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ONE

Fuel King of the West

Young men migrating to the West after the Civil War took advantage of capital raised in the eastern United States and Western Europe to create industrial and transportation empires in Colorado. Among these men was John Cleveland Osgood, who became one of the wealthiest industrial capitalists of the time. His rise to industrial power and wealth is an interesting tale of western finance and industrial development, a story that includes such contemporary financial titans as J. Pierpont Morgan, Edward H. Harriman, Jay and George Gould, and the John D. Rockefellers, father and son. Described by Thomas G. Andrews as "[a] dapper dandy who cloaked a fierce temper behind impeccable attire, a handlebar mustache, and a poker face, Osgood was the quintessential self-made man." At times, according to

Perry Eberhart, he was "a reluctant dragon, a man of tempest, or a man of peace and beauty—a man of mystery."[1]

Born of humble origins in Brooklyn, New York, on March 6, 1851, Osgood lived with relatives after being orphaned as a youth. He attended public schools in Connecticut and Rhode Island. At age fourteen he went to work as an office boy for a textile manufacturing firm in Providence, Rhode Island, and two years later he was hired as a bookkeeper by the William H. Ladd Produce Commission in New York City. While employed at the firm, he attended night classes at the Peter Cooper Institute, graduating at age nineteen with a degree in accounting. Impressed by Osgood's industrious work habits, in 1870 A. D. Moss, an assistant manager for a Colorado coal company, recommended him for a job as bookkeeper and cashier for the Union Coal and Mining Company in Ottumwa, Iowa. After resigning from that position four years later, he became cashier of the First National Bank in Burlington, Iowa. With money he had saved, he purchased the financially troubled Whitebreast Coal and Mining Company, becoming the company's president in 1878.[2] The Whitebreast Coal and Mining Company became a major supplier of coal for the Chicago, Burlington and Quincy Railroad. In 1882, shortly after his thirty-first birthday, Osgood traveled to Colorado at the railroad's request to investigate the coal resources there.[3] Thus began his Colorado venture.

Colorado's vast untapped coal resources convinced Osgood to start a new business career in the West. With financial support from the executives of Burlington Railroad as well as other Burlington and Ottumwa capitalists, he and three associates from Iowa organized the Colorado Fuel Company (CFC) in 1883. The "Iowa Group," consisting of Julian Abbot Kebler, Alfred Curtis Cass, and David C. Beaman, ably assisted Osgood in his remarkable rise to fortune. They were talented and experienced men who had been associated with Osgood in the Whitebreast Coal and Mining Company. Each brought special expertise to the management table: Kebler, mining technology; Cass, marketing; Beaman, legal counsel. Two Denver lawyers—Charles H. Toll and John Lathrop Jerome—later joined them to round out the top tier of Osgood's closest associates who were instrumental in the development of his expanding coal empire.[4]

Richard Charles Hills, one of the era's most eminent geologists, also contributed significantly to Osgood's coal enterprise. Osgood employed him as a consultant to evaluate the coal lands in Colorado and adjoining states. A fellow of the Royal Geological Society of London and a founding member of the Colorado Scientific Society, Hills, over a sixteen-year period, helped Osgood locate some of the best coal deposits in the four-state area of Colorado, Wyoming, Utah, and New Mexico. He was still associated with Osgood's Victor-American Fuel Company at the time of his death in 1923.[5]

Osgood and the company officials created a tightly run operation with a strong business orientation. Unlike eastern investors who were only interested in profit from their investments in Colorado, they developed the CFC as residents of the state with the intent of making the company a lasting success. They were not plungers but cautious men who made studied decisions. Osgood focused on the coal business and limited the operation to a comparatively small number of people who held the majority of the company's stocks and bonds.[6]

In addition to his business acumen, Osgood's tremendous ability to obtain financial support was critical to the success of his various endeavors. The capital raised by the creation of the CFC enabled him to lease the Anthracite mine near Crested Butte in west-central Colorado and to purchase the Mitchell mine north of Denver. From these mines, the company supplied coal to the Chicago, Burlington and Quincy Railroad and to consumers along the rail line in eastern Colorado and western Nebraska. In 1887 he formed the Denver Fuel Company and opened a mine and erected coke ovens at Sopris, near Trinidad. The following year he established the Elk Mountain Fuel Company and began to open large coal deposits in Garfield and Pitkin counties in western Colorado.

With the financial backing of several prominent Denver businessmen recently enriched from precious metal mining and smelting interests, Osgood reorganized the CFC in 1888, enlarging its authorized capital from $500,000 to $5 million. Over the next four years the issue of the new shares enabled the reorganized company to bring the Denver Fuel and Elk Mountain companies, along with several other land and coal auxiliaries, under the umbrella of a single firm. With this expansion, by 1892 the CFC owned almost 34,000 acres of coal land, seven mines, and two coke oven plants. The company had become a formidable competitor of the Colorado Coal and Iron Company (CC&I), organized in 1880 by William Jackson Palmer, the principal builder of the Denver and Rio Grande Railroad. Prominent among CC&I's holdings was the Bessemer steelworks in Pueblo, the only integrated iron and steel plant in the West.[7]

While Osgood's company prospered through superb management, wise investments, and aggressive salesmanship, CC&I faltered as a business enterprise. It continued to record significant losses in both revenue and contracts. Disgruntled by the company's poor performance, Wall Street investors who dominated the company toppled Palmer when he defaulted on interest payments in 1884. Even under new management, the company's problems persisted. With the slowdown of railroad construction in the West, the Bessemer steelworks in Pueblo became an even greater drag on CC&I. Competition from new coal companies, particularly Osgood's CFC, prevented CC&I from expanding its share of the coal business. In 1891 the company lost large contracts with the Missouri Pacific and Union Pacific railroads that amounted to more than $1 million in fuel business to CFC. With Osgood making plans for a steelworks in Denver, CC&I was ripe for a merger, which Osgood—flush with new capital from his company's successful performance—arranged on his own terms. He "out-generaled" Edward J. Berwind, chairman of the board of CC&I, to garner a sweetheart deal.[8] Unhappy with their subordinate officials, the CC&I directors agreed to turn management of their company over to Osgood and the CFC officials even before a final agreement had been reached. Osgood was the sort of cunning and capable leader they longed for after years of suffering financial losses.[9]

The new company, Colorado Fuel and Iron (CF&I), was formally organized in October 1892. Osgood and the Iowa Group were now in control of a vast industrial empire that included $13 million in authorized capital, 71,837 acres of coal land containing an estimated 400 million tons of domestic and coking coals, fourteen mines with a capacity of 12,000 tons daily, four coking plants comprising 800 ovens that could produce 1,000 tons of coke daily, and iron lands in excess of 2,000 acres. The company also assumed ownership of the Bessemer steelworks. The formation of CF&I made Osgood the dominant coal entrepreneur in Colorado and the West. From its creation, the corporation and its subsidiaries comprised the largest enterprise in the western mountain region.[10]

With the establishment of CF&I, Osgood and company officials restored order to the Colorado coal industry, where competition for the expanding market had launched a battle for the survival of the fittest. Osgood and his associates emerged the victors in this struggle; thus, Osgood's plan to dominate the western fuel trade seemed a certainty. But the albatross around the neck of the former CC&I, the Bessemer steelworks, remained a potential problem. Unable to dispose of the steel plant legally, which was his original intent, Osgood decided that an investment in modernizing the plant and improving the company's mines and camps would make the steelworks profitable. Through expansion, he envisaged transforming the small, inefficient plant into a modern, mass-producing giant. Osgood raised over $2 million in company bonds on a European trip in 1892–1893 and borrowed additional sums for operations and improvements from Denver and New York banks. However, the modernization project was quickly halted by a decline in metallurgical sales and the depression caused by the Panic of 1893, and the Pueblo steel plant was idle for several months.[11]

The Panic of 1893, caused in part by railroad failures and the repeal of the Sherman Silver Purchase Act—which contributed to the collapse of silver—dealt devastating blows to the Colorado economy. CF&I suffered along with the other coal and rail industries in the state. Demand for coal, coke, and rails plummeted during the period June 1893–June 1894, leaving the company hard-pressed to meet its financial obligations. Like other coal companies during the depression, CF&I closed mines or worked them half-time, laid off miners, and cut the wages and hours of those who remained employed in the mines that remained open to reduce costs and lower the price of coal. The irregular work and reduced pay drove many miners into debt, forcing them to depend on the company for credit. As the depression deepened, several companies that no longer had the cash to meet their payrolls began to pay their workers in scrip. Scrip, or company money, was redeemable only at the company store, where excessively high prices were often charged. Scrip was greatly discounted when converted to cash in saloons and other establishments. All these issues—irregular work, reduced wages, and the scrip system—angered coalminers in Colorado and became a point of contention among miners throughout the nation's coal mining communities. Believing that a nationwide strike was the only way to address these grievances, the nascent United Mine Workers of America (UMWA) called a national work stoppage for late April 1894.[12]

With few union members in the state, the strike spread slowly and unevenly in the southern Colorado coalfields. Miners in the older camps, such as Engleville and Coal Creek, where union activity was strongest, were the first to respond to the strike call. Strikers from these camps began a campaign in late May to persuade miners from the newer camps to join the strike. Marching en masse from camp to camp with American flags and a brass band leading the way, the strikers managed to get hundreds of miners from Pictou, Rouse, and other newer CF&I camps to join their ranks. It was estimated that eventually between 4,000 and 5,000 miners, about three-fourths of Colorado's coalmine workers, laid down their tools during the strike. Through either persuasion or coercion, the union succeeded in shutting down most of the larger mines in Colorado, including all but three of CF&I's properties.[13]

The strike lasted until early August 1894. Although a moderate success for the union in other parts of the country, the strike was a complete failure in Colorado. Neither of the union's basic grievances—the abolition of scrip and the institution of semimonthly pay periods in legal money—was granted. The depressed economic situation doomed the strike from the beginning, for companies had no trouble hiring strikebreakers. Striking union men and their families soon began to suffer from want. As the mines reopened, many of the striking miners went back to work. Those who found employment with CF&I, however, discovered that the company had cut their wages to punish them for their insolence. Further, the company did not hire all of its former employees. Those found to have been actively involved in threatening or intimidating miners who wanted to work were refused employment.[14]

CF&I had weathered the first major labor disturbance it had faced, at a cost of $40,000. Part of the cost was for hiring mine guards to protect strikebreakers and mine property. The cost was largely offset by the company's strike fund, which Osgood had created by charging miners a small fee for every ton of coal mined. The company's aggressive action against the strikers, Osgood assured CF&I stockholders, would prevent further strikes for years to come.[15]

Osgood would later downplay the significance of the 1894 strike. In 1914, when he was called to testify before the Commission on Industrial Relations, his recollection of the 1894 strike differed greatly—whether intentionally or because of a lapse of memory—from historical fact. In the 1914 testimony he stated that the first strike in the Colorado coalfields of "anything more than of local importance or that lasted more than a few days or a week" was the "so-called Debs strike" of 1893. [The year was actually 1894, and the strike was more commonly known as the Pullman strike.][16] The Colorado strike, Osgood stated, was a sympathetic strike that grew out of the nationwide labor disturbances that year. In making this point, he observed that Colorado coalminers made no particular demands but struck out of sympathy for the men on strike in other parts of the country. It was not a complete strike, he emphasized, as many of the mines continued to operate throughout its entirety. He also stated that no labor organization had attempted to organize labor.[17]

In reality, the 1894 strike was a far more serious affair than Osgood described in his testimony. He was incorrect on several points. The strike in Colorado was not part of the Pullman railroad strike, as Osgood asserted, even though the miners probably lengthened the strike in the coalfields by expressing support for the railroad workers. Contrary to Osgood's assertion that no labor organization was involved in an attempt to organize the miners, the strike occurred as a result of the first major campaign by the UMWA to organize the Colorado coalfields. As to Osgood's statement that the miners presented no grievances, the union in Colorado issued a manifesto that made two demands: the abolition of scrip and payment of wages in legal money on a semimonthly basis. In addition, local union officials had requested a conference with the operators. The operators rejected these demands, stating that they would not participate in a conference unless the miners first returned to work.[18]

Although Osgood professed to believe that the 1894 strike was not important in Colorado, it was undoubtedly a major event in shaping his antiunion policies. He realized that the UMWA was becoming a formidable force on the national political and economic scene. Union success, Osgood and his allies believed, raised the specter of organized labor gaining control of the nation's political institutions, thus stripping away powers and property that rightfully belonged to corporations. He vowed never to allow this to happen in Colorado. Under his leadership, CF&I became the most unyielding foe of organized labor in the state, if not in the entire West. The 1894 strike convinced Osgood that he needed to initiate additional measures to defeat the UMWA. Included in his plans was the development of a new closed town system, discussed in detail in Chapter 5, that would give CF&I more control over workers and isolate them from the union. To accomplish this, he would have to wait for better economic times.

Economic conditions improved quickly. As the depression receded, the company's fuel sales increased during the second half of the 1890s. CF&I enhanced its position in the regional market by absorbing rival firms, opening new mines, and building new coking plants. Osgood's success in leasing or purchasing mining properties was astonishing. In 1901 the Rocky Mountain Coal and Iron Company, an Osgood subsidiary company, purchased 258,000 acres of the Maxwell Land Grant between the Purgatoire River in southern Colorado and the New Mexico border for $750,000. This transaction, one of Osgood's most important achievements, precluded competition for coking coal and provided the additional fuel necessary for the expansion of the Bessemer steel mill. With these acquisitions, including properties in New Mexico, CF&I's share of Colorado's coal output jumped from 45 percent to 73 percent between 1893 and 1902. The corporation now had twenty-two mines and nine coking facilities, the latter of which produced three-quarters of the coke produced in Colorado.[19]

The recovery of the steel industry throughout the nation and the increased share of the rail market for the Pueblo firm enabled Osgood and company executives to resume the program of modernization and expansion of the steelworks in September 1899. Earlier in the year, Osgood had attempted to organize a new corporation by purchasing the Victor Coal and Coke Company and consolidating it with CF&I to form the Colorado Steel Company, with authorized capital of $50 million. Although he completed the purchase of the Victor Company, which with several large mines and coke ovens in Las Animas County in southern Colorado had been a major competitor for many years, his plan to create a new corporation was scuttled in July. New York brokers withdrew their support when they learned that Osgood had suffered heavy losses from speculations in the stock and commodity markets that had temporarily endangered his personal finances. After the collapse of his plans to create the Colorado Steel Company, Osgood transferred the Victor Coal and Coke Company (reorganized as the Victor Fuel Company) to the Colorado Finance and Construction Company (CF&CC), recently established to finance and control a variety of business ventures.[20]

John Jerome, who had assumed the position of CF&I treasurer, devised the CF&CC to market CF&I's common shares as well as to acquire, control, and sell the securities of other enterprises. These financial arrangements enabled the company to purchase and develop land, mines, coke ovens, plants, and other facilities required in the fuel and steel trades. The CF&CC thus served as a conduit through which funds flowed to finance CF&I's improvements and expansion beginning in the fall of 1899.

Jerome characterized the CF&CC as Osgood's personal fief, owned and run to suit his interests. The company was designed as a "holding" company through which profits could be gained for Osgood and Jerome in enterprises conducted for the benefit of themselves and others who invested. It was modeled after the construction firms used to build and equip railroads with the proceeds of their own stock. Existing only on paper, the company's capital stock was never subscribed, and the directors met only once to organize the corporation. Jerome drafted minutes, filed by Osgood, of meetings that never occurred. Osgood kept the records in New York and refused to show them to anyone or to make any accounting of the company's finances to other officers and directors. He conducted all of the company's business ventures, most of which were related to the fuel trade, and received promoter's profits from all transactions in addition to a large percentage of the company's earnings. Ultimately, he dominated all of the auxiliaries organized under the umbrella of the CF&CC, including Victor Fuel. Jerome later speculated that the company netted between $3 and $4 million in profit from CF&I shares.[21]

In October 1899 the CF&CC entered into a contract with CF&I to finance expansion and major improvements at the Bessemer steel mill and the corporation's mining camps. Between July 1, 1899, and June 30, 1903, CF&I spent $24 million, much of it raised by the CF&CC, to expand the manufacturing capacity of the steelworks and to acquire properties and develop mines, coke ovens, and quarries to supply the Pueblo plant with the additional resources needed for increased production. With the expanded and modernized plant, CF&I became a major competitor in the western steel market and the dominant force in the fuel trade. It was the largest Colorado corporation and one of the 100 largest firms in the country.[22] Notwithstanding this remarkable success, unrest among the thousands of employees remained an undercurrent that threatened the corporation's stability and future prosperity.

The prosperity in the fuel trade at the turn of the twentieth century that facilitated the expansion of CF&I brought no concomitant reward for the coalminers. Their earning power essentially remained stagnant while their working and living conditions deteriorated. As conditions worsened, labor officials took notice. In a report of his tour of several CF&I and Northern Coal and Coke Company mining camps in southern Colorado, published in the *Rocky Mountain News* under the banner headline "Cheapest Labor in the Country," President Edward Boyce of the Western Federation of Miners (WFM) stated that he had never in his experience of visiting mining camps "seen such abject misery as I saw there." The miners, he reported, were paid less than those in any other camp in the country, and what pay they received was mostly in the form of company scrip that forever put them in their employers' debt. Boyce noted other issues, including poor housing and the company's use of spies to prevent the miners from organizing. The situation was hopeless, he conceded, unless the state intervened: "We [WFM] might organize, but every man would lose his job, and then the federation must support them. If the state of Colorado will take no care of them, it is not our fault, and it is its place first." Boyce ended his report with a prophetic observation: "I do not in the least doubt that at the end of this perpetual grinding down of the miners there will be a revolt and bloodshed, which will be an agitation for more than the one state only."[23]

An editorial in the *Rocky Mountain News*, a sympathetic voice for miners at the time, stated that Boyce's account of conditions in the mining camps was "probably not overdrawn." Despite a denial by Julian Kebler, CF&I's

general manager, the editor agreed with Boyce that the miners were "living in poverty and squalor" and that their children were "growing up in ignorance and discontent." Furthermore, the editor wrote, "Mr. Boyce is right in the assertion that this condition of affairs, if continued, will breed future trouble for the commonwealth." The editor recognized that the state was limited in what it could do to remedy the problem. For example, it could not by law determine workers' wages or bring about a more equitable division of coal mining profits between employers and employees. He suggested, however, that the state could pass a law against the issuance of scrip and that the nation could restrict immigration to prevent overcrowding of the labor market. By restricting immigration, he reasoned, the coal operators could no longer "crowd wages down to their present starvation point" by being able "to draw unlimited numbers [of miners] from Europe."[24]

Colorado's General Assembly responded to the editor's plea for action by enacting legislation allowing miners to hire check-weighmen to verify the weight of coal in the cars coming out of the mines and establishing an eight-hour workday for mine, mill, and smelter workers. The legislature had previously created the office of State Inspector of Coal Mines as well as the Bureau of Labor Statistics to collect data on the coal mining industry. In 1897 the legislature created the State Board of Arbitration. These measures, although well intended, failed to improve conditions for the miners, primarily because the operators effectively countered them. The failure of the implementation of the eight-hour legislation, which the Colorado Supreme Court declared unconstitutional, incited the miners to greater militancy. They increasingly turned to the UMWA for support in their efforts to gain greater control over their lives.

As their anguish over their conditions increased, the miners began to think of themselves as an oppressed class of workers rather than maligned individuals. The growing solidarity among experienced miners and new immigrants benefited the union at the expense of the coal operators. As a result, in late 1900 the UMWA returned to organize the western coalfields. In Colorado the miners particularly welcomed union organizers in the Cañon City coalfields—Brookside, Chandler, Coal Creek, and Rockvale—where union activity had historically been strongest and where miners saw the union as a means to attack Osgood and CF&I.[25]

The union also met with success in New Mexico, where miners at the American Fuel Company's Gallup mines, owned by Osgood, organized a local chapter of the UMWA in early 1901. Osgood refused to recognize the union, and the company's policy of discharging union men increased the miners' animosity toward the company. Membership in the local grew to encompass almost all of the workforce, and the miners struck when the company refused the union's demand to reinstate the discharged workers. The men remained resolved in their action, even though company officials tried a variety of tactics ranging from bribing them with beer to importing "thugs" to get them back to work.[26]

In mid-January 1901, around 1,000 miners from the CF&I camps of Rockvale, Brookside, and Coal Creek struck in support of their colleagues in New Mexico and the Denver Basin. Although the strikers had local grievances, the strike started as a protest against Osgood and his antiunion policies, with the main purpose of preserving the union movement within his CF&I and American Fuel Company operations. "This strike would not have occurred as soon as it did," a Rockvale miner said, "if the Colorado Fuel and Iron company had not discharged employes [sic] at Gallup, N.M., for no other cause than because the men had joined the United Mine Workers." The strikers hoped not only to force Osgood to address their grievances but also to make him give at least de facto recognition to the union.[27]

Although eight CF&I mines were closed at one time or another during the strike, the company managed to prevent the union from having any real success in the Walsenburg and Trinidad fields. John L. Gehr, UMWA president of District 15, which included Colorado, Utah, and New Mexico, claimed a pervasive system of intimidation had prevented union leaders from organizing the miners. "The men in the southern part of the state are so intimidated by the Colorado Fuel and Iron Company," Gehr observed, "that it is almost impossible to go among them or get an expression of opinion, much less an organization." He also noted that union members were systematically discharged and escorted out of the CF&I and Victor camps. The situation at Hastings, one of the Victor Fuel Company's most important mines, was the worst in the southern field, Gehr stated. Numerous deputies living there were ready to break up any meeting, and the men were reluctant to testify for fear they would lose their positions. At Pictou, a reporter noted, the miners—mostly Italians, Slavs, Mexicans, and African Americans—"frankly stated that should they appear on the stand and tell the truth they, to use a miners' vernacular, would be compelled to 'hit the road.' "[28]

There was no denying that the CF&I and Victor Fuel companies controlled the sheriffs and judges in the southern Colorado counties of Las Animas and Huerfano. Company officials blatantly and brutally violated the law to carry out the companies' will. In the words of James Smith, commissioner of labor statistics, "[p]robably at no time or place in the history of Colorado, and indeed but seldom in the history of the labor movement anywhere, has the civil authority been so shamelessly prostituted to subserve the selfish interest of corporate greed, and to crush by any and every means at its command every attempt at organization among the workers, as was seen in Huerfano county at this time." The coal company officials had "inaugurated and maintained a reign of terror." They had subjugated "the miners in these fields with fear of arrest, imprisonment and discharge." Smith added: "A condition of white slavery almost incredible of belief had been well known to exist in Huerfano county for a number of years, but never before had the outrages upon the rights of citizens been perpetrated so unblushingly and with scarcely an attempt at concealment as they were at this time."[29]

Sheriff Jefferson Farr of Huerfano County and his deputies were particularly notorious for breaking up union meetings. On one occasion in January 1901, Farr and his deputies dispersed a gathering by driving the miners into an arroyo where they beat them with revolvers. "I am the chief of this county," he told the workers, "and if you don't believe it I will blow some of you to hell, you sons of bitches."[30] The *Rocky Mountain News*, quoting President Gehr, noted that there was no free government in Huerfano County once CF&I gained control: "Men have been assaulted, beaten over the heads with revolvers and thrown into jail for no other offense than an attempt to asemble [sic] in peaceful meetings to consider the condition of the coal miners."[31] Countless other incidents of violence against union members and their leaders were recorded in affidavits and newspaper accounts during the years of bitter contention between the coal companies and the UMWA in the early twentieth century.

The story of violence and intimidation against union members and organizers was one of John Osgood's most important legacies in his struggle against the UMWA. However, other policies were also employed to prevent unionization. CF&I officials, along with most other major coal operators, used racial and ethnic diversity as a way to prevent labor solidarity in the mines by making sure no racial or ethnic group predominated at any location. They employed Hispanics, African Americans, Chinese, Japanese, and European groups, especially Italians, as a means to reduce labor costs and purge union members from their employment ranks. Unskilled laborers who had neither experience with nor knowledge of unions replaced experienced miners, usually Anglo-Americans with a long history of union membership. The tactic worked well for Osgood in 1901 when the American Fuel Company in New Mexico locked the strikers out and employed Japanese workers to take their place. In Sopris and Walsenburg, union organizers disbanded the locals when newly arrived immigrant workers refused to join the union or go out on strike for fear of losing their jobs and company homes.[32]

Osgood could not use the tactic of racial and ethnic diversity or bring in unskilled replacement workers everywhere within his coal empire, however. Where mining was difficult, as in the central Colorado coalfield, he needed experienced miners to extract what was considered the finest domestic coal in the state. For this reason, Osgood was willing to settle with these men on terms more favorable to them than he was with miners elsewhere in the state or in New Mexico. He agreed to modify the coal weighing system to benefit the miners, reduce the cost of blasting powder, and allow employment of a check-weighman paid for by the miners through a checkoff system. In making these concessions, the company made it clear that it had no intention of recognizing the union. Although the miners accepted these terms, they returned to work in early April only after the company removed the blacklist against union members and strike leaders. The miners in the Walsenburg, Trinidad, and Gallup areas were less fortunate. Those who still remained in the area eventually went back to work unconditionally with no semblance of a union to support them.[33]

Although CF&I was forced to make few substantial concessions to the miners, the adverse publicity about Osgood and the coal companies generated by the strike combined with the public's general feeling that the coal companies were responsible for the labor disturbances resulted in the appointment in January 1901 of a state legislative committee to investigate the Colorado coalfields. The committee's hearings and findings focused public attention on living and working conditions in the mining camps. Reports in the *Rocky Mountain News* under the banner headlines "Struggle for Bread in Coal Miners' Homes" and "Coal Miners Tell Story of Their Hardships,"[34] which described poor housing, inadequate water supplies, and unsanitary conditions in the camps occupied by miners who were paid starvation wages, crystallized public opinion against the coal companies, particularly CF&I and the Northern Coal and Coke Company. The *Pueblo Courier* called the committee's investigation of the coal mining industry the most thorough and sweeping ever undertaken in Colorado. The paper, an advocate of labor, stated that the committee was "open, fair and impartial," with representatives from the major companies and organized labor allowed to present their cases.[35]

In some instances the committee could not gain access to the miners, as the *Courier* noted in the case of those at Pictou, related above, who were intimidated by CF&I officials to prevent them from testifying. On this occasion, however, the committee found a way to circumvent the company's obstruction of its investigation. Recognizing that the presence of company officials at the official hearing made it "impossible to get any expression of the real feeling of the miners," the committee privately interviewed some miners who had refused to testify publicly for fear of losing their jobs.[36] The tale of woe of those who testified was the same as the stories told in other mining camps. Among the grievances were poor living conditions, high rents and fees, exorbitant prices at the company store exacerbated by the company's use of scrip, and poor ventilation in the mines.

Many miners were the most aggrieved by the screening system used extensively in weighing coal. They demanded the "run of mine" method, in which the coal was weighed in pit cars before it was screened. But in most of their mines, CF&I and Northern Coal and Coke ran the coal over screens before they weighed it. The miners were not paid for the "slack" coal that fell through the screens, which the companies later sold at a reduced price. The miners claimed the companies' method of weighing coal reduced their wages by 30 percent.[37]

The screening system of weighing coal was a universal complaint of miners throughout the state, as it was nationwide. John Lavierz of the Chandler mine revealed another aspect of that grievance. He testified that the Victor Coal and Coke Company always employed a "dock boss" whenever miners succeeded in obtaining a check-weighman to check the weights of coal. "Well," he explained to the investigative committee, "a dock boss is [there] to rob us of half our coal. If a miner gets a lump so big of dirt [measuring about twelve inches] the dock boss takes off 500 pounds." The Chandler and Rockvale miners added that an eight-hour workday and a biweekly payday would help them the most. In camp after camp, the miners also expressed anger over being prevented from joining the union.[38]

After visiting several mining camps and interviewing dozens of miners, the legislative investigating committee moved to Denver in late January to take testimony from Osgood and James Cannon, president of the Northern Coal and Coke Company. The *Rocky Mountain News* described Osgood's testimony as a "bitter denunciation" of the UMWA, which, he believed, was "a kind of multiple Satan going about seeking what it may devour."[39] Osgood began his testimony by reading a statement, a "little essay" as he called it, in which he made it clear that he regarded the growth of unionism as a monstrous threat not only to businessmen but also to the entire country. He proclaimed that unions were "a curse to the men as well as to the employers" and that the UMWA was the most objectionable organization of all. John Mitchell, its president, was "a greater tyrant and autocrat than the czar of Russia. No selfish and coldblooded employer ever exacted the blind obedience, absolute surrender of independence or contribution of hard won earnings that he and his organization exacts from his dupes. No slavery can be worse than the slavery which his organization imposes on its members." Ending his tirade, Osgood emphasized that he and his company officials were "unalterably opposed" to the UMWA and would never recognize it or knowingly hire any men belonging to it. He would rather close all his company's mines "and let them remain idle for all time to come" than operate them with workers "allied with" the union.[40]

In his testimony, Osgood manifested a paternalistic attitude toward his employees. By opposing the UMWA, he believed he was protecting them from a corrupt illegal organization whose leaders were only interested in their own financial and political well-being. Not everyone accepted his benevolent stance, however. An editorial in the *Denver News* mocked his assertion that his chief objection to the UMWA was that it was harmful to laborers. "The truth is," the writer argued, "the heads of the big concerns are not a bit worried over the possibility of their employes [sic] injuring themselves by joining labor unions. If the union did not occasionally try to get higher wages, shorter hours or some other betterment for its members, the president of great iron or coal companies scarcely would know or care that it existed. It is because the union is organized labor that organized capital doesn't like it."[41] Yet Osgood's perception of himself as the protector of his employees formed the foundation for his belief that by opposing the union he was upholding a fundamental principle—the right of workers to work where and under what circumstances they chose. The right-to-work principle became the major refrain in Osgood's opposition to the UMWA.

In response to the miners' demands, Osgood told the legislative committee that he was willing to meet with those employed by his company, but only if they were not members of the union. He also indicated that most of the workers' grievances could be resolved, except those related to the wage scale and a checkoff system by which the company would deduct any dues, fees, or fines imposed by the union from the miners' payroll. Accepting the latter was tantamount to recognizing the union, he believed, something he stressed repeatedly he would never do. As for other specific issues, Osgood said he was in favor of a check-weighman in each mine but added that the miners themselves had discontinued the practice when disputes arose over whether the company or the workers, as the company insisted, should collect the money to pay them. He argued that company stores were a great advantage as long as they did not compel miners and their families to trade with them, something, he stressed, his company did not do. He also argued that the company's use of scrip was legal and beneficial to the miners as a form of credit. "I think I can explain the scrip system satisfactorily," he commented, "for I believe I was the father of the system in this country. We were obliged to open a store at a mine I was connected with years ago in order to accommodate the miners. We tried to use pass books, which proved unsatisfactory, and after investigation we introduced the use of scrip, redeemable in merchandise, but not in cash. If scrip were redeemable in cash it would be a violation of the laws of the United States, which are very strict in prohibiting the use of anything made in imitation of money and used as such."[42] Years later Osgood claimed the workers themselves had caused the problems with the system by using scrip to get cash in saloons or somewhere else rather than strictly using it for credit at the company store.

Osgood admitted that his company used the screen method in weighing coal at several of its larger mines. He believed that paying on lump coal after screening was a premium for good work that was beneficial to both miner and employer. He insisted that the screens at his company's mines were one and a half inches wide and were not sprung wider, as reported in the newspapers. Although he contended that the miners' insistence on weighing coal by "run of mine" was just another ploy for raising the pay scale, he was willing to accede to their demand as long as a method could be worked out that would not increase the wage scale or the price of coal.[43] Yet it was only at Brookside, Coal Creek, Rockvale, and Chandler in the central district—where the company needed experienced miners and the union was strongest—that CF&I actually conceded to the demand. The company maintained screening at all the rest of its mines, as did Osgood at his Victor Fuel mines, even after the state legislature passed an anti-screening law.[44]

Osgood was far less conciliatory on many of the other issues the miners had raised. He was opposed to biweekly paydays, for example. "Every additional pay day would be a gain to the saloonkeepers and a loss to the men," he said. There was no justification for an increase in wages because the Colorado miners were the highest paid in any state of the union except Montana. He further stated that CF&I was willing to work with the miners to make community improvements and to improve their housing; but the Mexicans and Italians preferred to live in shacks, and he feared they would "quit if they had to live in a house."[45]

Quizzed about the reports of alleged unlawful activities by Sheriff Jefferson Farr and his deputies in Huerfano County and the connection between them and CF&I, Osgood denied that he knew Farr or anything about the sheriff's campaign against union members and organizers. Although he argued that CF&I was not involved in politics, he conceded that some mine superintendents and pit bosses might have influence with foreigners. He was confident, however, that no officers of the company had ever coerced workers to vote in a certain way or discharged them if they refused to do so. But, he added, "I do not believe that any miner should be disfranchised because he works for this company. Neither do I believe that because a man is an officer of this company he should refrain from taking an active interest in politics. I am a citizen of Colorado and vote in this state and feel that as a large employer of labor I should have a larger influence than otherwise."[46] He categorically denied that CF&I took an active part in politics, a claim congressional investigators in 1914 found to be a complete fabrication.

Osgood's demeanor before the committee—that of an arrogant man insensitive to his miners' condition—strengthened the conviction of those who believed the coal companies were responsible for the labor disturbances. The testimony of the miners and union leaders concerning working conditions in the mines increased public support for legislative measures to address such matters as the weighing of coal, use of scrip, mine safety, and the eight-hour workday. At the completion of the hearings, the committee endorsed measures to address these matters, including recommending amendments to the state constitution that would implement the eight-hour day and biweekly paydays.[47]

Although Osgood had largely withstood UMWA's attack on CF&I in 1901, he now faced another threat to his independence and freedom of action—that of the state. He realized that he would have to take aggressive action to head off or limit the adverse effects of legislation on his business activities. He also realized that he had to do something about conditions in the mining camps to improve the public's image of the company and gain greater control over his workers. By building new company towns and introducing a program of industrial paternalism, Osgood hoped to win over both workers and the public while at the same time placing yet another obstacle in the way of the UMWA in its effort to unionize the Colorado coalfields.

NOTES

1. Thomas G. Andrews, "The Road to Ludlow: Work, Environment, and Industrialization in Southern Colorado, 1870–1915" (Ph.D. diss., University of Wisconsin–Madison, 2003), 462, note 72; Perry Eberhart, *Guide to the Colorado Ghost Towns and Mining Camps* (Chicago: Sage Books, 4th revised ed., 1974), 312.

2. Osgood told members of the U.S. House Subcommittee on Mines and Mining in 1914 that his first coal mining business venture started with $6,000 (Osgood's testimony, U.S. Congress, House, *Conditions in the Coal Mines of Colorado, Hearings before*

a Subcommittee of the Committee on Mines and Mining, 63rd Cong., 2nd sess., 1914, p. 482; hereafter cited as SMM).

3. This biographical material is taken from H. Lee Scamehorn, "John C. Osgood and the Western Steel Industry," *Arizona and the West* 15 (Summer 1973): 133–134; Ruland, *Lion of Redstone*, 9–11; *New York Times*, September 7, 1902; *Trinidad Daily News*, January 5, 1926.

4. Milo Lee Whittaker attributed the company's success to Osgood's business acumen and his ability to surround himself with "business and political advisors of unusual merit" (*Pathbreakers and Pioneers of the Pueblo Region* [Pueblo, Colo.: Franklin Press, 1917], 125).

5. *Rocky Mountain News*, August 15, 1923.

6. David Wolff, *Industrializing the Rockies: Growth, Competition, and Turmoil in the Coalfields of Colorado and Wyoming, 1868–1914* (Boulder: University Press of Colorado, 2003), 125.

7. Information for this and the preceding paragraph is from Scamehorn, "Osgood and the Western Steel Industry," 136–137, and Scamehorn, *Pioneer Steelmaker in the West: The Colorado Fuel and Iron Company, 1872–1903* (Boulder: Pruett, 1976), 81–90.

8. John L. Jerome, "Statement of Business and Personal Relations—John C. Osgood and John L. Jerome August 1882 to August 1903," Jerome Papers, Colorado Historical Society, FF l, 7.

9. Andrews, "Road to Ludlow," 425; Scamehorn, *Pioneer Steelmaker*, 71, 91–92; Wolff, *Industrializing the Rockies,* 124–125.

10. Scamehorn, "Osgood and the Western Steel Industry," 138, 140; Andrews, "Road to Ludlow," 426; Wolff, *Industrializing the Rockies,* 121.

11. Wolff, *Industrializing the Rockies,* 139; Andrews, "Road to Ludlow," 426; Howard K. Wilson, "A Study of Paternalism in the Colorado Fuel and Iron Company under John C. Osgood: 1892–1903" (M.A. thesis, University of Denver, 1967), 57; Scamehorn, "Osgood and the Western Steel Industry," 139.

12. Wolff, *Industrializing the Rockies,* 149–151.

13. Ibid., 151; Andrews, "Road to Ludlow," 423, citing *Second Annual Report of the Colorado Fuel and Iron Company for the Year Ending June 30, 1894* (Denver: n.p., 1894), 10–11.

14. Wolff, *Industrializing the Rockies,* 152; Andrews, "Road to Ludlow," 423.

15. Ruland, *Lion of Redstone*, 46; Wolff, *Industrializing the Rockies,* 152–153.

16. On May 11, 1894, a strike occurred at the Pullman Company plant in Pullman, Illinois, near Chicago. The American Railway Union, formed by Eugene V. Debs in 1893, participated in the strike, which resulted in the obstruction of the mail and destruction of property. President Grover Cleveland sent federal troops to Chicago and issued an injunction ordering the union to desist in its activities. When the union refused to obey the injunction, President Cleveland, with the sanction of the United States circuit court, applied the Sherman Anti-Trust Act against labor unions judged to be engaged in a "conspiracy to hinder and obstruct interstate commerce." In 1895 the United States Supreme Court upheld the lower court in the use

of the act, which subsequently gave capital a formidable weapon against labor. Debs was sentenced to six months in prison for defying the first injunction (William L. Langer, ed., *An Encyclopedia of World History* [Boston: Houghton Mifflin, 1968], 825).

17. Osgood's testimony, CIR/*FR* 7: 6423–6424.

18. Wolff, *Industrializing the Rockies,* 151.

19. Scamehorn, "Osgood and the Western Steel Industry," 140. Thomas Andrews observed: "The coking-coal seams underlying much of this vast country [Maxwell Land Grant] promised to sate the fuel needs of the steel mills for decades to come, while the lands above seemed to Osgood ripe to become, despite a tendentious history of settler–grant company conflict, a domain fit for a feudal lord" ("Road to Ludlow," 427).

20. "Minutes of Colo. Finance and Construction Company," Jerome Papers, FF 8; "Bill of Complaint, John L. Jerome vs. John C. Osgood and the Colorado Finance and Construction Company," Jerome Papers, FF 26; Scamehorn, *Pioneer Steelmaker*, 97–99.

21. Scamehorn, *Pioneer Steelmaker*, 98–99; "Bill of Complaint," Jerome Papers, FF 26.

22. Scamehorn, "Osgood and the Western Steel Industry," 143–144; Scamehorn, *Pioneer Steelmaker*, 101–102; *Denver Times*, May 18, 1901; Long, *Where the Sun Never Shines,* 212. "Incredible as it may seem to Pitsburghers [sic]," Herbert Casson observed in *The Romance of Steel* (1907), "the fact is that the Colorado Fuel and Iron is the most self-sufficient and elaborate of all steel-making companies. It is more than a business: it is a civilization" (quoted in Andrews, "Road to Ludlow," 146).

23. *Rocky Mountain News*, January 26, 1899.

24. Ibid., January 27, 29, 1899.

25. Wolff, *Industrializing the Rockies*, 182–183; Colorado Bureau of Labor Statistics, *Eighth Biennial Report of the Bureau of Labor Statistics of the State of Colorado, 1901–1902* (Denver: Smith-Brooks, 1902), 130 (hereafter cited as CBLS, *Eighth Biennial Report*).

26. Wolff, *Industrializing the Rockies,* 184, citing the *United Mine Workers' Journal*, January 10, 24, 31, 1901.

27. Quote in *Rocky Mountain News,* January 23, 1901; Wolff, *Industrializing the Rockies,* 184–185. Osgood's American Fuel Company, not CF&I, owned the mines in Gallup, but the miners in Colorado made no distinction among companies with which Osgood was associated.

28. "Among the Coal Miners," *Pueblo Courier,* January 25, 1901; last quote in paragraph in "The Coal Miners of Colorado," *Pueblo Courier,* February 8, 1901; Gehr quote in *Rocky Mountain News,* January 31, 1901; CBLS, *Eighth Biennial Report,* 130.

29. Smith quote in CBLS, *Eighth Biennial Report,* 155–156.

30. "Among the Coal Miners," *Pueblo Courier*, January 25, 1901.

31. *Rocky Mountain News,* January 30, 1901.

32. Ibid., January 20, 22, 1901; Wolff, *Industrializing the Rockies*, 136–137, 186–187; CBLS, *Eighth Biennial Report,* 156.

33. CBLS, *Eighth Biennial Report,* 155*;* Wolff, *Industrializing the Rockies*, 187; Scamehorn, *Pioneer Steelmaker*, 125–126; "Abstracts of Official Reports: Colorado Fuel and Iron Company," *Engineering and Mining Journal* 72, no. 14 (October 5, 1901): 430.

34. *Rocky Mountain News*, January 20, 23, 1901.

35. *Pueblo Courier*, February 8, 1901.

36. *Rocky Mountain News,* January 24, 1901.

37. Ibid.*,* January 23, 24, 1901. The *News* reporter observed that the steel bars that made up the screen were "sprung four or five inches" apart instead of the customary inch and a half.

38. Quote in ibid., January 23, 1901; Maier B. Fox, *United We Stand: The United Mine Workers of America 1890–1990* (Washington, D.C.: United Mine Workers of America, 1990), 24.

39. *Rocky Mountain News,* January, 31, 1901.

40. Osgood quoted in the *Denver Times*, January 31, 1901.

41. Editorial in the *Denver News,* reprinted in the *Pueblo Courier,* February 8, 1901.

42. Osgood quoted in the *Denver Times*, January 31, 1901. Osgood's claim to be the "father of the scrip system in this country," presumably the United States, is dubious. Henry Clay Frick issued scrip, known as "Frick dollars," for goods workers purchased at his stores as early as 1873 (Rottenberg, *In the Kingdom of Coal*, 70).

43. *Rocky Mountain News*, January 31, 1901.

44. The price paid to miners for a ton of screened coal before the strike was ninety cents. After the strike, the price was seventy-five cents for a "run of the mine" ton of coal. Although they received fifteen cents a ton less for coal, miners considered that the changed system of weighing coal resulted in a 15 percent increase in their wages (CBLS, *Eighth Biennial Report,* 155).

45. Osgood quoted in ibid.

46. Ibid.; quote in *Denver Times*, January 31, 1901.

47. CBLS, *Eighth Biennial Report,* 154; Wolff, *Industrializing the Rockies*, 189; Fox, *United We Stand,* 71.