both politicians and the public, into honest municipal government and democratic reform. This hope is expressed in the title of his 1904 collection of magazine articles, *The Shame of the Cities*; and the theme of shame is repeated in several of the chapter titles: "The Shame of Minneapolis," "The Shamelessness of St. Louis," "Pittsburgh: A City Ashamed." He was convinced that the citizens' political indifferences and neglect stood at the root of municipal corruption.

The revelations of rampant corruption in this volume were not news to the local journalists and reformers in St. Louis, Minneapolis, Pittsburgh, Philadelphia, Chicago or New York. The stories had already been reported in the local press and often confirmed in criminal investigations, trials and convictions. Steffens, famed "muckraker" though he was, was not so much *exposing* corruption as he was communicating the news of local corruption and the prospects of reform to the country at large. He had much local help from journalists, reformers and even from the corrupt politicians themselves. But others had already exposed the corruption.

Like several of the local reform groups, Steffens enjoyed significant national and political support. Beginning with Theodore Roosevelt's work as Police Commissioner in New York City, Steffens' journalism had been unofficially incorporated into Roosevelt's "bully pulpit." After more than a century, Steffens' book retains considerable interest; and one will strain to find inaccuracies in his reports. The work is therefore a document of the history of American political corruption and reform; and it is worth study for the light it casts on the vicissitudes of Gilded Age corruption in America.

The essays collected here to which Steffens' "Introduction; and Some Conclusions" was added by the author, otherwise first appeared as a series of magazine articles published in *McClure's Magazine*. The present text follows that of the 1904 book. The orthography and spelling have been up-dated and Americanized throughout, and Steffens longer quotations indented and related sources cited wherever possible. Steffens' references to persons and events have been identified, including most of the chief political actors. There is a cast of hundreds in Steffens' articles—and a snapshot of Gilded Age corruption at its crest. Original notes to the work are identified as such, and all other annotations to the text are the work of the editor. The present edition includes a brief chronology of the Gilded Age and the Progressive Era, a newly assembled bibliography of historical and related contemporary sources plus an analytical index. This is the first index for the Steffens volume.

The aim of the present study edition is to make use of Steffens' work in the attempt to better understand the social and political phenomenon of corruption generally. In particular, I want at least to pose the question of the relationship between the large-scale economic expansion or "modernization" of the post-Civil War Gilded Age and the prevalence of corruption in those times. A clearer understanding of the relationship between prolonged economic expansion and corruption is of interest to political philosophers, political scientists and also of interest to the practice of reform. We have to wonder, about the "cohesive power of public plunder," given the large and jolting changes the country was subject to in the Civil War and in the large-scale industrialization of the following Gilded Age. What cannot reasonably be doubted is, in Steffens' words, that *the tendency* of corruption "is literally to change the form of our government from one that is representative of the people to an oligarchy, representative of special interests." Political corruption distorts democratic representation.

Suspicion of corruption and backroom, insider self-dealing is easy—the stuff of popular conspiracy theories. *Evidence* of corrup-

tion, on the other hand, including details on the perpetrators and beneficiaries, is much harder to come by. But Lincoln Steffens, traveling from city to city across the country, did come by it, with much help from local journalists and the support of national advocates of reform—including the President of the United States. Given his wealth of detail, and the remoteness of his times from our own, Steffens' work opens up, in a comparatively disinterested fashion, a world of social, economic and political factors which contribute to our understand of the more pervasive patterns of corruption and political decay.

From the perspective of political philosophy, it is difficult to avoid the impression of a conceptual and theoretical conflict between "republican virtue" (which presupposes the citizens' and statesman's self-restraint), and the expansive, driving force of self-interest and national political ambition in late nineteenth century liberal and republican thought. In consequence there will be considerable attention in what follows to the general concept of corruption and its relationship to accepted political practices. From an historical and empirical point of view, the relationship between local corruption and national politics and policy is also of special interest.

The impetus for reform arose in part from national disgust with the patronage or "spoils" system of political appointments following the 1881 assassination of newly elected President James A. Garfield by a disgruntled office-seeker. The reaction against this tragedy marked the origin of the gradual introduction of the Federal Civil Service system; but, on the other hand, it is abundantly clear from the present book that many politicians, national, state and local were quite content to base their politics and political organizations on patron-client relationships, both before and after the passage of the Pendleton act of 1883. The heart and soul of Gilded Age political corruption, which gradually extended into business, was lack of moral self-restraint combined with a pervasive political clientelism; and slow improvements were intimately connected with the gradual introduction of civil service reform. The political

“spoils” system was slowly contracting in the final decades of the nineteenth century; yet the contraction of political spoils only intensified the extension of clientelism from politics into business. This, in turn evoked popular and political efforts to control the power and political influence of big business, eventuating in regulatory agencies of the state and federal governments and the advent of antitrust legislation. Better understanding the historical origins and sources of the municipal corruption Steffens detailed, we may also better understand the roles of moral self-restraint in the needed balance of larger and smaller structures of constitutional democracy.

STEFFENS, THE CITIES, GILDED AGE CORRUPTION AND REFORM

1. The concept of corruption

Corruption is a matter of “dishonest or illegal behavior especially by powerful people,” including, for instance, government officials or the police; and primary examples of corrupt behavior are bribery and any other inducement by improper or unlawful means.¹ The varying forms and expressions of corruption may, in fact, form an unending list, since new, more sophisticated, subtle or covert forms are pretty sure to arise. The more corruption is exposed at any given time and place, the more subtle and covert it tends to become. Partly in consequence, attempts at definition and demarcation of corruption vary and are often problematic or incomplete; “the class of corrupt actions comprise an extremely diverse array of types of moral and legal offences undertaken in a wide variety of institutional contexts including, but by no means restricted to, political and economic institutions.”²

As Lincoln Steffens put a similar point, directly concerned with Gilded Age corruption in St. Louis, Missouri, one had to fear that, “... the exposures by Mr. Folk will result only in the perfection of the corrupt system.”

For the corrupt can learn a lesson when the good citizens cannot. The Tweed regime in New York taught Tammany to organize its boodle business; the police exposure taught it to improve its method of collecting blackmail. And both now are almost perfect and safe. The rascals of St. Louis will learn in like manner; they will concentrate the control of their bribery system,

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1. Cf. “Corruption” in *Merriam-Webster*.
 2. Seumas Miller 2018, “Corruption” in the *Stanford Encyclopedia of Philosophy*. p. 6.

excluding from the profit-sharing the great mass of weak rascals, and carrying on the business as a business in the interest of a trustworthy few.³

In the wake of exposures of corruption in the press, indictments and convictions due to the work of St. Louis public prosecutor Joseph W. Folk, if the good citizens of the city would not or could not take things in hand, then corruption could simply mutate into some as yet unexposed or covert forms. As a general matter, though, in spite of the tendency toward subtler and more sophisticated forms, the old familiar patterns are always being rediscovered and deployed somewhere or other; they never completely die away.

The etymological source of the English word “corruption” is theological Latin,⁴ which followed traditions of translating ancient Greek moral and political thought. This background is reflected both in the call on moral standards involved in the condemnation and prosecution of corruption and in the broader usages of the word. Corruption, in a secondary sense, is a matter of *departure* or *deviation* from an original, or from what is pure, ideal or correct, as in “corruption of a text,” and “corruption of computer files”—where no moral evaluation need be involved. In their original Greek setting, Aristotle’s three “degenerate,” “digressive” or “perverted” (*παρεκβάσεις*, *parekbasis*) forms of government, *viz.*, tyranny, oligarchy and (extreme) democracy, are regarded as *degenerate* precisely because they deviate or “swerve” from proper concern with the common good. They might therefore equally be said to be corrupt forms. As political scientist Samuel Huntington makes a narrower point, “Corruption is behavior of public officials which

3. Lincoln Steffens 1904, *The Shame of the Cities*, below, p. 39.

4. Theological Latin is mentioned in the great *Oxford English Dictionary*. In consequence of the Latin source, one finds cognate forms in many European languages: English, *corruption*, French, *corruption*, German, *Korruption*, Italian, *corruzione*, and Russian, *korruptsiya*. The English “corrupt” derives from Latin, *corrumpere* = co- + *rumpere*, “to break.”

deviates from accepted norms in order to serve private ends.”⁵ But not all corruption is political.

In spite of our understandable and frequent focus on monetary exchanges involving government officials and favors, corruption need not involve exchange of money and may be either public or private. Public officials accepting envelopes stuffed with cash to favor bribe-givers in the exercise of official powers is perhaps the central, paradigm case of political corruption. Yet, surely, corruption may still exist where no money changes hands. Favoritism toward particular persons, groups or interests might be exchanged for other sorts of “inducements,” for instance, reciprocating preferences in hiring, employment advantages or promotions; and favoritism may involve exchange of useful “insider” information.⁶ “In some corrupt exchanges, such as patronage and nepotism” argues political scientist Michael Johnston, “considerable time may elapse between receiving the *quid* and repaying the *quo*, and the exchange may be conditioned by many factors other than immediate gain.”⁷

When illicit favoritism is practiced within a particular insider group involving partiality in dispensing jobs, opportunities and other advantages to friends, supporters or trusted associates, this favoritism is called *cronyism*. Favoritism and partiality toward one’s own family and kinship, *nepotism*, is illegal in American Civil Service employment practices, and restricted by the requirement to report possible conflicts of interest to stockholders in publicly traded firms. The charge of nepotism fails of legal application in privately owned firms. It is worth remarking, however, that the distinction between “public” and “private” agents and resources is not always entirely clear and straightforward.

5. Cf. Samuel P. Huntington 1968, “Modernization and Corruption” in Huntington 2006, *Political Order in Changing Societies*, p. 59.

6. Cf. Sung Hui Kim 2014, “Insider Trading as Private Corruption,” *UCLA Law Review*, Vol. 61, pp. 928-1008: “Private corruption” is defined as “the use of an entrusted position for self-regarding gain.”

7. Michael Johnston 2005, *Syndromes of Corruption*, p. 21.

The point is reflected in the history of corporate charters. For example, the British East India Company and the Hudson's Bay Company long effectively ruled large areas of India and Canada respectively. Were these private trading corporations or colonial sub-polities of the British crown and government? Being both, of course, they could legally govern their respective geographic domains with priority and preference given to their own economic and trading interests and profits. The East India Company even had its own army which was effectively deployed in the Seven Years' war (1756-1763).⁸ Chartered trading companies acting as sub-polities was a compromising configuration, though it long persisted. Again, while colonial Americans saw their chartered colonial governments as their own, requiring their representation and subject to "the consent of the governed," the view from London was that they could be modified or abolished by parliament like any corporate or municipal charter in the kingdom.

Lincoln Steffens distinguished several classifications of municipal corruption. This is partly a matter of where to look for corruption. His typology includes *police corruption* which was especially prominent in the scandals of Minneapolis, and also found elsewhere, for instance, as reported in the Lexow Committee's exposures of police corruption in New York City. Police corruption involves "protection" of and extortion from illegal but tolerated gambling and vices. Steffens sometimes found municipal corruption, centered in the mayor's office, the executive and *administrative* departments and sometimes centered in the municipal *legislatures*. With corruption centered in City Council, the political bosses could often afford to tolerate a "clean hands" mayor. Steffens also

8. Relevant in comparison is the literature of Edmund Burke's later speeches and documentation in the long impeachment process against Warren Hastings (1732-1818), the East India Company's Governor of Bengal. See, e.g., Isaac Kramnick ed. 1999, *The Portable Edmund Burke*, Section V. "India and Colonialism," pp. 363-406; Frederick G. Whelan 2012, "Burke on India."

describes *financial corruption*, for example in St. Louis, which involved “not thieves, gamblers, and common women, but influential citizens, capitalists, and great corporations.”⁹ Political bosses of the Gilded Age often enjoyed quite cozy relations to large financial and industrial firms or even owned banks themselves. Generalized *civic corruption*, exemplified by Philadelphia, “corrupt and contented,” involved direct partisan manipulation of the electoral system and vote counts, integration of political patronage, federal, state and local, with favored business interests plus institutional and popular acquiescence in boss led, machine politics. Even people not directly involved in corruption, still prevalently “went along,” and adopted protective affiliation and coloring of the dominant party in order not to fall into direct opposition to the party bosses and the machinations of the corrupt system. Even “heads of great educational and charity institutions ‘go along,’ as they say in Pennsylvania, in order to get appropriations for their institutions from the State and land from the city.”¹⁰

Though acceptance of bribes among political office holders is the paradigm, corruption also exists in other institutional contexts. For example, embezzlement by a business partner or favoritism in the allocation of funds by a corporate treasurer show the possibility of corruption in private spheres; and “insider trading” of stocks and bonds on the basis of privileged information is criminal in many or most important jurisdictions. Bribery may exist even in “non-profit” sports organizations, influencing the outcome of games or the award of sports events to particular localities. “Corruption involves the abuse of a trust,” writes Michael Johnston, “generally one involving public power, for private benefit.”¹¹ But the involvement of public power and public financing may be more or less remote,

9. Steffens 1904, *Shame of the Cities*, below, p. 71.

10. Steffens 1904, *Shame of the Cities*, p. 141, 141n. The contemporary colloquial phrase in Philadelphia, often critical, is “to go along in order to get along”: a matter of acquiescence.

11. Michael Johnston 2005, *Syndromes of Corruption*, p. 11.

unobvious or even absent. The fundamental objection to corruption is moral, whether or not particular forms of corruption are also legally prohibited—though not every moral failure counts as corruption. Corrupt actions are those that disrupt or strongly tend to disrupt moral habits of good character and/or the practices constitutive of the normative and governing purposes of institutions.

Structures favorable to “economic elite domination”¹² may be public, semi-public or private. But in any case of *corrupt*, domination over public or private interests, there will likely and typically be some “ring,” “combine,” “boodle gang,” syndicate or circle (however tightly organized or tacit and diffuse) of self-serving insiders who ignore or discount the common, public interest or the overt, declared and approved purposes of semi-public or private organizations. More generally, “The pattern of corruption ... exists whenever a power-holder who is charged with doing certain things, ... is by monetary or other rewards, such as the expectation of a job in the future, induced to take actions which favor whoever provides the reward and thereby damages the group or organization to which the functionary belongs,”¹³

Although legal definitions enter into our concept of corruption, the concept is basically moral and normative. “No man is allowed to be a judge in his own cause,” wrote James Madison in *Federalist Papers*, No. 10, “because his interest would certainly bias his judgment, and, not improbably, corrupt his integrity.”¹⁴ The law, a judge and jury are there to see to it that no one is the judge in his own *legal* case; and we need to be morally concerned with anyone being the judge in a moral conflict of interests to which the same person is also a party. This has a corrupting effect on personal

12. See Martin Gilens and Benjamin I. Page 2014, “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens,” on usage of this term.

13. Cf. Carl J. Friedrich 1972, “Corruption Concepts in Historical Perspective,” in Friedrich 1972, *The Pathologies of Politics*, pp. 127ff.

14. James Madison 1787/1937, in *The Federalist Papers*, No. 10, p. 56.

integrity.¹⁵ Some degree of cognitive or emotional bias seems to come with the limits of human intelligence and moral sympathy, but persistent, conscious habits and policies based on acceptance or acquiescence in insider bias and favoritism contribute to corruption of every sort.

2. The cohesive power of public plunder

In Lincoln Steffens' analysis in *The Shame of the Cities*, he states quite broadly that "The spirit of graft and of lawlessness is the American spirit."¹⁶ This is clearly an overstatement. In his attempts to evoke public shame for allowing or ignoring corruption and graft ("graft," understood as illegal or questionable private gain from corrupt practices), he also invites his readers to defend and reform the American spirit through political engagement and participation. He regularly supposes that reform is possible, and that corruption faces contrary moral and social forces in American life. He appeals to pride in our political institutions and widely shared American political convictions and principles. He complains, for instance, that corrupt practices have the effect, literally "to change the form of our government from one that is representative of the people to an oligarchy, representative of special interests."¹⁷ But he regularly supposes that fair, adequate and just democratic representation is possible and desirable.

Steffens sometimes found the corrupt politicians of the cities personable or appealing in their own peculiar manner, and he was able to draw information on corrupt practices directly from them. Municipal politicians are basically willing to provide what the public demands, he says; and, according to Steffens, the public needs to demand good government. He also saw the corrupt

15. Cf. Zephyr Teachout 2014, *Corruption in America*, p. 9, Giving a *sufficient* condition: "a person is corrupt when they use public power for their own ends, disregarding others."

16. Lincoln Steffens 1904, *Shame of the Cities*, below, p. 8.

17. Steffens 1904, *Shame of the Cities*, below, p. 17.

municipal politicians he encountered as practicing a particular,—political—form of “business.” They were in politics for the money, power or personal advantage; and in spite of this, Steffens as journalist shows some occasional sentimental bias toward his sources. In contrast, it is typically in his condemnations of *businessmen* and corrupt business practices that Steffens’ voice rises to the tones of an old-testament prophet. This American prophet comes down from the mountain, dedicated to democratic political and moral ideals, only to find the perverse worship of the golden calf. Yet “pride in the character of American citizenship,” may still be “a power in the land.”¹⁸

“The businessman has failed in politics as he has in citizenship,”¹⁹ Steffens says; and he is skeptical of the idea that reform of municipal government can succeed by bringing in business people and the methods of business. The ordinary businessman is not much interested in politics, according to Steffens, or only interested during particular episodes when business interests are threatened. At the best we get isolated, intermittent and short-term efforts at reform, says Steffens, before the typical businessmen turn back to private concerns. But on the other hand, as Steffens has it, when business interests do get into politics more consistently and seriously, the results are worse. “Big business everywhere is the *chief source* of political corruption,” Steffens wrote,

I found him buying boodlers in St. Louis, defending grafters in Minneapolis, originating corruption in Pittsburgh, sharing with bosses²⁰ in Philadelphia, deploring reform in Chicago, and beating good government with corruption funds in New York. He is a self-righteous fraud, this big businessman. He is the chief

18. Steffens 1904, *Shame of the Cities*, below, p. 18.

19. Steffens 1904, *Shame of the Cities*, below, p. 3.

20. “Boss”: (from the Dutch, “baas” = master), a person with authority over workers; a politician who controls votes in a party organization or dictates appointments or legislative measures.

source of corruption, and it were a boon if he would neglect politics.²¹

In this and similar passages, Steffens introduces a tension with his claim that American citizens generally, “We the people,” are to be held responsible for corruption. Though Steffens’ condemnation of business is an overstatement, the claim that big business, trusts and monopolies were major contributors to corruption in the politics of the Gilded Age is pretty much beyond question. The general theme entered long ago into America’s historical self-understanding. The much needed political shift from the Gilded Age, which Mark Twain and Charles D. Warner characterized as a period of “speculativeness” in business and “shameful corruption” in politics,²² to the Progressive Era and reform belongs to domestic American political wisdom. The Progressives understood the connections between political corruption and big business, and they sought to reign in both.²³ Of greater continuing relevance is that continued, unregulated expansion of big business and big finance will tend to distort political representation.

Our corrupt and corrupting Gilded Age politicians, often members of a “greatest generation” which had fought and won the Civil War, effectively employed the “cohesive power of public plunder,” as an expedient in re-knitting the tattered social, economic and political relations of a country first torn apart and later reunited by force of arms, and suffering, before and after social-political spasms of dislocation brought about by industrial-

21. Steffens 1904, *Shame of the Cities*, below p. 2.

22. Quoted in Charles W. Calhoun 2007, “Introduction” to Charles E. Calhoun, ed. (2007) *The Gilded Age: Perspectives on the Origins of Modern America*, p. 1.

23. See e.g., Ruth C. Crocker 2007, “Culture and Intellectual Life in the Gilded Age,” p. 229: “Contemporary critics coined, and historians continue to use the term ‘Gilded Age’ to describe an era when political and business worlds, so fair and prosperous on the surface, were downright ugly and corrupt underneath. ‘Gilded’ means covered with a thin layer of gold, to gild is ‘to adorn with golden color or light’.”

zation and mass immigration. In important ways, the Gilded Age and the failures of Reconstruction were consequences of a demoralization of the country arising from the Civil War. Whether just or unjust, wars always demoralize simply because they concentrate and focus the highly organized, competitive, exercise of destructive physical force—a means which civilization is otherwise designed to avoid. War represents a breakdown of civilization’s governing ideals and of its moral and legal restraints on human conflict and savagery. War weakens the hold of our civilizing moral and legal ideals and restraints.

It was not precisely business that was the chief source of Gilded Age corruption, but big business run wild was definitely involved. This was a development originating in significant degree from the *political* imperative to sustain and supply the Union forces during the Civil War regardless of costs. The point is *not* an attempt to question or contest Steffens’ examples of big business sponsoring corruption. Instead the point is to emphasize the public and political obligations of a government “of the people, by the people and for the people” to tame and regulate whatever may challenge effective, and equal public representation and the promotion of the common good.

Big business run wild is a failure of politics and threatens a failure of the *representational character* of the constitutional republic.²⁴ Corruption in the Gilded Age arose partly from undue influence of big business, in tension and conflict with the public purposes of state chartered corporations; but American politics was already compromised well before the Civil War by its reliance on the systematic political expediencies of the Jacksonian “spoils system” to fill minor public offices—a system of political favoritism and clientelism which was pervasively employed to build and manipulate support for party. The corrupt and corrupting spoils

24. Cf. Lawrence Lessig 2004, “What an Originalist would Understand ‘Corruption’ to Mean,” and his concept of institutional “dependency corruption.”

system pervaded the political parties and the agencies of the federal government and eventually penetrated all levels of government and business, too.

3. Clientelism, war and consolidation

One perspective at this juncture is to place *primary* blame for corruption *not* on the public at large for tolerating it, or on politicians or business (or even big money) in isolation from each other, but instead to focus on illicit *networks of clientelism*. Clientelism may be understood as a social order depending on relations of patronage, and including particular political regimes that emphasize and exploit patron-client relations.²⁵ For example, systems of relations of political and economic interests and agents are clientelist when they divert the political process from the provision of public goods in the direction of providing private benefits to special interests. The public at large may still be implicated by its tolerance of illicit, self-interested networks of political actors, and likewise, there remains plenty of room for condemnation of *quid pro quo* deals among politicians and the agents of special interests. Overall, however, it is the powerful, illicit system, the *networks* of clientelist favoritism which do the damage.²⁶

It belongs to the permanent value of Steffens' work that he describes *quid pro quo* corruption in such colorful and enlightening detail.²⁷ Yet the broader theoretical perspective invites the suspicion justly directed against *clientelism* generally—sometimes understood as a strategy by means of which special interests “seek to capture

25. Cf. D.W. Brinkerhoff and A.A. Goldsmith 2002, *Clientelism, Patrimonialism and Democratic Governance: An Overview*, p. 40: “Clientelism: A political system based on conditional loyalties and involving mutual benefits, in which individuals of unequal power are linked together through the exchange of favors.”

26. Cf. Lincoln Steffens 1906, *The Struggle for Self-Government*, p. 5.

27. However, see Teachout 2014, *Corruption in America*, “Conclusion,” on the limits of the “*quid pro quo*” concept of corruption, pp. 291 ff.

the power of government,” (and other institutions one may add), “not to create public goods, but to realize private gains through subversion of state authority.”²⁸ The conception of “subversion” of state (or generally, institutional) authority here is very close to the ancient Greek conception of “diverting” or “perverting” political authority and public (or institutional) policy away from provisions for the common, or public good toward favored, particular private interests. Clientelism contributes pervasively to the dangers of special interest policy capture.²⁹ The word “subversion” may, of course, suggest more of conspiracy and *explicit* overall coordination than is often due or empirically warranted. The development to focus on, instead, is the coordination of private or special interests by *functional confluence* of otherwise distinct special interests which often, even typically, arises through large-scale political-economic consolidation. People with similar or mutually supportive interest will tend to act for common goals if given opportunity—with or without conferring, conspiracies or explicit plans.

Clientelism and its relationship to corruption are best understood by reference to the extent, reach and scope of *networks* of patron-client relationships—and consequently in terms of the relationship of clientelism to the overall growth, scale or levels of political and economic consolidation. Large-scale favoritism, for instance, is more damaging than isolated and smaller scale favoritism; and

28. See the discussion in Samuel Issacharoff 2010, “On Political Corruption,” p. 127. Cf. Francis Fukuyama 2014, *Political Order and Political Decay*, p. 86: “... clientelism involves large-scale exchanges of favors between patrons and clients, often requiring a hierarchy of intermediaries.”

29. On regulatory capture, see *e.g.*, Daniel Carpenter and David A. Moss 2014, *Preventing Regulatory Capture*, p. 13. The basic idea is that “captured” regulation is “consistently directed away from the public interest,” and “toward the interest of the regulated industry,” with the term “regulated industry” understood broadly as a “convenient shorthand,” including associated interests.

small business has often been the victim of large-scale economic consolidation; the big fish do tend to gobble up the small fry.

Few will object, say, to a favorite son taking over leadership of a small, family-owned business. We conceive of this as something within the just power of the owners to do; and the proprietors act, in such cases, chiefly at their own risk. Where business practices are persistently corrupt in any fashion on smaller scales, though—as monitored by consumer complaints, *e.g.*,—it is the better part of political wisdom to restrict the practices and enterprise to smaller scales. Local patterns of favoritism in small business are one thing, large-scale favoritism and managerial cronyism in big business or large-scale public institutions are something else again. It is more doubtful and indicative of that cronyism which gets “a rich man’s son on the board of directors of a corporation.”³⁰ There is little reason to think that business is generally the unique source of corruption. It is instead pervasive, large-scale clientelism, especially that evoking or resting on political support, which genuinely endangers public institutions and the overall public interest.

Allowing, *e.g.*, a favorite son taking over the family business, or recommendations or preferences going from one small local business owner to another, large-scale corruption stands out in *political* contrast. Although much of his career came before the period of Lincoln Steffens’ interest, the political power and activities of U.S. Senator (and nineteenth-century Pennsylvania Republican Boss) Simon Cameron (1799-1889) illustrate how more serious, large-scale public problems may arise.

Before entering the U.S. Senate, Simon Cameron (1799-1889) had owned and edited a local newspaper—a traditional route into politics. He was influential as the cashier of a local bank, the owner of two railroad companies, a contractor-builder of canals, and as Pennsylvania Adjutant General—supervising the state militia. Controlling a local newspaper, Cameron was in a position to favor

30. Steffens 1904, *Shame of the Cities*, below, p. 6.

business or political associates and clients by promoting or publicizing their interests, and he could also punish opponents—leastwise by neglect. As cashier of a bank and the owner of railroads, he was in a position again to favor business owners, political friends or clients and discourage or place impediments to competitors. The politically powerful in state government obviously came to benefit, reciprocate and depend on his support. He obtained lucrative state contracts.³¹ When he first entered national politics as a supporter of President Andrew Jackson in 1832, his biographer remarks, “He had appeared in the guise of an opportunist—a role he was to play again and again with astonishing success in his long political career.”³²

From his later perch as Republican U.S. Senator, Cameron prevailed upon President Ulysses S. Grant to appoint his son Secretary of War (1876-1877); and when he stepped down from the Senate (1877), he prevailed upon the Pennsylvania legislature to elect his son, James Donald Cameron (1833-1918) in his place. The younger Cameron was a Republican U.S. Senator and party boss for 20 years from 1877 to 1897.³³ Before his appointment as Secretary of War (during the last year of the Grant administration), the younger Cameron had been a bank clerk and cashier and the president of the Northern Central Railway of Pennsylvania. “A man

31. See Erwin Stanley Bradley 1966, *Simon Cameron, Lincoln's Secretary of War*, pp. 53-56.

32. Bradley 1966, *Simon Cameron*, p. 20.

33. Henry Adams, an intimate, personal friend and frequent travel companion of Donald Cameron and his family, provides a character sketch. See Adams 1918/2000, *The Education of Henry Adams*, p. 333ff. The younger Cameron was convinced that *public morals* follow the largest interest, and he was a “practical politician,” whom “all the reformers ... had abused ... for subservience to moneyed interests and political jobbery. He was sure to go with the banks and corporations which had made and sustained him.” In fact, though, he sometimes resisted; Cf. John Hay on the younger Cameron’s “boundless ambition and passion for intrigue,” quoted in John Taliaferro 2013, *All the Great Prizes, The Life of John Hay*, p. 189.

of substantial wealth, Cameron, forty-three, was little known in political circles, except as the son of Senator Simon Cameron, the disgrace war secretary under Abraham Lincoln.”³⁴ After entering the U.S. Senate, the younger Cameron was Chairman of the Republican National Committee in 1880; and he was a substantial power in state and national politics over decades. We naturally wonder about the precise sources of the elder Cameron’s outsized influence over President Grant and the Pennsylvania legislature.³⁵ The answer generally given is that the Camerons and the later state Republican bosses had many supportive political friends and retainers, high and low,—primarily because they controlled vast private, state and federal patronage.

Simon Cameron had been the Pennsylvania Republicans’ favorite son candidate for President in 1860, and President Lincoln reluctantly, in view of Cameron’s reputation for self-promotion through the spoils system, appointed him his first Secretary of War (1861-1862).³⁶ Cameron was forced from office in January 1862, partly in light of irregularities in War Department requisitions and contracts for supplies. John Nicolay, the President’s private secretary recorded President Lincoln’s oral meditation on his Secretary of War: “Cameron utterly ignorant and regardless of the course of things, and the probable result. Selfish and openly discourteous to the President. Obnoxious to the country. Incapable either of orga-

34. Ron Chernow 2017, *Grant*, p. 825.

35. See Robert Harrison 1982, “Blaine and the Camerons: A Study in the Limits of Machine Power.” Cf. Bradley 1966, *Simon Cameron*, pp. 188-122 on the allegations of corruption and bribery in Cameron’s first election as a Republican U.S. Senator in January 1857.

36. From his position as Secretary of War, it is known that the elder Cameron befriended Pittsburgh’s Christopher Magee, Sr., father of later Pittsburgh political Boss Christopher L. Magee. The elder Magee sold provisions to the U.S. Army during the Civil War.

nizing details, conceiving and executing general plans.”³⁷ The episode of Cameron’s forced resignation is suggestive of the doubtful ways in which Cameron built his political machine. The elder Cameron was a noted and effective spoilsman.³⁸ But following a brief face-saving European tour as U.S. minister to Russia in 1862, he returned home and was repeatedly elected Republican Senator by the Pennsylvania legislature.³⁹ The effective spoilsman promotes his own position by seeking out friends in high places, and supporting their projects and objectives, while rewarding and bringing along *dependable*, supporting clients; and this practice and its expanding scope were, quite often, politically accepted.

The spoils system of federal, state and local party patronage over appointments to minor offices was more damaging to the public interest and the integrity of public officials during the Civil War and post-Civil War periods of expanded military, state and federal government powers. Anti-monopoly and the fight against corruption are two key concepts of the subsequent Progressive Era, and the present point is to understand the linkages.

The Cameron organization controlled a substantial volume of patronage. Besides state and municipal patronage, there were at least six thousand federal offices available to the citizens of Pennsylvania, mostly at the disposal of the state’s Senators and

37. Quoted in Bradley 1966, *Simon Cameron*, p. 204. John Nicolay and John Hay, personal secretaries to the President would later jointly write a famous biography of Lincoln.

38. President Lincoln forced Cameron’s resignation; and at about the same time, R.W. Emerson delivered a lecture at the Smithsonian Institute and visited with the President at the White House. Emerson’s primary message in his lecture was “The evolution of a highly destined society must be moral; It must be catholic in aims;” more specifically, he favored immediate emancipation as crucial to the war effort. See R.W. Emerson 1862, “American Civilization.” See also, Stephen Cushman 2013, “When Lincoln Met Emerson.”

39. During the Grant administration Simon Cameron was Chairman of the Senate Foreign Relations Committee with support of the President and Republican party bosses. See Ron Chernow 2017, *Grant*, p. 717.

Congressmen The recipients of patronage were normally expected to devote their energies and influence to the interests of their party and patron. In particular they were expected to attend their patron's interest at primary and delegate conventions.⁴⁰

Though there is room to see limits on the political power of the patronage bosses over the party and the party machines, and the matter has sometimes been overstated,⁴¹ the bosses' power in the party was closely linked to the mutual dependence of political patron, party nominees and job-seeking clients. Large-scale post-Civil War industrialization expanded the scope and opportunities for clientelism, because big business was partly *integrated* into the corrupting clientelism of the political spoils system, providing funding to political campaigns, sometimes industry jobs for the politically favored and drawing political advantages to particular economic interests.

Steffens wrote that big business had later been practically incorporated into Pennsylvania's Republican patronage system. "In the State ring are the great corporations, the Standard Oil Company, Cramp's Shipyard, and the steel companies, with the Pennsylvania Railroad at their head, and all the local transportation and other public utility companies following after":

They get franchises, privileges, exemptions, etc.; they have helped finance [state Boss Matthew] Quay through deals: the Pennsylvania [Railroad] paid [Philadelphia Boss David] Martin, Quay said once, a large yearly salary; the Cramps get contracts to build United States ships, and for years have been begging for

40. Robert Harrison 1982, "Blaine and the Camerons," pp. 160-161.

41. Contrast Wayland Dunaway 1948, *A History of Pennsylvania*, pp. 438-439; and the discussion in Harrison 1982, p. 158. "So absolute was their sway," Dunaway says of the Pennsylvania Republican bosses, the Camerons, Matthew Quay, and Boise Penrose, "that the only sure way to political preferment was through their favor, while to oppose them was to invite defeat." Harrison 1982, "Blaine and the Camerons," shows there were exceptions and that the bosses learned to adapt to the party rank and file on occasion.

a subsidy on home-made ships. The officers, directors and stockholders of these companies, with their friends, their bankers, and their employees, are of the organization.⁴²

There is a persistent myth that nineteenth-century America was a period of economic *laissez-faire*, and while it is true that there was little direct *federal* regulation in economic affairs before the 1880s, the State governments regularly intervened to aid, promote and sponsor particular economic projects and interests. The states also subsequently made attempts at regulation. The best examples of sponsorship are perhaps the systems of state-sponsored toll roads and canals, the support of New York State for the Erie Canal, and Pennsylvania's support and charter of the Pennsylvania Railroad. New York's Erie Canal was a "state-owned, state-financed and state-run enterprise."⁴³ The Pennsylvania Railroad, in turn, arose from a gradual privatization of Pennsylvania's "Public Works" system of canals and short connecting rail lines.⁴⁴ The states also later attempted regulation of the railroads, but this eventually fell afoul of the interstate commerce clause and they were blocked from more extensive regulation in the federal courts.

Steffens continues with his description of a *network* of illicit favoritism and clientelism:

Better still, one of the local bosses of Philadelphia told me he could always give a worker a job with these companies, just as he could in a city department, or in the mint, or post office. Then there are the bankers who enjoy, or may some day enjoy, public deposits; those that profit on loans to finance political financial deals; the promoting capitalists who share with the bosses on

42. Steffens 1904, *Shame of the Cities*, below, pp. 139-140.

43. Edwin G. Burrows and Mike Wallace 1999, *Gotham, A History of New York City to 1898*, p. 430.

44. See Louis Hartz 1948, *Economic Policy and Democratic Thought, Pennsylvania 1776-1860*.

franchises; and the brokers who deal in ring securities and speculate upon ring tips.⁴⁵

Given the pre-existing spoils system of political patronage, introduced or expanded by President Jackson well before the Civil War, the subsequent expansion of the state and federal governments during the war and the pressing need of war supplies and provisions, the clientelism of the political spoils system was greatly extended, including mutually supporting extensions into the world of business. After federal Civil Service reforms began gradually contracting the possibility of the clientelism of minor public offices, with the passage of the Pendleton act in 1883, patronage politics became increasingly dependent on banking and large, consolidated firms for support of patronage-based politics. Special interests sometimes solicited political support or *vice versa*, but the origin of Gilded Age corruption was in the waxing clientelism of the political spoils system.

4. Philadelphia, corrupt and contented

Late Gilded-Age Philadelphia was clearly Lincoln Steffens' most problematic and dramatic case of municipal corruption. Perhaps the worst thing about it was the large degree of public acceptance and acquiescence. The politics of the city was not merely corrupt, but the electorate was generally passive and contented. Steffens puts it this way:

But it was not till I got to Philadelphia that the possibilities of popular corruption were worked out to the limit of humiliating confession. ... Philadelphia certainly is not merely corrupt, but corrupted, and this was made clear. Philadelphia was charged up—to the American citizen.⁴⁶

Steffens viewed the corrupt system of the city and the state as a paradigm and leading exemplar of corruption, “the end toward

45. Steffens 1904, *Shame of the Cities*, below, pp. 139-140.

46. Steffens 1904, *Shame of the Cities*, below, p. 10.

which our democratic republic is tending;” and he warned, “If it is, the end is absolutism. Nothing but a revolution could overturn this oligarchy, and there is its danger.”⁴⁷ How did the corrupt system develop?

Looking back before the Civil War, Philadelphia’s city-county consolidation of 1854 arose in part from civil strife, racial, religious, and economic conflicts, riots, and public disorders in the wake of early, smaller-scale industrialization, rapid population growth and large-scale immigration to the city in the 1840’s and 1850’s. As early as the Summer of 1834, the city experienced rioting aimed against the African-American population, and the conflicts and antagonisms continued following the financial panic of 1837 and the adoption of the Pennsylvania Constitution of 1838—which disenfranchised the Commonwealth’s free black citizens.

While denial of votes to blacks in the state may have placated some—particularly new immigrants who saw themselves in competition for the low-level jobs they had traditionally held—it also focused abolitionist efforts, motivating their construction of Pennsylvania Hall in Philadelphia—dedicated to the abolitionist cause. Riotous arson was quickly directed against the institution by an anti-abolitionist mob in May of 1838. The city’s volunteer fire companies concentrated on protecting surrounding buildings and made no attempt to save Pennsylvania Hall.⁴⁸

In May and July of 1844, nativist rioters attacked Irish-Catholic neighborhoods and burned homes and churches both in the city proper and in the surrounding Philadelphia county districts. The violence culminated in running battles between the rioters and the state militia. Law enforcement in Philadelphia county was inadequate, and the small, pre-consolidation city lacked the tax-base to aid enforcement in the county at large.

47. Steffens 1904, *Shame of the Cities*, below, p. 137.

48. For the story of Pennsylvania Hall, see e.g., Nicolas B. Wainwright 1982, “The Age of Nicolas Biddle, 1825-1841,” pp. 295-296.