



Business at the Margins of Capitalism: Charles H. Kerr and Company and the Progressive Era Socialist Movement

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Although historians typically view the history of social protest as discrete from business history, small business enterprises, especially in the publishing industry, have served significant roles in social movements since the American Revolution. Many professional activists were, contrary to conventional wisdom, business people. The goods and services that they sold just happened to be meant to overthrow the status quo. In this essay, I explore the business of social protest through a case study of Charles H. Kerr and Company, a Chicago-based publisher that specialized in disseminating radical literature for the socialist movement.

Charles H. Kerr and Company, a Chicago publishing company, opened its doors in 1886, the same year that the Supreme Court's decision turned the corporation into a juridical personality in the landmark case, *Santa Clara County v. Southern Pacific Railroad*. Kerr was among a generation of middle-class Americans who felt the squeeze wrought by the rise of the modern corporation. Identifying his situation as a by-product of the class struggle, he sought a more democratic and equitable alternative. In the 1890s, he expressed his frustration by aligning with the People's Party. With the failure of that endeavor, he turned to the nascent socialist movement. From that point on, his company became the de facto publisher for the Socialist Party. As a radical publisher, he had two major goals: to produce high-quality translations of European Marxist classics

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and to produce the best writings by American radicals. He would spend the next two decades tirelessly working to achieve these aims, losing his marriage and family life in the process.

One of the major questions that emerges in the study of anti-capitalist entrepreneurs like Charles H. Kerr is how they balanced their ideals with staying in business in a competitive environment. And radical publishing was indeed competitive. Most of the operations were small and fragile, here today, gone tomorrow. So how did publishers like Kerr and Company survive? And, more important, could they survive in a way that did not lead them to compromise their ideals? As we shall see, even as Kerr managed to endure in a cutthroat environment, he sometimes had to sacrifice his democratic principles to do so.

To raise the much-needed capital to serve the propaganda needs of the socialist movement, Kerr incorporated his company in the state of Illinois, capitalizing it initially at \$10,000 and increasing the financing to \$50,000 in 1904.¹ In 1899, he began to sell shares in his company for \$10 apiece, offering prospective investors partial ownership in what he termed a “co-operative publishing house.”² Normally, of course, stockholders expect a monetary return on their investments, but Kerr made no such promises. Instead, he told them, “we have never paid a dividend” and “[f]rom a capitalist standpoint we are a failure.” Why, then, buy a share of stock for \$10? Kerr’s answer was that it would hasten the arrival of the Cooperative Commonwealth. And if that was not answer enough, Kerr also offered a discount off the list price of Kerr and Company titles: “By becoming one of our Co-operative Stockholders you are helping the working class movement and getting your books at a substantial discount.”³ All told, about 3,400 individuals and groups took Kerr up on his offer between 1899 and 1920. But stock sales proved to be a double-edged sword for Kerr. On the one hand, they materially contributed to the six-fold expansion of Kerr’s business in a decade, from about \$10,000 a year to more than \$60,000.⁴ On the other, they raised the specter of losing control over the company’s governance, something about which Kerr was extremely sensitive and ever vigilant against. As the largest stockholder, he ran his company under the very capitalist principle of one share, one vote.

Early on, Kerr saw no downside to aligning his company closely with the Socialist Party. To use modern parlance, he reveled in the synergistic possibilities between party and publisher. As he wrote in an 1907 issue of the *International Socialist Review*, the company’s monthly periodical:

¹ “More Capital for the Publishing House,” *International Socialist Review* 4 (Feb. 1904): 509.

² *Ibid.*, 509.

³ Typed Document Copy, “Would You Like to Become a Stockholder in Our Co-Operative Publishing House?” n.d., series 1, box 1, folder 6, Charles H. Kerr and Company Archives, Newberry Library, Chicago, Ill. [hereafter, CHK Archives].

⁴ “Publishers’ Department,” *International Socialist Review*, 12 (Jan. 1912): 440-41.

“There are at least 400,000 socialist voters in the United States who would talk in a way to make more socialist votes if they only had the right books. . . . And there are millions of other voters who would study socialism for themselves if socialist books were brought to their notice.”⁵ In Kerr’s mind, what was good for the party was good for the publisher, and vice versa.

Indeed it was. For one thing, the organization gave Kerr a national network of party locals and committed activists to distribute his company’s literature. The best part was that Kerr did not have to pay them to do this work. As party leaders constantly reminded rank and file socialists, it was their “duty” to educate others and to bring them into the socialist fold.⁶ Moreover, party members were perfect candidates to become shareholders. To make it even easier, Kerr offered them the opportunity to buy shares on the installment plan: a dollar down and a dollar a month until the full purchase price was met. Ultimately, over five hundred party locals bought shares and took advantage of the discount to create libraries and make bulk purchases for resale at meetings and rallies. The ties between party and publisher were so close that over 40 percent of the hard-bound titles listed in a 1913 catalog put out by the Socialist Party were published by Kerr and Company.⁷

Rank and file socialists, it seemed, made great booksellers. Take, for example, socialist Leon Chanute of New Orleans, who owned share number 2465 in Kerr and Company.⁸ He traveled around Louisiana selling socialist literature from a wagon with “Mental Dynamite” painted on the side. As he told readers of the *International Socialist Review* in July 1911, “I have the 800 books all O.K. Tell the live comrades that when I get time I’m going to write a little book telling them how they can make \$3,000 to \$5,000 a year hustling for Socialism. I’m doing it right now.”⁹ Chanute used his discount to buy Kerr and Company titles and then resell them at list price, making a good living in the process. And he certainly was not alone in seeking entrepreneurial ways to get a return on his investment. In fact, Kerr used examples like Chanute’s to inspire readers of the *International Socialist Review* to follow suit, not only because it was good for the company’s bottom line, but also because such activity could benefit the movement at large. Moreover, it conformed to Kerr’s commitment to economic opportunity. He even created a series of cheap pamphlets titled *The Pocket Library of Socialism* specifically designed to help stockholders

⁵ “Publishers’ Department,” *International Socialist Review* 7 (Jan. 1907): 445.

⁶ See, for example, Laurence Gronlund, G. C. Clemens, and G. A. Hoehn, *Three in One: A Trinity of Arguments in Favor of Social Democracy* (Chicago, 1898), 1.

⁷ See *Catalog of Books, Pamphlets, Leaflets and Supplies* (Chicago, 1913), 12-16.

⁸ Stockholder Stub Books, series 2, box 4, CHK Archives.

⁹ “News and Views,” *International Socialist Review* 12 (July 1911): 57.

make money on their bulk purchases. While the pamphlets retailed for 5 cents each, Kerr sold them to stockholders for as low as a penny.¹⁰

By the end of the first decade of the twentieth century, Kerr and Company had emerged as the nation's leading publisher of Marxist classics. Selling translations of Marxist works offered Kerr his biggest returns. Simply put, Kerr did not have to pay a royalty for translated works, whereas such payments would be required in the case of traditionally authored works. Thus, translated works became a staple of the publishing house, being even more remunerative because many of the translations were done in-house or were covered by benefactors.¹¹ Much of this translation work was quite impressive. Kerr and Company, for example, published the first American translation of all three volumes of Karl Marx's *Capital*. Just over 40 percent of the hard-bound books sold by the firm in 1915 were translations and European reprints.¹² Kerr turned this into a major selling point for prospective stockholders: "Most of our translating has been done in addition to other duties by those of us who have been in charge of the work in the office. No royalty is paid," maximizing the benefits to stockholder and company.¹³

In addition to publishing Marxist classics, Kerr published American authors who may not have been published otherwise. Kerr took a chance on publishing a landmark study in business history, Gustavus Myers's three-volume *History of the Great American Fortunes*.¹⁴ Myers was forced to self-publish his first two books—*History of Public Franchises in New York City* (1900) and *History of Tammany Hall* (1901)—because no publisher would touch them. Although they were generally based on sound enough evidence, mainstream publishers deemed them too controversial and feared reprisals. It appeared that *History of the Great American Fortunes* was headed down the same path. One mainstream publisher sent Myers a rejection letter saying that the book would "prove of no little

¹⁰ In the first decade of the twentieth century, these booklets sold in the hundreds of thousands. "Publishers' Department," *International Socialist Review* 5 (July 1904): 62.

¹¹ "Publishers' Department," *International Socialist Review* 7 (April 1907): 637. See also *ibid.* (Dec. 1906), 380. In the latter reference, Kerr discusses Eugene Dietzgen's financial contributions to cover Ernest Untermann's costs to translate the three volumes of *Capital*.

¹² 1915 Sales Tally, series 2, box 1, folder 18, CHK Archives.

¹³ Charles H. Kerr, *A Socialist Publishing House* (Chicago [1904]), 15.

¹⁴ See Hal Bridges, "The Robber Baron Concept in American History," *Business History Review* 32 (Spring 1958): 1-13; John Tipple, "The Anatomy of Prejudice: Origins of the Robber Baron Legend," *Business History Review* 33 (Winter 1959): 510-23; Edward C. Kirkland, "The Robber Barons Revisited," *American Historical Review* 66 (Oct. 1960): 68-73. Charles H. Beard cited Myers's book, along with one by A. M. Simons; he told readers that those books "deserve study." See Beard, *An Economic Interpretation of the Constitution of the United States* (1913; New York, 1962), 6. Matthew Josephson was also influenced by the work. See Josephson, *The Robber Barons* (1934; New York, 1962), 14, 61.

popular interest,” but that he did not want to offend the descendants of the people Myers described, especially Jay Gould’s daughter, Helen, whom he called “one of the best citizens in this country.”¹⁵ After several rejections from mainstream publishers, Myers contacted Kerr. The publisher saw an opportunity and took it, bringing out the three-volume work in 1909 and 1910. In the short and medium terms, it was a good deal for Myers. Myers agreed to give Kerr and Company the exclusive publishing rights of *History of the Great American Fortunes* for twenty-seven years; in exchange, Kerr offered Myers ownership of the copyright and a royalty of 15 cents a copy after the first thousand copies were sold.¹⁶ In the long term, however, Myers came to regret his association with Kerr and Company. By the mid-1930s Myers was having trouble getting his royalty checks and even contacted a lawyer to intervene. When the twenty-seven-year term ended, Myers found a new publisher, Random House’s Modern Library.¹⁷

Even though Kerr and Company was a co-operative company with over 3,400 stockholders, it was most definitely the eponymous owner’s company. For all of the emphasis put on cooperation by the company’s booklist, Kerr did not apply those values to the running of his own company. To prevent any one stockholder from owning too many shares in the company, he limited sales to one share per person or group. With controlling interest, Kerr advanced *his* vision for the company and the movement, even at the expense of other stockholders or of the socialist movement itself. Whenever the threat of a challenge to his dominance presented itself, Kerr would marshal his resources to insure that he prevailed. In January 1908, for example, Kerr wrote to his ex-wife explaining that he could not pay his child support because, “with this fight on my hands I must use every dollar that I can spare from my salary to pick up any stray shares of stock that may be offered.”¹⁸ Given the date of this letter, it no doubt referred to the rift between Kerr and his vice-president, A[lgie]. M. Simons. Kerr dealt with the situation by forcing Simons to resign, something that he deemed necessary because of a widening ideological divide between the two men. Underscoring the bad terms on which he left, Simons’s last editorial in the *International Socialist Review* ended with the terse line, “With this number I sever all

¹⁵ Gustavus Myers, “Preface to the 1936 Edition,” *History of the Great American Fortunes* (New York, 1936), 19-20.

¹⁶ This was fairly standard for the industry. Autographed Bookkeeping Entry, “Record of Kerr Publications Sold, 1908-1938,” 21-26, Hard Bound Ledger, group 39, CHK Archives.

¹⁷ See, for example, Autograph Letter Signed from Gustavus Myers to Arthur Sanger, 23 December 1935, series 3, box 1, folder 129, CHK Archives. The same folder contains a number of other examples as well.

¹⁸ Typed Letter Signed from Charles H. Kerr to May Walden Kerr, 28 January 1908, box 1, folder 46, May Walden Kerr Papers, Newberry Library.

editorial connection with the *International Socialist Review*.”¹⁹ Kerr soon hired someone whose thinking was much more in line with his revolutionary views, Mary Marcy, to replace Simon. In Kerr’s house, there was no room for people who disagreed with his views, especially his sympathies with the revolutionary agenda of the Industrial Workers of the World (IWW).²⁰ The forcing out of Simons was a prelude to a much bigger fight between Kerr and the Socialist Party leadership.

It was the periodical that Kerr published—the *International Socialist Review*—that got him and his firm into trouble with Socialist Party leaders. In 1908 and 1909, Kerr began to use his periodical to criticize the direction in which party leaders were taking the Socialist Party. In contrast to the gradual, evolutionary approach that party leaders pursued, Kerr wanted the party to move in a more radical, revolutionary direction. At the end of 1909 he declared his intention to use the *International Socialist Review* to disseminate “the propaganda of the revolution and the new industrial unionism.” Nothing blunted Kerr’s revolutionary fervor, not even the bombing of the *Los Angeles Times* building. At the same time, party leaders were working to reaffirm the Socialist Party’s commitment to peaceful, lawful change. Kerr used his publishing company to try to force party leadership to embrace a more radical agenda. As part of this strategy, Kerr led an aggressive campaign to get IWW leader William “Big Bill” Haywood elected to the Socialist Party’s governing board, the National Executive Committee. Ironically, Kerr was most critical of the party leadership for being “professional men” and “small capitalists” even though he came from exactly the same class background.²¹ Nonetheless, that did not stop him from wanting to stem the tide of the party’s degeneration into what he saw as a party of “office-seekers,” not “revolutionists.”²²

Robert Hunter was just one party leader and stockholder who called out Kerr for his attack on the party. He publicly accused Kerr of running his cooperative firm like an autocrat and using his powerful position in the

¹⁹ A. M. Simons, “Editorial Note,” *International Socialist Review* 8 (Jan. 1908): 435.

²⁰ Cf. Allen Ruff, *We Called Each Other Comrade: Charles H. Kerr and Company, Radical Publishers* (Urbana, Ill., 1997). Ruff paints a much more sympathetic portrait of Kerr and the company he ran.

²¹ See “Editorial,” *International Socialist Review* 12 (June 1912): 673. Ruff argues that Kerr was working-class because he put all of his money back into his firm and, as a result, lived quite penuriously. I do not buy that argument. Kerr’s personal decisions about how he spent his salaried earnings do not mitigate the fact that he earned an annual salary twice that of the average worker’s. Ruff, *We Called Each Other Comrade*, 247n17. Series D 722-727, “Average Annual Earning of Employees: 1900-1970,” *Statistical History of the United States* (New York, 1976 ed.), 164.

²² “Editorial,” *International Socialist Review* 12 (April 1912): 680.

movement to promote aims antithetical to the party's.²³ To quote Hunter, Kerr and Company "sneered at Political Action, advocated rival unionism, and vacillated between Anarchism and Proudhonism. The constant emphasis *The Review* lays on Direct Action and its apparent faith that a revolution can be invoked by Will or Force is in direct opposition to our whole philosophy."²⁴ At Hunter's urging, the Socialist Party's National Executive Committee voted to investigate his claims. Kerr challenged them to do so, insisting that the firm had nothing to hide. Although the investigation did not reveal any overt wrong-doing, the investigating committee did raise concerns about the amount of power Kerr wielded over the movement's propaganda. The committee discovered that Kerr owned 1,127 shares in the publishing company, compared to the 1,277 individual shares held by Socialist Party locals and members. Kerr's large ownership stake gave him a huge advantage at annual meetings. Hence, although Kerr declared in 1904 that his firm was "not a private or a one-man concern," in practice it tended to be.²⁵ His choices for the board of directors were duly elected, and his reports and policies were adopted with seemingly little discussion. But, as even Kerr had to acknowledge, there was a cost to taking on the party leadership. In a report to stockholders in February 1913, he admitted that "The summer of 1912 found the *Review* bitterly attacked by a certain faction of the Socialist Party, and its natural growth was in this way delayed to some extent."²⁶

Ultimately, there was little that the party could do to rein in Kerr. Because party leaders relied on outside firms for the movement's propaganda, they did not have a strong official propaganda machine to counteract the negative publicity. It did not help that publishers like Kerr had consolidated the radical publishing industry by buying out major competitors. Kerr, for example, had bought out Eugene Debs's Standard Publishing Company (1907), the Appeal to Reason Publishing Company's book business (1909), and Gaylord Wilshire's Wilshire Book Company (1911). Party founders had decided to rely on outside firms to serve the movement's print needs precisely because they feared that an in-house propaganda apparatus would be too easily usurped by a domineering leader and used against those with whom he or she disagreed. They had never imagined the consolidation of radical publishing into just a few hands; when that happened it left party leaders without a strong, national print vehicle through which to respond. By the time that the Socialist Party began to publish its own newspaper—*The Party Builder*—the damage largely had been done.

²³ See Sally M. Miller, *Victor Berger and the Promise of Constructive Socialism, 1910-1920* (Westport, Conn., 1973), 100-101.

²⁴ Quoted in Ira Kipnis, *The American Socialist Movement, 1897-1912* (New York, 1952), 395.

²⁵ Kerr, *A Socialist Publishing House*, 6.

²⁶ "News and Views," *International Socialist Review* 13 (Feb. 1913): 636. The article goes on to state that subscription rates had since begun to recover.

At the end of the day, the way in which Kerr ran a company built on achieving a more democratic, equitable society did not always live up to those democratic possibilities. Yet, Kerr's reluctance to let democracy rule the day is understandable. He had invested everything in this company, and he did not want to see it hijacked by political opponents. As the largest stockholder, he was assured control by the one share, one vote principle. But this history raises some important questions. Do Kerr's actions reveal cooperatively run businesses to be capitalist wolves in socialist sheep's clothing? Or do they reveal a small business owner doing what he needed to do to survive? Does it really matter that his methods did not entirely match the message he touted? These are important questions to raise, because non-profits are sometimes viewed as faultless institutions in our society. But, as the case of Kerr and Company illustrates, non-profits do not transcend the frailties of the human condition. Although it is hard to say where the exact lines should be drawn between survival and compromising one's ideals, it is important to think about the issue, because somewhere in the shades of gray right becomes wrong, and survival at any cost turns idealists into one of "them."