

A LIMERICK LABOUR LEADER IN SAN FRANCISCO

HOW MANY ANGELS ON A 'PINHEAD'?

Under the entry McCarthy, P(atrick) H(enry), **Who's Who in America** lists the following statistics: born -

Killoughteen, Newcastle West, Co. Limerick, Ireland, March 17, 1863; son of Patrick and Ellen McCarthy; educated in public schools of native co.; learned carpenter's trade; came to America, 1880; resided at Chicago, and St. Louis, and went to San Francisco, 1886; married Janette H. Saunders, of city of Cork, Ireland, January 15, 1905. Aided in organising United Brotherhood of Carpenters and Joiners of America, and elected member of executive body 1904; organiser, 1894, and president Building Trades Council of San Francisco 20 consecutive years; organiser and president Building Trades Council of California 22 consecutive years; organiser and president Building Trades Temple Association of San Francisco 15 years running conjointly with the City and State building trades councils; resigned these three positions in 1923. Was member of Freeholders Convention that framed charter of San Francisco and one of first civil service commissioners under said charter; Union Labour candidate for Mayor of San Francisco, 1909, and elected for term of 2 years, engaged in investment banking business. Republican. Catholic. Home: San Francisco, California. Died June 30, 1933. (1)

When in New York last year I phoned the headquarters of United Brotherhood of Carpenters and Joiners of America looking for information on Patrick ("Pinhead") McCarthy, a former president and founding father of the union. I was somewhat surprised to be told by an executive that he had never heard of him! It is always a reply that could be used if McCarthy ever ran the risk of being posthumously deified!

One of the intriguing elements in McCarthy's very impressive list of achievements was that of investment banker. How did a man who left Ireland

by Michael
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as a penniless orphan become a banker? Is it not curious that a labour baron, a benevolent despot of a building trades council, could end up a stockbroker? His "odyssey", as L.A. O'Donnell so aptly put it in the summer of 1981 issue of this **Journal**, has to be viewed within the industrial context of San Francisco at the turn of the century.

Money had poured into the city during the Spanish War, trade with the Orient had quadrupled, discoveries of fuel oil and the utilisation of the waterfalls of the Sierras had cheapened power and stimulated industry.

As a result, the city began to expand, demanding an increasing supply of labour which fully realised the value of its commodity. Visiting San Francisco in 1904, the prominent and, according to some, muckracking journalist Ray Stannard Baker commented, "We are already familiar with two sorts of industrial peace: First the ancient condition in which the employer is supreme treating his workmen well or ill according to his nature, and preventing labour organisation, and second, that modern condition, well exemplified in the Pennsylvania coal regions, in which miner and coal baron are equally well organised - a state of armed neutrality in which neither side goes to war. But in San Francisco we have a new kind of industrial peace, a condition, perhaps, without precedent, in which the ancient master, the employer, has been hopelessly defeated and unionism reigns supreme. 'The employers of San Francisco are flat on their backs', a prominent contractor told me,

'when a labour leader makes a demand we give in without a word. We can't do anything else'. 'They own the town', another employer said to me.

"... No one who has watched the recent progress of labour organisation can fail to be impressed with the changing character of its management and its methods. A union is no longer a mere street mob, clamouring for more to eat. It is learning business. It has gone to school to Wall Street; and the sooner we recognise the fact that the union is a cold business proposition, often managed by men not only of intelligence and force, but of notable business acumen, the better for the country". (2)

Part of the secret of McCarthy's success lay in his genius for union politics, part in his mastery of the principles of "business unionism". "I have always believed", he said, "that labour and capital should go hand in hand". The Building Trades' Council of San Francisco existed, in his view, not to destroy the construction industry but to encourage it to increase its posterity by co-operation with the employers. He knew that his members had in their skills, a highly valuable commodity to sell, and that, like their employers they wanted the highest possible return on their commodity. He demonstrated to the workers and to the employers that the highest returns were to be won not in quarrelling with each other, but in combining in a giant monopoly of labour and materials, increasing the costs of both, and passing the increases on to the public. (3)

McCarthy was not alone among labour leaders in his "business unionism" approach. In February 1901, the Atlantic City (N.J.) **Union Herald**, under the heading, "Managed by Business Methods", boasted editorially: "Trade unions are more and more being based on business principles, and are more and more being managed by business-minded leaders who operate according to business

methods. The more complete the mastery of these principles the greater the success attained. Philip Taft, the American labour historian, has traced the origins of business unionism to the very beginning of trade unionism in the U.S. and has left us with a definition of what it is, but, in general, it can be said that the original objective of business unionism was to enable the unions to function efficiently as tightly-knit, well-organised, soundly-financed instruments of the working class in their day-to-day struggles. (4)

McCarthy's skills and influence were well-known to employers by the turn of the century. By this time, not only was he a highly respected labour boss but he was also widely known because of his involvement in the Reform Charter of 1898, mainly organised by the Merchants' Association of San Francisco, during which campaign he was described as "more conservative than any of the millionaires". (5) But there was one example which convinced employers in the building industry of McCarthy's consummate skill as a businessman and his mastery of business unionism. In 1900, the members of the Mill Owners' Association locked out their workers rather than grant an eight-hour day, arguing that they could not sell their timber in San Francisco in competition with nine and ten-hour mills outside. The workers struck and the strike was approved by McCarthy's Building Trades' Council. McCarthy himself then decided to take up the running. He conceived a daring business plan. He knew it would cost a large sum of money to pay strike benefits for the men who were out of work. Why not use this money and start a new mill? The idea was, of course, scoffed at but McCarthy organised a company, capitalised it at \$100,000, and had part of the stock subscribed by the various unions in the building trades. The employers called it a bluff, but when they found that McCarthy was in earnest, they tried to prevent the sale of machinery to the unions by local firms. McCarthy immediately made arrangements to buy in the East, but he was finally able to purchase in San Francisco. He built a large new mill, the second largest in San Francisco, and outfitted it complete. "He'll put a union leader in control", the employers said, "and he'll make a fizzle of it".

But he didn't: he hired an experienced mill manager, and the mill started operating on an eight-hour basis, with union men exclusively.

The employers, with the evidence of the extraordinary business activity of the unions before them, made overtures for peace. The two sides got together, and the employers granted all the demands of the unions - and more; then they admitted the union mill into their association as a member, and the

Building Trades' Council agreed to use no material which did not bear the union stamp, or which were not made in an eight-hour mill." (6)

So McCarthy had performed the impossible. By using union capital he had not only broken the lockout but he had turned the tables on the employers. He had secured admission of the union-owned mill into the Mill Owners' Association and had agreed that none of the building trades' unions would work in San Francisco with timber from any but Association mills. He had achieved a complete monopoly of the mill-working business, in which the unions actually appeared on both sides of the agreement - on one side as the owners of the mill and on the other as representatives of the labour employed. This situation was known as a "corner in labour", an ingenious combination of a closed shop and a closed market.

Most significantly, the agreement between the Mill Owners' Association and McCarthy's Building Trades' Council was a secret one. (7)

With the monopolist situation then prevailing after the strike there followed a tremendous hike in the price of mill products. "There had been a wage increase of some 25% but the price of mill products went up by 50% - 100%" (8) The public paid the price. But "out of the enormous profits resulting to Association members from higher prices, a percentage specified in the secret agreement went to the union leaders." (9)

Apparently this was one of the inherent dangers of business unionism where union leaders became part-owners of companies which belonged to monopolistic associations. They had a double interest in using their union power to kill off competitors and increase the profits of the companies in which they (or their wives ...) were owners. At the bargaining table their ambivalence frequently became obvious and the rank and file of the unions suffered. In fact, some union leaders even supplied scabs to the companies in which they owned interests to help break strikes that threatened their personal profit. (10)

Not all of San Francisco's unions belonged to McCarthy's Building Trades' Council. There also existed the San Francisco Labour Council. At first the Building Trades' Council was loosely federated to this body. Gradually it seceded from it entirely, a position which extended even to holding its own Labour Day parades, marching in the opposite direction on Market Street. Around the turn of the century, the Labour Council aided by an organiser sent in by the American Federation of Labour to which it was affiliated, experienced a record boom in the organisation of new unions and in the recruitment of older ones.

McCarthy and his more conservative cohorts were quite displeased with the Labour Council policy of "organise, demand, strike" which led to a wave of "prosperity strikes". Neither was he too pleased when the Labour Council decided to take stand against exclusive combinations. Resolutions were passed opposing them and one union was actually expelled from the Labour Council for making a monopoly agreement with its employers' association. However, McCarthy ploughed ahead through all opposition knowing that the 95,000 Irish in San Francisco dominated the labour movement and that he could rely on them for support. (11)

Besides, his Building Trades' Council tended to look on itself as a skilled aristocracy of labour and at times was little concerned with the welfare of less fortunate workers, whether unionised or not. (12)

In 1905 a union leader was paid between \$5,000 - \$8,000 annually, plus expenses. (13) With the arrival of the ethic of the market place, the ethic of the businessman in the labour movement, many union leaders increased their income considerably. Some labour executives were so assiduous in lining their own pockets that eventually business unionism became equated with "labour capitalism"; racketeering was the inevitable consequence. Because of its nature, the building trade was particularly vulnerable and became pock-marked with rackets. Building involved speculation and investments; returns only began with the completion of the project, so that delays usually meant money. The builder had to pay for overrunning on his contract and the owner lost money in rent. The employers, therefore, gladly bought insurance against strikers, and the proceeds went into the pockets of the union leaders. "By the middle of the 1890s, the construction industry in most large American cities was infiltrated with racketeering alliances ... The rank and file and the public paid the bill". (14)

Racketeers also gained a foothold in the unions through the open shop campaign when employers used police and gangsters to beat pickets and break strikes. Forced in self-protection to retaliate, the unions hired professional strong-arm men to guard their striking members. But the gangsters refused to relinquish their jobs when they were no longer needed ... According to one source McCarthy was not a thousand miles away when all this was going on:

"Most prominent in the list of labour racketeers were "Skinny" Madden and Sam Parks, who made fortunes as czars of the building trades in Chicago and New York. "Pinhead" McCarthy, once mayor of San Francisco, on one deal alone received \$10,000 from the

Pacific Gas and Electric Company to lobby against a bill for state owned electric light and power, though the bill had been endorsed by McCarthy's own Building Trades' Council. Robert Brindell coined millions as dictator of the building trades in New York city, receiving as high as \$50,000 for one "favour". In later years "Lepke" Buckhouse and "Charlie the Gurrah" Shapiro dominated the painters' locals through 250 gunmen and had their hands at various times in the fur, garment and other industries. Colonel Martin Mulhall, member of the Philadelphia Labour Union, bribed hundreds of union officers to support the open shop political programme of the National Association of Manufacturers, and succeeded in defeating many real labour candidates. John Mitchell, president of the United Mine Workers, amassed a fortune of \$250,000. Al Capone ran the cleaning and dyeing and other Chicago unions for years." (15) Even in 1932, the American Federation admitted that 28 of its Chicago affiliates were ruled by racketeers and gangsters.

There are plenty who allege that McCarthy grew rich on extortion, bribery and back-handers. There are others who say this was not so and that he was the "Mr. Clean" of the labour movement. When Peter J. McGuire, secretary-treasurer of the United Brotherhood of Carpenters and Joiners - the union of which McCarthy was a founding member - was arrested for syphoning off union funds it was also alleged that McCarthy had made systematic raids on the union treasury". (16) It was said too that he was party to the graft scandal that rocked San Francisco in 1906. Neither allegation has been substantiated or proven.

A logical extension of business unionism was the launching of the unions of large scale capitalist ventures and the setting up of property developments, investment companies, banks, and the purchasing of controlling interests in existing banks. The first labour bank was the Mount Vernon Savings Bank of Washington D.C., which was sponsored by the International Association of Machinists and opened on May 15, 1920. (17) The Brotherhood of Locomotive Engineers' Cooperative National Bank was opened in Cleveland, Ohio, on November 1, 1920. (18) The president of the Brotherhood Bank was Warren S. Stone who was also president of the Brotherhood. The stock was owned by the officials and by individual members of the Brotherhood. "Running a bank is like running a peanut stand", Stone announced, "only more peanut stands go out of business". (19)

The **Monthly Labour Review** of December, 1929 stated five reasons for the establishment of labour banks -

(i) business, or the profitable investment of trade union funds; (2) protection of the labour movement by having its own funds as an investment against the open shop movement; (3) advancement by using labour's money for labour (4) co-operative service to workers through higher interest rates on savings, small loans, etc. and (5) psychological reasons such as prestige. (20).

It is easy to understand how McCarthy became involved in the banking business when one considers that by 1925 there were as many as 36 labour banks holding approximately \$100,000,000 in deposits. (21) But the honeymoon in the financial world lasted a little over five years. By 1931 only 11 were left. Some of these merged with other banks. Most of them failed. Among the causes of failure are listed "ignorance, inefficiency, dishonesty, poor judgement, favouritism, speculation, questionable financing, etc." (22) Today there are only four labour banks in existence in the U.S.

McCarthy's excursion into politics was interesting, not such much for what he achieved, but for how he got there. At the turn of the century, the prevailing philosophy in American labour was "no politics in the unions and no unions in politics". In 1900, Adolph Strasser, one of the men who helped shape the policies of the American Federation of Labour, was asked by the U.S. Industrial Commission: "Did you ever know of any trade union in the United States to live that went into politics?" He answered: "Not to my knowledge. They are all exterminated sooner or later. I mean partisan politics." (23) While political action was there as an option for the unions, it was seen as basically unnecessary. It was claimed that by economic action organised labour would win in its struggle with capitalism.

The first major change in this policy occurred in the city of San Francisco, much against McCarthy's wishes. On July 21, 1901, the Teamsters' Union was locked out by employers in the Draymen's Association in an attempt to end the closed shop in the draying business. Briefly, what happened was that a non-union draying company, not a member of the Draymen's Association, was awarded the contract for handling the baggage for the national convention of the Epworth League in San Francisco. The company could not cope with the amount of baggage so a firm which was a member of the Draymen's Association was called in. The latter's teamsters refused to work on a job with non-union men with the result that the Association locked out all its teamsters. (24) Scabs were imported to do the work. By the end of the month 14 maritime unions, com-

prising 16,000 members, had joined the teamsters. Shipping was at a standstill. Violence erupted on the streets. The employers requested police protection. Mayor James D. Phelan passed the employers' request to the chief of police, who ordered his men to smash the strike. "The strikers must be driven off the streets ... Drive the men to their homes and make them stay there. Keep the streets clear of union men." (25) Pickets were clubbed and 250 members required surgery. (26)

Police brutality and the role of the municipal authorities in backing the employers opened the eyes of most union members to the weaknesses of their approach to political action. "Elect your own" became the catch-call among labour. The top election of labour in San Francisco advised caution in the move toward political action. McCarthy warned the workers of the dangers to trade unionism in taking political action and denounced the movement for a labour party as "socialist". (27)

On September 5 a convention was held in San Francisco to launch a labour party; 300 delegates attended representing 68 unions. The Building Trades' Council, led by McCarthy, refused to send delegates. The new party was called The Union Labour Party of the City and County of San Francisco. (28) Eugene E. Schmitz, a member of the musicians' union was nominated as labour candidate for mayor. (29) McCarthy in his attacks on the new party warned through **Organised Labour**, the official journal of the Building Trades' Council, that the Labour Party represented a movement for class government and declared that it desired "to impress on every trades' union man connected with the building industry that his municipality is best governed when public servants are selected from the entire community without regard to any particular class". He described the Labour Party as "foreign" and "socialistic" in purpose. (30)

Labour won a resounding victory at the polls. Schmitz was installed as mayor. The city became a union town. The teamsters' strike was settled in favour of the workers. Within a year the number of trade union members had doubled, the Employers' Association was disbanded and, surprisingly enough, San Francisco was one of the cheapest places to live among fourteen of the principle cities of the U.S. (31)

In the election of 1903, however, McCarthy tried to deliver the votes of the Building Trades' Council to the Republican candidate but this manoeuvre backfired and increased support for the labour candidate, Schmitz. (32) By the election of 1905 not a single union or union leader, not even McCarthy, opposed the Union

Labour Party ticket. Instead, he had become one of its strongest supporters. He had finally admitted that the unions had benefitted from political involvement.

When Schmitz had been elected for a second time as mayor of San Francisco one prominent journalist wrote worriedly from there to President Theodore Roosevelt "... conservative (labour) leaders here and elsewhere, as you doubtless know, are having trouble to keep the lid down on the union political pot. It wouldn't take much to stampede the whole labour movement into a big national party." (33) But the leaders managed to avoid this happening.

Labour throughout the U.S. had seen what had happened in San Francisco and in city after city across the county it mobilised its resources and began to dominate one municipality after another. In late 1906, just as the movement seemed poised for increased activity, it received a severe setback. The municipal authorities of San Francisco were accused of graft and corruption. An investigation followed which disclosed that the Labour Party and the mayor, the union musician, Schmitz, were controlled by the district attorney, Boss Abe Ruef who, under the siege of legal fees, was able to extort large sums of money from the public services, gambling houses, and brothels in return for favours and protection. Ruef was a political boss in the Republican Primary League but he also played a role in the organisation of the Union Labour Party and in the nomination of Schmitz. McCarthy and the Building Trades' Council denounced the investigation and subsequent prosecution. On the other hand, his own union the United Brotherhood of Carpenters and Joiners repudiated and condemned the gang of boodlers and grafters who used the name of the labour unions to promote their own ends. The local and national press followed the course of the investigation extensively, almost gloating at labour's embarrassment. The **Nation** noted delightedly, "A defender of organised labour as a political force must be speechless in view of its San Francisco record". (34)

Ruef was first imprisoned and then Schmitz. McCarthy quickly emerged as the dominant figure in the Union Labour Party organisation. He was subsequently nominated by the party convention for mayor but lost the election to Dr. Taylor, a reform candidate. This represented a severe setback for labour in San Francisco but it was offset by other labour victories elsewhere in the U.S. (35)

In 1909 McCarthy was again nominated for mayor. In his campaign he complained that the stagnation of business in San Francisco during the last two years was due to the graft

prosecution, and promised that if he were mayor he would give the city a business-like, liberal and tolerant administration which would restore prosperity. It was a wise platform at the time as people were tired of moral crusades and the prosecution. A letter to the editor of the **New York Times** summed it all up: "San Francisco is a spot of graft, business and politics and street railways all mixed up in one elegant system, as 'Pinhead' McCarthy, the labour leader out there might say. President Roosevelt ought to have 'stayed on the job' about four years longer so that he could have sent General Funston and a sufficient number of American troops out there to clean that Augean stable." (36)

McCarthy was elected with nearly 10,000 votes to spare over his nearest rival. He was defeated when he ran for election for a second time in 1911 and his defeat mean the beginning of the end for the Labour Party in San Francisco.

Patrick Henry McCarthy died in San Francisco on June 30, 1933. (37) He may have been Pinhead to his peers but he was also recognised as one of the most powerful forces that shaped labour policy in the West Coast during his lifetime. He was a conservative, even reactionary, but he gave to the labour movement in San Francisco a new consciousness and a new perspective.

A critical assessment of his career must obviously place it in the context which conditioned it. Though business unionism brought benefits, it also brought dangers - for members and officials. Given the prevailing economic ethos of the time, it is hardly surprising that Pinhead McCarthy became a master - and a victim - of the system he so successfully pioneered.

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