Rutherford B. Hayes and Economic Recovery, 1877-1881: A "Least-Likely" Test of Presidential Leadership

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ABSTRACT

Within the scholarly literature and popular media, strong arguments have been made both for and against the relevance of presidential leadership for US economic performance. How true are these claims? This paper investigates the administration of Rutherford B. Hayes as a surprising "least likely" case for testing current theories. Hayes was a relatively weak executive who served only a single term during the era when the federal government mattered little for economic outcomes. Hayes also had few strong or natural allies in Congress. Even his own Republican party was divided into warring factions, which as often turned their enmity on Hayes. As a result, Hayes is often ignored as one of the 19th century's many forgotten "bearded presidents". Yet, during and soon after the Hayes administration, the US enjoyed one of the strongest periods of economic performance in its entire history. According to almost every economic measure available, Hayes left the American economy in far better shape than he inherited it. How much credit, if any, does Hayes deserve? And if Hayes did affect national economic outcomes, then by which causal mechanisms? To answer these questions, this paper, an empirical case study, examines all major aspects of the Hayes presidency, as well as exogenous factors. The results suggest that presidential leadership does in fact matter for national economic performance, even in the short-run. They confirm some existing theories, disconfirm others, and generate entirely new hypotheses.

Introduction

The economy under President Rutherford B. Hayes (1877-1881) was extraordinary, according to almost every measure available. Real economic growth skyrocketed. Inflation decelerated and unemployment fell. Exports increased dramatically, the budget surplus improved, the national debt shrank, and the US dollar strengthened against gold and the British Pound. Perhaps only economic inequality grew worse, as the great industrial titans quickened their ascent, while armies of unskilled labor competed for shrinking wages. Otherwise, during and soon after the Hayes administration, the United States enjoyed one of the strongest periods of economic performance in its entire history. The question for this paper is: how much credit, if any, does Hayes deserve?

Contemporaries and historians tend to dismiss Hayes as inconsequential; one of the forgotten "bearded presidents" of the Gilded Age. "[He] was hardly a man to draw a crowd" remarked one scholar of the period.[1] "Hayes is a candidate whose weakness and unimportance are his principal recommendations," a popular New York City broadsheet opined upon his nomination.[2] Even the delegate who nominated him admitted that Hayes' most distinguished qualifications were that he was "honest…unpretending…[and] a candidate against whom nothing could be said".[3] For Hayes was recruited to run for president in 1876 more for his safe, clean, honorable past than for his expected future leadership. And the suspicious conditions of his election quickly tarnished those assets.

The presidency during the 1870s was also at its institutionally weakest point in history. Gilded Age executives had little staff and spent most of their time dealing with job-seekers, correspondence, and ceremonial duties. "So far as Presidential initiative was concerned," wrote Henry Adams in 1870, "the President and his Cabinet might equally well have departed separately or together to distant lands."[4] Meanwhile Congress was at the zenith of its power. Congress controlled the budget, as well as most federal appointments, and therefore had *de facto* control over much of the federal government.[5] Local political machines, party cliques, and state governments also still played powerful roles in the nation's politics.[6] Throw in the economy's natural rebound after the Panic of 1873, and Hayes is perhaps the least-likely case for the relevance of the American presidency for the economy.

Nevertheless, the empirical case study below suggests that Hayes played a valuable role in the late 1870s economic boom. Hayes was elected into a severely depressed economy and an infamously corrupt political system. Thus, his honesty, simplicity, and modest courage, discounted so heavily by the press and historians, were from an economic leadership perspective, then powerful assets, not vulnerabilities. The US during the Gilded Age was in a fragile state. America's extraordinary expansion was based upon the three overlapping phenomena that simultaneously threatened to divide and weaken the country: rapid industrialization, globalization, and natural resource exploitation.[7] These forces created economic "winners" and "losers" on scale never before experienced in US history. As a result, fierce political battles raged throughout the 1870s-1890s over monetary and trade policy, wages and prices, the pace of technological change, and the rise of corporate power. Other 19th century societies slipped into war amidst similar tensions (e.g. Japan,

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[1] Morgan, H. Wayne. 1969. *From Hayes to McKinley: National Party Politics, 1877-1896.* Syracuse, NY: Syracuse University Press: 8-9.

[2] *The Sun* (New York). 1876 (June 17).

[3] Edward F. Noyes (former Governor of Ohio) quoted in Howard, James Q. 1876. *The Life, Public Services and Select Speeches of Rutherford B. Hayes*. Cincinnati, OH: Robert Clarke & Co:149-150

[4] Adams, Henry Brooks. 1870. The Session. *The North American Review* 111(228)(July):41

[5] The Tenure of Office Act of 1867 had mostly stripped the president of his power to dismiss Federal appointees without the consent of the Senate. Congress had also passed a measure which limited the president's role as commander-in-chief. Specifically, it required that all military orders be issued through a commanding general who could only be removed by the Senate. Together, these acts gave Congress, or at least its leadership, tremendous influence over the executive branch and the military. Federal workers were now effectively appointed and fired by Congress, not the President; while the senior army commander answered to Congress, not the President. Even cabinet members were often drawn from Congress, supported by powerful factions there

[6] White, Richard. 2017. *The Republic for Which It Stands: The United States during Reconstruction and the Gilded Age, 1865-1896*. New York: Oxford University Press; Summers, Mark Wahlgren. 2004. *Party Games: Getting, Keeping, and Using Power in Gilded Age Politics*. Chapel Hill, NC: The University of North Carolina Press; Cherny, Robert W. 1997. *American Politics in the Gilded Age: 1868 - 1900*. Wheeling, IL: Harlan Davidson.

[7] Natural resources are broadly defined here to include agriculture. White, 2017; Klein, Maury. 2007. *The Genesis of Industrial America, 1870–1920*. Cambridge: Cambridge University Press; Shannon, Fred A. 1977. *The Farmer's Last Frontier: Agriculture, 1860-1897*. White Plains, NY: M. E. Sharpe.

Germany). Some became weak and decrepit from corruption and infighting (e.g. Spain, China, Russia). Entering office under a cloud of suspicion, into a political system beset by graft, and barely a decade after a civil war, Hayes could easily have set the country on a path towards becoming a "banana republic", an economic mess repulsive to investors and immigrants alike.

Instead, Hayes worked to return the country to normal after the chaos of the Civil War, Reconstruction, and the scandals of Ulysses S. Grant's administration (1869-1877). In doing so, he helped to steady the ship of state and navigate it through the treacherous waters of mid-stage economic development. He oversaw the formal end of Reconstruction, which allowed the country to put Civil War issues on the back-burner and focus instead on economic development and industrialization.[8] His severe but principled Native American policy aided Westward expansion, while improving federal treatment of the Indians, and decreasing bloodshed for all. This aided developers to tap into the vast natural resource wealth of the West and to rapidly expand America's network of railroads and telegraphs. On another front, Hayes successfully managed the country's first national labor uprising. He adroitly allowed workers to vent their pent-up frustrations over declining wages, while using small detachments of Federal troops to prevent a major strike from becoming something more revolutionary. Hayes also fought for badly needed civil service reform. Federal mismanagement risked becoming a cancer on political and economic progress. Hayes' reforms at the Interior Department and New York Customshouse, as well as the reports and studies he commissioned, were turning-points. They provided the first real steps towards a professional modern bureaucracy. In an era when Presidential rhetoric was frowned upon as egomaniacal and "going over the heads of Congress", Hayes incorporated education and trust-building into his frequent travels throughout the country. He was a relentless spokesman for national unity, clean government, stable finances and a strong currency, at a time when each was beset by doubt. Perhaps most importantly, Hayes staunchly supported the return of the US to the international gold standard, ensuring that investors in the American economy would not suffer arbitrary devaluation. Thus, it is not far-fetched to assert that the Hayes presidency gradually encouraged the confidence and security of businessmen and investors, especially foreign lenders, who were then essential to America's economic development.

Background

There is little in Hayes' background that would predict excellence in economic management. He was one of the first, and few, Presidents to be a typical American of his day. He was born in a small town in central Ohio in 1822 to a middle-class family with a fairly middle-of-the-road background. His father died of illness months before Hayes' birth, so young "Rud" was partly raised by his Uncle Sardis and older sister. His mother was a strict Presbyterian who constantly prodded her son towards greater piety. And while Hayes became a devout Christian, he was a fairly tolerant and non-denominational one. "I am not a subscriber to any creed. I belong to no church. But...I try to be a Christian...and to help do Christian work" he concluded late in life.[9] Nor did he adopt the common prejudices against Jews or Catholics. In his diary, letters, and biographies, Hayes comes across as generally compassionate, hard-working, law-abiding, and good-natured. To outsiders, he "cultivated a quiet demeanor that seemed dull."[10] But Hayes was no introvert. He was genuinely outgoing and energetic in most things: sports, social clubs, hunting, travel, public events, cultural events, politics, and even simple mischief.

To the degree that Hayes excelled before politics, it was in school. As a teenager, Hayes was sent to a Methodist seminary in Ohio, and then to Kenyon College from which he graduated valedictorian. He was skilled at foreign languages, loved philosophy, and became an insatiable bookworm. After reading law at an Ohio law office for a year, his mother sold property to send him to Harvard Law School for more formal legal education. Again he graduated at the top of his class. Altogether, this made Hayes one of the best educated presidents of the

[8] The withdrawal of federal troops came at the expense of African Americans in the South, who were soon forced back into near slave status with few true political or economic rights. Others have argued that, *de facto*, Reconstruction had already ended throughout most of the South; Hayes simply ended it *de jure*. See Culbertson, Thomas J. 2013. "Did Rutherford B. Hayes End Reconstruction?" Hayes Lecture on the Presidency (February 17); Palen, Marc-William. 2014. Election of 1876/Compromise of 1877. In *A Companion to the Reconstruction Presidents 1865–1881*. Edited by Edward O. Frantz. New York: Wiley-Blackwell: 415-430; Foner, Eric. 1988. *Reconstruction: America's Unfinished Revolution, 1863-1877*. New York: Harper Collins.

[9] RBH. 1890. Diary entry (May 17).

[10] Morgan, 1969: 8.

19th century, perhaps the best schooled since John Quincy Adams. And he became a passionate, lifelong advocate for education as a solution to the nation's problems.

However, Hayes did not learn much economics during his formal schooling. As a student during the 1830s and 1840s, a young Hayes likely encountered the writings of Adam Smith, David Ricardo, John Stuart Mill, Francis Weyland, and other political-economists famous at the time. But there is no evidence that he ever took a course in political-economy. Nor did he develop a deep interest in economic thought, other than perhaps currency issues. Rather, Hayes likely learned basic economic principles from his Uncle Sardis, his surrogate father and mentor. Sardis had started with nothing but became a highly successful trader, banker, and real estate developer in Ohio. Hayes' strong dedication to free enterprise, industrialization, and especially "hard money", the belief that the most legitimate money is that backed by gold, came at least partly from Sardis. Nor did life provide Hayes much training in business. After law school, Hayes returned to Ohio where he passed the bar, settled in Cincinnati, and opened a law office. He also married and became a dedicated family man. But other than his law practice and personal investments, Hayes accumulated little business experience.

Politics was another matter. Hayes became politically active as a teenager. He joined the Whig party at Kenyon College and quickly became an zealous partisan. Here too, Uncle Sardis was Hayes' constant collaborator and fellow traveler; the two men attended campaign events together and exchanged frequent letters cheering on their favorite candidates. Young Hayes was particularly energized by the election of William Henry Harrison in 1840, writing excitedly in his diary that "I never was more elated by anything in my life...Glorious!...Ha! ha!"[11] He continued to actively support Whig presidential candidates, like Henry Clay, Zachary Taylor, and Winfield Scott, and became a member of his region's Whig Central Committee. But the shellacking suffered by the Whigs in the 1852 elections convinced Hayes to leave his beloved party. "[W]e are beaten so pre-posterously that we can't lay our defeat to any neglect or blunder…Our Waterloo is so huge…"[12]

But rather than give up, Hayes followed other ex-Whigs, including Abraham Lincoln, into the new Republican party. Hayes quickly became active in organizing the Republicans in Cincinnati, even dabbling in local politics, becoming city solicitor for a brief stint. He met and knew Lincoln as an acquaintance during various political campaigns, praising his "truth and candor…logical force…[and] warmth of feeling".[13] On the heated issue of slavery, Hayes always disliked it as wasteful and contrary to nature. His family's passionate abolitionism, and his personal experiences travelling in Texas, then converted Hayes into an ardent foe of involuntary servitude. By 1856, he was declaring "However fares the cause, I am enlisted in the war."[14]

When the Civil War finally came, it did not take Hayes long to volunteer, though as much for glory and adventure as for abolitionism. "The virtues of magnanimity, courage, patriotism, etc., etc., are called into life" he exulted to a Southern friend.[15] In June 1861, he was offered the rank of major in an Ohio volunteer regiment. During the next four years, in addition to military legal assignments, Hayes participated, "intense and ferocious", in over twenty battles, was wounded several times, and had five horses shot out from under him.[16] He was promoted up through the ranks to the position of Brevet Major General. Along the way, Hayes earned a reputation for bold leadership. But he never became vengeful. He treated rebel prisoners well, and he was even polite towards civilian Confederates.[17] His political views also remained moderate throughout the war. He thought Lincoln to be "honest, patriotic, cool-headed, and safe" and supported his re-election; though Hayes also saw McClellan and the Union Democrats as acceptable.[18] Winning the war was what mattered, not who led it.

Strangely, although Hayes was a lifelong "policy wonk" and political junkie, he was a reluctant politician. He was first elected to Congress in 1864 *in absentia*, while serving as an officer in the Civil War,

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[11] RBH. 1840. Diary entry (Nov 5).
[12] RBH. 1852. Letter to his uncle Sardis Birchard (November 3).
[13] RBH. 1859. Letter to his niece Laura Platt Mitchell (October 17). Quoted in Hoogenboom, Ari. 1995. *Rutherford B. Hayes: Warrior and President*. Lawrence, KS: University Press of Kansas: 109.
[14] RBH. 1856. Diary entry (Nov 2). Hayes initially opposed "A war of conquest...[that] would leave us loaded with debt and would certainly fail of its object." (RBH. 1861. Letter to Sardis (January 12)). But he quickly converted to the cause. By spring he was writing to his uncle that "We are all for war...I like it" and declaring it "A great state of things for Christian people" (RBH. 1861. Letters to Sardis (April 15, 20)).
[15] RBH. 1861. Letter to former schoolmate Guy Bryan (May 8).
[16] Quotation of one of Hayes' enlisted men, future president William McKinley. In Bruce, Robert V. 1959. *1877: Year of Violence*. Chicago: Ivan R Dee. 86.
[17] Hoogenboom, Ari Arthur. 1999. *Rutherford B. Hayes: One of The Good Colonels*. Abilene, TX: McWhiney Foundation Press, McMurry University.
[18] RBH. 1861. Letter to Lucy Hayes (October 19); RBH. 1864. Letter to Lucy Hayes (August 8, 1864).

even declining a furlough to campaign. He then served a single, undistinguished term in the House. "I have no ambition for Congressional reputation or influence," he confided to his uncle "…I would like out of it creditably".[19] While there, he quietly supported Radical Republican legislation, repeatedly voted to override President Johnson's vetoes, and yet he also built friendships with ex-Confederates. His main accomplishment as a congressman was to secure funding for an enlargement of the Library of Congress. Though re-elected to Congress in 1866, he resigned the following summer when asked to run for Governor of Ohio.

He then served two terms as governor in Ohio (1868-1872). There he consistently opposed paper currency, strongly supported voting rights for blacks, and backed various education measures, prison and asylum reform, the Ohio Geological Survey, and state civil service reform (specifically, creating nonpartisan boards to manage state institutions). From the governor's office, he also supported President Johnson's impeachment and then Grant's presidential campaign, hoping in vain that Grant would "overthrow the spoils doctrine and practice."[20]

Hayes intended to retire from politics in 1872, even turning down a Senate seat offer and a regional position in the US Treasury department. After the grand battle against slavery and for black citizenship, he found "[t]he small questions of today about taxation, appointments, etc, etc, are petty and uninteresting."[21] He was also repulsed by the spoils system. "The system is a bad one. It destroys the independence of the separate departments of the government…It ought to be abolished."[22] But, as a reliable election winner, Hayes was soon drawn into the Republican national campaign, even to the point of an unsuccessful third run for Congress.

His next retirement from politics lasted only slightly longer. After Democrats won the Ohio governorship in 1874, the first time in twenty years, the state Republicans again convinced Hayes to run in 1875 for an unprecedented third term as governor. He accepted only after his fellow partisans' chances looked hopeless and out of concern for "the injury my declination would do the party".[23] He feared additional victories for the Democratic party, which he still identified with "slavery, rebellion, and repression", as well as corruption and inflation.[24] Hayes won his election by a margin of less than one percent, and only by playing upon popular fears of Catholic control over public schools and prisons. Otherwise, he campaigned on a platform of "sound money", public education, protection of African American civil rights, secure military pensions, and presidential term limits. He also realized that "[i]f victorious, I am likely to be pushed for the Republican nomination for President," but worried that "[t]his would make my life a disturbed and troubled one until the nomination."[25]

The Disputed Election of 1876

In 1876, under assault and divided by faction, the Republicans drafted Rutherford B. Hayes to run for president in order to maintain their control over the executive branch. The Panic of 1873 had thrown the country into a deep recession which lasted for years. Millions lost their savings and sources of income, tens of thousands of businesses went bankrupt. Hayes himself was already in debt over $46,000 when the recession struck, and he struggled to defend the family's investment properties against falling rents and prices.[26] Being then in power, the Republican Party was held responsible for the economic downturn and Democrats began to win elections. The Republicans realized that they needed clean, competent candidates as a remedy to the scandal-ridden Grant administration. Thus when the Republican Convention met in Cincinnati in mid-June, they nominated Hayes over several better-known and more powerful, but riskier and more controversial, party elites. Importantly, Hayes was also a moderate belonging to no faction, and heralding from the large swing-state of Ohio. He was thus a compromise candidate. As a top supporter, Ohio Senator John Sherman, put it, the Hayes' nomination

[19] RBH. 1867. Letter to Sardis Birchard (February 2). Quoted in Culbertson, Thomas. 2016. *Rutherford B. Hayes: A Life of Service*. Nova Science Publishers: 97.
[20] RBH. 1869. Letter to Sardis Birchard (March 7).
[21] RBH. 1871. Diary entry (March 16).
[22] RBH. 1872. Speech in Glendale, OH (September 4). Quoted in Howard, James Quay. 1876. *The Life, Public Services and Select Speeches of Rutherford B. Hayes*. Cincinnati, OH: Robert Clarke & Co.
[23] RBH. 1875. Diary entry (June 3).
[24] Hoogenboom, 1995: 257.
[25] RBH. 1875. Diary entry (October 12).
[26] Or roughly $1 million in 2018 dollars using a GDP deflator. RBH. 1873. Diary entry (Sept 13); Hoogenboom 1995; Williamson, Samuel H. 2019. Seven Ways to Compute the Relative Value of a U.S. Dollar Amount, 1774 to present. MeasuringWorth. www.measuringworth.com/uscompare.

was "the safest…that could be made".[27] For himself, Hayes agreed to run because he was good soldier, a loyal party man, and feared that "a Democratic victory will bring the [ex-Confederate] Rebellion into power."[28] The Democrats swiftly chose as their candidate the reformist firebrand Samuel J. Tilden, from the swing state of New York.

Hayes quickly signaled that he would be a more independent and engaged President than many of his predecessors. Previous candidates had humbly accepted their nominations with brief, reserved public letters, consisting of simple platitudes and generalities. But Hayes' letter of acceptance stretched almost 1400 words and was spiked with strident policy positions. He viciously attacked the spoils system and Congressional control over appointments. "In every way it degrades the civil service and the character of the government." And called their elimination his "paramount interest". He also declared that he would "oppose any step backward" from a sound currency. He then took pains to strongly endorse public education and the pacification of the South.[29] The *New York Times* lauded the letter as "manly, frank, and explicit";[30] clean-government advocates concluded "unmistakably that it is not the work of politician".[31] Liberal reformers, many of whom had abandoned the Republican party over Grant administration corruption, were thrilled and began to return to the fold.

As Presidential candidates, Hayes and Tilden were nearly identical. Indeed, the closeness of the 1876 election was partly due to their proximity on most major issues. Certainly Hayes and the Republicans believed that he "could do more than any Democrat to put Southern affairs on a sound basis."[32] But both nominees supported "hard money" and a return to the gold standard.[33] Both candidates were also enthusiastic supporters of civil service reform and anti-corruption. It was more their networks of allies and beneficiaries that differed. Thus, rather than policy divides, the 1876 presidential campaign turned mainly on scandal-mongering, mudslinging, bribery, and voter intimidation.

The result was one of the closest presidential elections in US history.[34] Tilden won 51.5 percent of the popular vote, but the electoral college tally was almost evenly split. Closely supervised vote recounts resulted only in dueling returns of unclear legality. The standoff dragged on for months. The election results became so controversial that talk arose of armed conflict, rebellion, and assassination plots. Some Democrats called on Tilden supporters "to rise up in arms", others warned that a new "Civil War would result".[35] A gunman fired into the Hayes' home in Ohio while the family was at supper.[36] At one point, to defend the capitol against a potential uprising, General William T. Sherman quietly dispatched four companies of artillery to Washington DC.

As the threat of civil unrest mounted, Congress created a bipartisan commission of ten Congressmen and five Supreme Court justices to resolve the crisis. Picking up the threads of private negotiations already underway, the commission hammered out an agreement known as the "Compromise of 1877". This deal was later affirmed, in secret, by representatives of both candidates in a Washington hotel suite. In it, the Republican Rutherford B. Hayes won the presidency. In return, Hayes agreed to remove Federal troops guarding the state houses in former Confederate States, while Republicans in Congress agreed to support new legislation to aid industrialization in the South.[37] Concessions on federal appointments and the House speakership may also have

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[27] Sherman, John. 1896. *John Sherman's Recollections of Forty Years in the House, Senate and Cabinet. An Autobiography*. Chicago, IL: The Werner Company: 452.

[28] RBH. 1876. Letter to Carl Schurz (Aug 9).

[29] RBH. 1876. Letter of Acceptance of the Republican Nomination for President (July 8).

[30] *New York Times* 1876 (July 10).

[31] William Curtis, George. 1876. Letter to RBH (July 13). Quoted in Hoogenboom 1995: 266

[32] RBH. 1876. Diary entry (Nov 12).

[33] Though the Democrats leaned more towards "soft money", especially their Vice Presidential nominee, Thomas Hendricks.

[34] Holt, Michael F. 2008. *By One Vote: The Disputed Presidential Election of 1876*. University Press of Kansas; Morris, Roy. 2003. *Fraud of the Century: Rutherford B. Hayes, Samuel Tilden, and the Stolen Election of 1876*. New York: Simon & Schuster; Haworth, Paul Leland. 1927. The Hayes-Tilden Election. Indianapolis, IN: The Bobbs-Merrill Company.

[35] Maher, Albert. 1877. Letter to Samuel J. Tilden (February 20); Hewitt, Abram S. (Congressman (D-NY) and DNC Chair). 1877. Letter to the National Democratic Committee explaining his support for the electoral tribunal (March 3). Others argued that the recentness of the Civil War, and the near complete withdrawal of Union forces from the South, provided a powerful disincentive against civil violence. See for example Hoar, Senator George F. 1903. *Autobiography of Seventy Years*. New York: Scribner's Sons.

[36] Williams, Charles R. 1928. *The Life of Rutherford B. Hayes, Vol II.*, Columbus, OH: Ohio State Archaeological and Historical Society: 1-2.

[37] Hayes did not participate personally in the "compromise" meetings. Rather the Republican delegates appear to have made these promises on his behalf. Hayes subsequently removed federal troops from the state house lawns in South Carolina and Louisiana, thereby ending the Republican governorships in these states. But there was no outflow of troops from the South, where they were thinly spread

been included in the final arrangement, which remains enigmatic to this day. Nevertheless, Tilden's supporters urged him to file suit in court; while the *New York Sun* condemned Hayes' victory as one wrought by "the hands unscrupulous rogues" and the product of "monstrous crimes".[38]

Due to the controversy, confusion, and secrecy of the 1876 election's outcome, Hayes entered the presidency under a dark cloud. After having campaigned on honesty and clean government, critics in both parties now viewed Hayes as the benefactor of "frauds and forgeries" committed on his behalf.[39] Many Americans strongly believed that Hayes had won the presidency through chicanery and corruption, and was not legally entitled to hold office. Barely a decade after the civil war, the political stability of the United States seemed once again uncertain. These sentiments faded during Hayes' presidency, but they weakened him politically during his first two years.

What Was Hayes' Vision?

Overall, Hayes was a centrist and a moderate, but he did bring into the White House a vision for America for which he consistently advocated as President, sometimes quite stridently: a sound US currency, clean and honest government, respect for the law, support for modernization, and a return to national unity. These were not novel musings, conveniently selected to score political points or to respond to problems *ad hoc*. Hayes had held these beliefs for decades, some since his youth.[40]

One key to understanding President Hayes' political-economic vision is that he was an old Whig. In economics, the Whig Party (1834-1854) held that the future strength and stability of the United States lay in industrialization, finance, and commerce.[41] In their eyes, material progress was a form of national self-improvement, and therefore linked to the divine will. Or as one Whig thinker implored, "the stated policy of heaven is to raise the world from its degraded condition...[As] the capital of christians increase, God will enlighten, and elevate, and purify…".[42] But the infrastructure and financial demands of early industrialization were far beyond the means of the poorly capitalized American market. Whigs therefore supported a stronger role for the federal government, albeit limited, in the economy. This put Whigs in stark opposition to the Jeffersonians and Jacksonians who favored agriculture and natural resources, and the weak, decentralized government that these sectors required.

Whig economic beliefs had enormous implications for public policy. For example, Whigs sought a central bank to foster investment and stabilize the currency. They tended to support the international gold standard, rather than paper currency or inflated silver coins, to improve business confidence and for moral reasons. And Whigs called on Congress "to relieve the nation from a burden of debt" which they found abhorrent.[43] They nevertheless encouraged government subsidies and land grants to railroads, telegraphs, ports, roads, bridges as essential lifelines in an industrial economy. They backed tariffs to protect American industries from foreign competition. These were all essential foundations for individual and national Christian self-betterment. Whigs were *not* 20th century progressives or liberals. They did not prescribe government as the solution to America's economic and social problems, but Whigs were "distinguished from their [Democrat] opponents, by the attribution of a beneficent and protective power to government".[44]

Hayes became a devout Whig in college and generally adhered to its economic philosophy ever after. For example, throughout his life, Hayes' letters, diary, and speeches are replete with exhortations against debt

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and of little use for enforcing civil rights. Nor was much legislation in support of Southern industrialization forthcoming. Foner, Eric. 2005. *Forever Free: The Story of Emancipation and Reconstruction*. New York: Knopf, 2005; Culbertson, 2013, 2016.

[38] *The Sun* (New York). 1877. March 3.

[39] *The Sun* (New York). 1877. March 3

[40] Although Hayes wrote no lengthy tracts, nor led much on national economic issues before he became president, his political-economic principles are well outlined and repeated in his diary, letters, and speeches, stretching across almost 60 years of his life. These same themes are corroborated by his words and actions: as Whig and Republican party member, Congressman, Governor of Ohio, President, and into his post-presidency.

[41] Holt, Michael F. 1999. *The Rise and Fall of the American Whig Party: Jacksonian Politics and the Onset of the Civil War*. New York: Oxford University Press; Howe, Daniel Walker. 1979. *The Political Culture of the American Whigs*. Chicago, IL: University of Chicago Press.

[42] Beecher, Lyman. 1836. *A Plea for Colleges*. Cincinnati, OH: Truman & Smith 11-12.

[43] Whig Party Platform of 1848. 1848 (June 7). Online by Gerhard Peters and John T. Woolley, The American Presidency Project https://www.presidency.ucsb.edu/node/273458

[44] *American Review* 1849 quoted in Holt, 1999: 70.

and devaluation. "[W]e should…have a stable currency of uniform value" he wrote.[45] And Hayes believed that the Panic of 1873 was caused by irresponsible speculation and the printing of "inflated and irredeemable paper currency".[46] When, in 1874, federal legislation was proposed to print more US dollars, he wrote his uncle "I regard the inflation acts as wrong in all ways. Personally I am one of the noble army of debtors, and can stand it if others can. But it is a wretched business."[47] Thus one of Hayes' perpetual campaign planks was that "an irredeemable paper currency, with its fluctuations of values, is one of the great obstacles to a revival of confidence and business, and to a return to prosperity." [48] In other words, gold, not paper currency, was the only trustworthy form of money.[49] The government should conduct transactions in no other. Even silver was unacceptable if it had lost value relative to gold. For "[t]o attempt to pay the public debt in depreciated silver coin is a violation of public credit and public faith and thereby [would] add to the burden of the debt."[50]

On other issues, Hayes also consistently followed Whig precepts. He was heartily pro-business, though he did not care much for the new industrial "robber-barons" that emerged during the 1870s. He sympathized with the increasing plight of industrial labor, but not the extent that he tolerated law-breaking or property destruction. Thus he tried to hew a middle course, seeking "to protect laborers in their right to work, and property owners in the use and possession of their property…"[51] He believed in protective tariffs. But he generally avoided the topic because tariffs were not popular in the agricultural districts upon whose votes Republicans depended. Hayes had no such qualms about the spoils system. He despised it. "I don't sympathize with a large share of the party leaders. I hate the corruptionists...the appointment of unfit men on partisan or personal grounds" he repeatedly declared in letters and speeches.[52] And he sought to heal the nation traumatized by war and industrialization, to "wipe out forever the distinction between the North and South in our common country" and to create "a fraternal spirit of harmony pervading the people of all sections and classes…"[53] These would be the top economic priorities of his administration.

Hayes was also more a devotee of policy than of either politics or economics, even into his post-presidency. During his life, Hayes accumulated an unusually large library of roughly 12,000 books, which are housed today at his Presidential center. But the economics section is fairly small. Of those books published before 1876, there are perhaps one hundred volumes in the Hayes collection which deal with economics. Of those, few are classic theoretical texts, such as those by Francis Wayland, Adam Smith, and Francis Bowen. Missing are any works by David Ricardo; while John Stuart Mill is represented only by his political philosophy, not his *Principles of Political Economy* which dominated American economic education and thinking from its publication in 1848 until the 1890s. Rather, most of Hayes' small economics collection deals with finance and monetary questions, but also with railroads, North vs. South development, national resources, economic studies of individual states, domestic economy (home-making), and a number of statistical abstracts, government reports, and official statements.

As for the presidency, Hayes unsurprisingly had a Whig view of it. That is, its powers were those defined by the Constitution; not more, not less. In his youth, he inveighed against Jacksonians who saw presidents as heroic figures, sent to exert their personal clout in public battles against perceived enemies. He even once warned a political friend "don't get the Presidential mania. It makes mad every man who is at all prominent...I have no knowledge of any tolerably conspicuous politician at Washington whose career is not colored and marred by his ambition to be President."[54] As with his own personal life, Hayes believed in a calm, dignified, and "proper" presidency. The executive should be professional and vigilant, but not power-grubbing or headline-seeking. He should vigorously defend his Constitutional prerogatives against an acquisitive

[45] Hayes, Rutherford B. 1841. Diary entry for September 6.
[46] RBH. 1875. Speech delivered at Marion, Lawrence County, Ohio (July 31).
[47] RBH. 1874. Letter to uncle Austin Birchard (April 21).
[48] RBH. 1876. Letter Accepting the Republican Party Nomination. Columbus, OH (July 8). See also RBH. 1875. Speech in Marion, Ohio (July 31). Similar statements by Hayes can be found throughout his life.
[49] Hayes was so consistently dedicated to hard money that, by June 1876, he was telling Carl Schurz that "I do not expect to say anything on the specie resumption plank. I am so pronounced and well known on that question that I feel like saying, that the man who wants other interpretation of our platform....is pretty likely to vote against me [anyway]" RBH. 1876. Letter to Carl Schurz (June 27).
[50] RBH. 1877. Diary entry (Nov 5).
[51] RBH. 1876. Speech in Columbus, OH on the Stark and Wayne Country Mining Strikes (Apr 19).
[52] RBH. 1875 (March). Letter to George Curtis, the editor of *Harper's Weekly*. Quoted in Hoogenboom, Ari. 1988. *The Presidency of Rutherford Hayes*. Lawrence, KS: University Press of Kansas: 142.
[53] RBH. 1876. Letter Accepting the Republican Party Nomination. Columbus, OH (July 8).
[54] RBH. 1855. Letter to Guy Bryan (July 11). Quoted in Culbertson, 2016: 41.

Congress, and zealously exercise his duties, but avoid becoming megalomaniacal himself. True to Whig beliefs, Hayes also called for presidential term limits, even while in office, suggesting a constitutional amendment to limit presidents to a single term of six years.[55] Hayes took his own medicine here. In his accepting his 1876 nomination, he stated his "inflexible purpose, if elected, not to be a candidate for election to a second term" and he never wavered from it.[56]

Fundamentally, Hayes also saw the presidency as a unifying institution. It should be used to counteract the centrifugal forces of party, economic inequality, ethnicity, and region. Thus he abhorred demagoguery. He traveled more widely than any president before him, earning the nickname "Rutherford the Rover", and spoke frequently, but he avoided fiery rhetoric.[57] "I tried to impress the people with the importance of harmony between different sections, States, classes, and races, and to discourage sectionalism and race and class prejudice" he explained.[58] To befriend Congress, foreign dignitaries, and American business and farm leaders, the Hayeses also entertained frequently at the White House.[59] Nevertheless, when he left office, he confessed to his diary "[t]hat the White House will be left 'willingly' by both Mrs. Hayes and myself is perfectly true. Indeed, 'gladly' might truthfully be substituted for 'willingly.'"[60] To Hayes, the presidency was a duty and an honor, not a coveted trophy or vehicle for personal power.

Government and the Economy in the Gilded Age

19th century presidents possessed few tools with which to affect the economy. In 1877, the Federal government was composed of only eight departments: State, Treasury, War, Navy, Post Office, Interior, and Justice. Each was fairly confined in economic policy. Their primary tasks were to circulate the mail, coin money, manage land, secure and administer the Western territories, handle military and veterans' affairs, and collect lucrative tariffs at federal customs houses. There was still no public welfare system, other than pensions for Civil War veterans. Instead, the nation's sick, elderly, and unemployed relied on charity, family, or they simply suffered. There was not yet any Federal regulatory apparatus watching over the nation's business practices, food safety, medical claims, or the environment. Nor was much government effort expended on scientific research, statistics gathering, the development of new technology, or education. Even the military had been reduced to a skeletal peacetime force of around twenty-five thousand soldiers and a shrinking fleet of aging Civil War vessels. As for monetary policy, there was there was no central bank, no uniform single US currency, nor even a unified national banking system. Instead a complicated combination of the US Treasury, state laws, and private banks controlled the nation's money.[61] Even the White House itself was simplistic. Hayes had fewer than a dozen staff including secretaries, messengers, waiters, a valet, an usher, and a doorkeeper.[62]

In fact, the Presidency during the Gilded Age was historically weak. Democracy was still a new and fragile institution in the world, with only half a dozen countries able to sustain it.[63] All too often, attempts to establish democratic governments slipped into dictatorship or monarchy. Therefore 19th century executives were everywhere distrusted as potential autocrats. In the US, citizens expected their presidents to quietly administer government according to the wishes of Congress, and to direct foreign policy, asserting executive power only when necessary to "preserve, protect, and defend the Constitution of the United States." Even mere speeches on

[55] RBH. 1877. Inaugural Address (March 5)
[56] RBH. 1876. Letter Accepting the Republican Party Nomination. Columbus, OH (July 8).
[57] Ellis, Richard J. 2008. *Presidential Travel: The Journey from George Washington to George W. Bush*. Lawrence, KS: University Press of Kansas
[58] RBH. 1877. Diary entry (Aug 26)
[59] To satisfy his wife, the temperance community, and the growing Prohibition Party, Hayes infamously avoided serving alcohol while in office, but he usually compensated with lavish spreads of food. Culbertson, 2016; Hoogenboom, 1995.
[60] RBH. 1881. Diary entry (January 16).
[61] The US Treasury's regulatory power was mostly restricted to coinage, the paper notes and bonds it printed (but not those printed by private banks), and over those private banks which had acquired a national charter (which entitled them to hold Federal reserves). This left many private banks to function with only minor interference from, or regulation by, the Federal government. Timberlake, Richard H. 1993. *Monetary Policy in the United States: An Intellectual and Institutional History*. Chicago, IL: University of Chicago Press.
[62] Hoogenboom, 1988.
[63] In 1876, other than the United States, the only democracies in existence were Belgium, Colombia, Costa Rica, Greece, New Zealand, and Switzerland; some might add Canada and France. See Polity IV Dataset (The Center for Systemic Peace, Vienna, VA); Carles Boix, Michael K. Miller, and Sebastian Rosato. 2014. A Complete Data Set of Political Regimes, 1800-2007. *Comparative Political Studies* 46(12): 1523-54.

legislative matters could offend Congress and the American public. Presidents might make policy suggestions, but only directly to Congress, and preferably in quiet, respectful tones. Except for the abolition of slavery, even Lincoln had knelt to Congress on domestic policy. President Andrew Johnson (1865-1869) had been impeached for doing otherwise.

Congress held no such deference for the executive branch. Congress, especially the Senate, had successfully grabbed for itself power over the hiring and firing of many federal workers, the men who actually ran the executive branch. Frequently, these secure office jobs not only came with a salary, but also the right to collect personal fees for government services. Even minor government officials might earn a percentage of their postal sales, filing and processing fees, legal prosecutions, tax collection, or bounties on the arrest of criminals.[64] To obtain these plums, the party- and faction- faithful were expected to help run political campaigns, vote, and donate between 2-7 percent of their government salaries to their party. These federal patronage appointments became the main currency, in trade for votes, of the corrupt Gilded Age political machines. Hence, Senate recommendations for federal appointments were expected to be obediently followed by the President. "The President very rarely appoints," griped ex-president Ulysses S. Grant to one reporter, "he merely registers the appointments of members of Congress."[65]

By Hayes' time, these patronage slots had grown legion and were having a major impact on the effectiveness of a burgeoning, increasingly sophisticated, Federal government. Hayes' civilian executive branch employed roughly 75,000 salaried workers spread throughout the country; nearly twice the size of that encountered by Lincoln fifteen years earlier, and growing rapidly.[66] The most cherished spots were the potentially lucrative and influential appointments in the various customs houses for assessing tariffs and duties. The overall result was increasing levels of bloat, inefficiency, and corruption throughout the Federal bureaucracy, which became more notorious over time.[67]

As a result, many Americans now saw their state and federal governments as hopelessly corrupt and inefficient. Wealthy elites, banks and industrial corporations, and well-connected Republicans routinely appeared to profit at the expense of average American. From 1872 onwards, corruption at the highest levels of the Grant administration regularly made national headlines.[68] Bribery and tax evasion schemes were discovered at the New York Custom House, amongst federal tax collectors, and within a multi-city ring of whiskey regulators. The Attorney General was caught accepting corporate payments to drop federal prosecutions against them. Department of Interior appointees were regularly accused of nepotism, profiteering, swindling Native Americans, and writing fraudulent land grants. And over at the Departments of War and Navy, investigators discovered myriad cases of extortion, bribery, and cover-ups. Meanwhile, Grant had signed a law in 1873 that doubled the president's salary and increased those of Congress by fifty percent. The country, it seemed, had descended into an "era of good stealings".[69]

The effects of Gilded Age corruption on the economy were substantial.[70] Significant amounts of economic activity were being siphoned off into politics or to protect uncompetitive businesses and employees. At the New York Customs House alone, $36 million in revenues (roughly $800 million in 2018 dollars) were lost annually due to corruption.[71] Federal investigations revealed decades of fraud at other customs houses

[64] Parrillo, Nicholas R. 2013. *Against the Profit Motive: The Salary Revolution in American Government, 1780-1940*. New Haven, CT: Yale University Press.
[65] Grant, Ulysses S. 1879. Conversation with John Russell Young (April). Quoted in Young, John Russell. 1879. *Around the World with General Grant, Volume II*. New York: The American News Company: 265
[66] Only around thirteen percent of Hayes' executive branch worked in Washington D.C. The rest were employed around the country, mostly heavily in the US Post Office and the US Treasury. Table Ea894–903: Federal government employees, by government branch and location relative to the capital: 1816–1992. *HSUS*. For comparison, the Federal government currently has around 2 million full-time civilian employees.
[67] White, 2017; Parrillo, 2013; Summers, Mark Wahlgren. 1993. *The Era of Good Stealings*. New York: Oxford University Press.
[68] Calhoun, Charles W. 2017. *The Presidency of Ulysses S. Grant*. Lawrence, KS: University Press of Kansas.
[69] Summers, Mark Wahlgren. 1993. *The Era of Good Stealings*. New York: Oxford University Press.
[70] Hoogenboom, Ari. 1961. *Outlawing the Spoils: A History of the Civil Service Reform Movement*. Westport, CT: Greenwood Press; Summers, 1993.
[71] *Annual Report of the Secretary of the Treasury on the State of the Finances for the Year 1885, Vol II*. Washington DC, Government Printing Office: 557-558

around the country, together responsible for almost half of all federal tax revenues.[72] Worse yet, federal tax dollars were being paid in generous salaries to men who then used their positions to collect bribes, inhibit commerce, and ignore or botch their bureaucratic functions. Dirty customs agents would undervalue imports to reduce the tariff assessment, and then take a cut from the importer. Others would file false or excessive damage claims. Still others developed secret schedules of false weights, with standardized bribes to be paid by the importer, ship owner or agent, and even city officials. Over the years, investigators concluded that, through these practices "the customs service has burdened the merchants, driven trade…to other ports, and caused the abandonment of certain businesses by honorable houses who cannot compete with less scrupulous rivals" [73] Even without the payoffs, bureaucrats appointed via the spoils system caused massive problems. Federal department heads reported that "men were sent to them without brains enough to do the work…[many] were better fitted to hoe and plow. Some employees were incapacitated by age, some by ignorance, some by carelessness and indifference." As a result, federal investigations found widespread "ignorance and incapacity on the part of the employees…creating delays and mistakes, imperiling the safety of the revenue and the interest of the importers…"[74]

The bizarre contested election of 1876, now added considerable political instability to the turmoil. Much business had been built on assumptions of either corrupt government influence or strict *laissez faire*.[75] The election of Hayes, a relative outsider and supposed reformer, threw all of these calculations into question. Critics feared that he might either capture or undermine the fundamental political-economic arrangements upon which much of America's trade and economic development was based.

1877: Year of Conflict

Entering office in March 1877, President Hayes inherited a weak economy, still languishing from the Panic of 1873. Industrial production was at or near its recession lows. Deflation, which had haunted the country for four straight years, continued at around -2.3 percent. Food prices had improved somewhat, but prices for cotton, wool, coal, and steel continued to suffer.[76] So too did the businesses and workers in these depressed sectors. Therefore wages for unskilled labor also stood at decadal lows. Unemployment was so high that millions of homeless roamed the nation's streets and roadways. Newspapers warned of a widespread "tramp nuisance…swollen to the dimensions of a great and threatening social peril".[77] Nevertheless, immigrants continued to pour into eastern cities, albeit at reduced rates, driving down wages even further.[78] Perhaps the only bright spot was trade. Thanks to strong demand in Europe and Canada, US exports boomed, while imports declined, reducing concerns about the American trade balance. Also, federal tax revenues from alcohol and tobacco had picked up during the previous year, therefore the national debt had resumed its slow but steady decline.[79]

Hayes believed that government corruption and currency speculation were preventing recovery from the four year old economic recession. Therefore, once in office, President Hayes acted vigorously on his campaign promises. He started by selecting his own cabinet with little regard for Congressional preference. Republicans were shocked. Even the towering figures of Lincoln and Grant had submissively accepted Congressional leaders

[72] In 1877, federal revenue came from taxes on imports (46 percent), alcohol (24 percent), tobacco (15 percent), and other fees, land sales, and excise taxes (15 percent). Sources: Table Ea588–593 Federal government revenue, by source: 1789–1939; Table Ea594–608 Federal government internal tax revenue, by source: 1863–1940. *HSUS*

[73] Jay Commission (July 4, 1877) Quoted in *The Internal Revenue Record and Customs Journal*. 1877 (Aug 13). Vol 23(33)(658) New York. 8

[74] Jay Commission (July 4, 1877) Quoted in *The Internal Revenue Record and Customs Journal*. 1877 (Aug 13). Vol 23(33)(658) New York.

[75] Beatty, Jack. 2007. *Age of Betrayal: The Triumph of Money in America, 1865-1900.* New York: Alfred A. Knopf; White, 2017; Summers, 2004, 1993.

[76] Table Cc205-266. Wholesale Prices of Selected Commodities: 1784-1998. In *Historical Statistics of the United States, Millennial Edition.* 2006. Edited by Susan B. Carter, Scott Sigmund Gartner, Michael R. Haines, Alan L. Olmstead, Richard Sutch, Gavin Wright. New York: Cambridge University Press. [Henceforth *HSUS*]

[77] *Georgia Weekly Telegraph*. 1877. A War With the Tramps (September 18). Quoted in Bellesiles, Michael A. 2010. *1877: America's Year of Living Violently*. New York: New Press: 113

[78] Table Ad21–24 Net immigration – various estimates: 1870–1957. *HSUS*

[79] Taxes on alcohol and tobacco then constituted around 90 percent of Federal internal (i.e. non-tariff) tax revenues. Table Ea594-608 Federal Government Internal Tax Revenue, by source: 1863-1940. *HSUS*

and party favorites into their cabinets. Certainly the politically vulnerable, faction-less Hayes would conform to precedent in order to secure the support of his party in Congress. Several faction leaders, as well as their followers in Congress, also still smoldered over Hayes' nomination over their own presidential hopefuls in 1876. Hayes might have appeased his Republican rivals by bringing them into his cabinet, or perhaps by re-appointing men from Grant's cabinet.

However, Hayes was determined to demonstrate executive independence as early as possible. He also wanted to reduce the influence of party factions on his administration. further damaging his relations with his own party in Congress. In retaliation, Senate Republicans tied up Hayes' cabinet nominations in committee. But after some adroit political maneuvering, Hayes got his cabinet approved. Historians have since described it as "the ablest presidential team between the Civil War and the 20th century."[80] The public and the press applauded Hayes' bold stand. It constituted the first major defeat of the Senate by a president in a dozen years. The *Chicago Tribune* cheered it as an early sign "that the new President is not the kind of man to yield...[to] the machine which it is his first duty to smash".[81]

Hayes' next act was less popular. It involved the highly controversial stand-down of federal troops in ex-Confederate states in the South, as was promised in the electoral Compromise of 1877. Perhaps only 3000 US soldiers remained.[82] But they served as the last and only prop to those Republican state governments still dedicated to civil rights for African Americans. Most Americans recognized that the relocation of Federal troops would be followed by a reversion to rule by white supremacists. "The negro will disappear from the field of national politics" predicted *The Nation*.[83] Violence and intimidation against African Americans in the South would follow, with few political or legal limits. To millions of Northerners, a central purpose of the Civil War was being abandoned. On the other hand, most white Americans were also eager to move on from Civil War issues. The conquering General Ulysses S. Grant was now finally out of public life. Most southern states had returned to Democrat hands. Former abolitionists and supporters of Reconstruction were being laughed off the political stage in Boston; in New York, the newspapers declared their ideas "not exactly extinct…[but] which the majority of the Republican party have outgrown."[84] As a remedy, Hayes attempted to craft deals with Southern Democrats to guarantee the rights and safety of blacks. But soon after they were struck, and Federal troops withdrawn in April, his deals were ignored. A new era of terror, violence, and oppression would gradually ensue. Liberal Republicans and the press excoriated Hayes for abandoning Southern blacks, calling the withdrawal a surrender and themselves "deceived, betrayed, and humiliated".[85]

As a result of overseeing the end of Reconstruction and defying Republican Congressmen over patronage and cabinet appointments, Hayes had mostly lost the support of his own party within six weeks of his inauguration. Nor did Hayes have any electoral coattails to draw upon. Republicans had performed badly in the 1876 Congressional elections. The party lost six Senate seats, trimming their majority there to 40 versus the Democrat's 35, while the Democrats held on to a bare majority in the House (147-146). The Republican party then imploded into warring factions, each lead by powerful, proud, self-interested Congressmen, which as often turned their enmity on Hayes. Throughout his administration, Hayes had few strong or natural allies in Congress. This severely limited what Hayes could accomplish as President. The veto, appointments, and adroit political messaging would be his primary tools.

Civil Service Reform

Hayes' popular victory over the Senate in his cabinet appointments encouraged him to next tackle civil service reform.[86] Hayes had been a critic of the spoils system since it re-surfaced as a national issue during the

[80] Trefousse, Hans L. 2002. *Rutherford B. Hayes.* New York: Henry Holt and Company.
[81] *Chicago Daily Tribune*. 1877 (March 11).
[82] Of the roughly 25,000 soldiers in the US Army in 1877, most were stationed out West to defend against, and subjugate, Native Americans, or to guard the still perilous border with Mexico. Only around 3000 were used in what we might term "occupation" or Reconstruction duties in the ex-Confederate south.
[83] Quoted in Foner, Eric. 1988. *Reconstruction: America's Unfinished Revolution, 1863-1877*. New York: Harper and Row: 245.
[84] Foner, Eric. 1990. *A Short History of Reconstruction.* New York: Harper & Row: 234; *New York Times* 1876 (June 1).
[85] Wade, Benjamin F. 1877. Quoted in Hoogenboom, 1995: 315.
[86] Hoogenboom, Ari. 2014. Hayes and Civil Service Reform. In *A Companion to the Reconstruction Presidents, 1865-1881*. edited by Edward O. Frantz, John Wiley & Sons 431-451; Hoogenboom, Ari. 1961. *Outlawing the Spoils: A History of the Civil Service Reform Movement, 1865-1883*. University of Illinois Press.

mid-1860s. Now, as President, Hayes was determined to restore executive power over all federal appointees, and thereby eliminate one pillar of the spoils system. To this end, Hayes openly supported a merit and exam based appointment system, the abolition of mandatory political donations, the elimination of useless or unfit Federal employees, and the abstention of civil servants from party or campaign management. To demonstrate his seriousness, Hayes appointed Carl Schurz as his Secretary of the Interior. This was widely seen as a aggressive move both because Schurz was an uncompromising advocate for civil service reform, and due to the fact that the Interior Department housed the lucrative bureaus for federal lands, Indian affairs, and federal pensions, each one infamous for inefficiency, turmoil, and corruption. Schurz was expected to clean house and transform the Interior Department into a model of efficient government.

Then, in late April 1877, Hayes created the Jay Commission to investigate the notoriously corrupt New York City customs house. The NYC customs house accounted for 70 percent of the nation's customs revenues.[87] It was also a prime source of patronage slots for the state Republican party. Hayes saw it as another beachhead from which to roll back the spoils system. His administration's stated goal was to "put the Custom-house on a business footing" and to eliminate "appointments made on political influence without due regard to efficiency."[88] Soon other commissions were established to investigate the federal customs houses in Philadelphia, New Orleans, and San Francisco. Within months, these commissions were sending back reports of extensive waste, fraud, and laxity throughout the system. In response, in late May, Hayes issued an executive order which unambiguously attacked the spoils system. In it, Hayes boldly decreed that:

> Party leaders should have no more influence in appointments than other equally respectable citizens. No assessments for political purposes on [federal] officers or subordinates should be allowed. No useless officer or employee should be retained. No officer should be required or permitted to take part in the management of political organizations, caucuses, conventions, or election campaigns.[89]

He also specifically instructed the New York City customhouse to trim its bloated workforce.

However, Hayes also realized the need for flexibility. If he clamped down too hard on spoils, then he might wreck his beloved Republican party and his own presidency. Democrats and ex-Confederates would start winning elections again, and gain control of federal and state offices throughout the country. Hard money, public education, government support for modernization, and Hayes' other policy priorities might all flounder. He therefore soft-pedaled on civil service exams. He backed away from removing senior spoilsmen from office. And other than Schurz, he appointed no other zealous reformers to his cabinet. Rather, Hayes' strategy was to attack high profile cases of corruption, while allowing more general street-level practices to continue.

Historians and contemporaries alike have sometimes interpreted Hayes' moderation on civil service reform as an attempt to rig the system for himself.[90] But this does not dovetail with his other actions or statements. Hayes made no attempt to establish his own personal faction or political dynasty. In fact, his single term in office was self-imposed; for Hayes believed that civil service reform "…can best be accomplished by an Executive who is under no temptation to use the patronage of his office to promote his own re-election…"[91] Nor did he profit from his appointments. And neither did the various Republican political machines bend easily to the president's will. The New York Customs Office made minor adjustments in its operations, but otherwise simply ignored Hayes' instructions. By summer, attention had been diverted away from civil service reform by squabbles over the Mexican border, the Nez Pierce Indian wars, and the Great Uprising of 1877.

Securing the West

A major source of economic prosperity during, and after, the Hayes administration was the development and exploitation of the West. These new states and territories were rich with land, minerals, metals, forests, and animal resources. However, even into the late 1870s, they were sparsely inhabited. Only around 2.7 percent of

[87] Hoogenboom, 1988: 132.
[88] Sherman, John (US Treasury Secretary) 1877. Quoted and paraphrased in *New York Times* (April 18).
[89] RBH. 1877. Executive Order, to Treasury Secretary John Sherman (May 26).
[90] White, 2017: 360.
[91] RBH. 1876. Letter Accepting the Republican nomination (July 8).

the US population lived west and north of Nebraska.[92] Parts of California had been well settled, and Colorado was booming, but the other states and territories badly needed investment and infrastructure in order to grow. This meant bringing in investors and migrants to build farms and ranches, mine the earth, lay down telegraph wire and railroad track, and to establish networks of communities and commerce. And the greatest obstacles to investment and settlers were not just the high costs and financial risks, but also security.

Along the southwestern border, the greatest threats to security were Mexican bandits and warlords who regularly crossed into Texas to plunder American ranches and towns. During spring 1877, difficulties surfaced with Mexico over a surge in these raids and over confusion surrounding the rise of dictator Porfirio Diaz. Hayes refused to recognize Diaz and ordered US troops to enter Mexico to pursue raiders and pacify the border. Critics fretted that Hayes husbanded secret plans to invade and conquer. But Mexico negotiated, secured its border, and by spring 1878, formal relations with Diaz had been established.

Native Americans also posed a threat to settlers in the western states and territories. For the West remained the ancestral land of dozens of tribes which sought to defend themselves against perpetual degradation by white settlers. The Great Sioux War, concluded during spring 1877, was supposed to have been the last stand of the now dwindling Native American resistance. But in June 1877, an uprising of Nez Perce Indians in Oregon and Idaho threatened to spark another wave of armed conflict. Eastern newspapers filled with excited reports of "Indian outrages" and settlers "wantonly murdered", while marveling at the "remarkable...skill with which the Indians have fought...[and who] have in every respect proved themselves as thorough soldiers as any of our trained veterans."[93] Hayes permitted the US Army to mercilessly pursue the Nez Perce north towards the Canadian border. By October, they were either captured, killed, or driven into Canada. After years of intermittent warfare, Hayes finally won a conqueror's peace with the indigenous people that would last a dozen years.[94]

The Great Uprising of 1877

But Hayes would face the greatest economic crisis of his administration just months into his presidency, the brief but violent mass labor uprisings of July 1877.[95] The initial strike began in Martinsburg, West Virginia, when railroad workers on the Baltimore & Ohio Line (B&O) walked off the job after learning of a third consecutive cut to their wages. With their incomes having now fallen 45-55 percent in four years, they complained that "we cannot live and provide our wives and children with the necessities of life".[96] Fellow workers on the Pennsylvania, New York Central, and Erie lines took notice of the B&O strike and copied it. Others followed and strike activity spread like wildfire.

Strikes soon affected railroad lines nationwide, first along the east coast, and then throughout the country. Within days, tens of thousands of railroad employees were on strike from coast to coast. Rail traffic was interrupted at best; completely paralyzed in many cases. Because railroads were the essential core of the US long-distance transportation and distribution system, the strikes shut down much of the American economy. Vital shipments of grain, cattle, fuel, raw materials, and industrial goods piled up on loading docks or languished in stalled railcars. Worse yet, laborers in other industries began to join the picket lines: miners, canal workers, boatmen, ironworkers, factory labor, and small armies of youths and the unemployed. At its height, some 100,000 men were out on strike, with 6000-7000 miles of track under their control.[97] Business leaders clamored for federal action. B&O's president excitedly warned Hayes of "the greatest consequences not only

[92] Table I: Population by States and Territories: 1790-1870; Table XVI: The Population of the United States Classified by Sex. 1880 Census. Washington DC.
[93] *New York Times* 1877 (July 2, July 15, Aug 14).
[94] Smaller clashes occurred sporadically, particularly in Arizona. Also, Hayes did not seek genocide or expulsion, but pacification and forced assimilation. He defended the civilian management of Indian affairs against the War Department's assertion of control. His administration also worked to increase funding and reduce corruption in the federal treatment of Native Americans. Hoogenboom, 1988.
[95] Foner, Phillip S. 1977. *The Great Labor Uprising of 1877*. New York: Pathfinder; Bruce, Robert V. 1989. *1877: Year of Violence*. Chicago, IL: Ivan R Dee; Stowell, David O. 2008. *The Great Strikes of 1877.* Chicago, IL: University of Illinois Press.
[96] Quoted in Bellesiles, 2010: 147, 149
[97] Foner 1977; Bruce 1989; Stowell, 2008; Davin 2014.

upon our line but upon all the lines in the country" and urged him to immediately send in federal troops "to suppress this insurrection".[98]

At first, the American public generally sympathized with the strikers. They blamed corporations for "putting wages down to the starvation point".[99] The railroads in particular had become wealthy and powerful; and where possible, they had exploited their natural monopolies to skimp on services and working conditions. Worse yet, rail corporations had continued to pay high dividends to their already wealthy stockholders, while cutting wages for hundreds of thousands of workers and raising prices on passengers and farmers. "These men merely wanted to live" complained a sympathetic reporter.[100]

However, the strikes soon became violent, with looting, vandalism, destruction of property, fighting, and eventually shootings. In several cities, devastating riots broke out in "one of the most spectacular and frightening episodes of collective violence in American history".[101] Strikers set fires that burned down a large section of Pittsburgh. "Madness rules the hour," one newspaper reported, "…so extensive and continuous a reign of anarchy"[102] The rail strike in St. Louis transformed first into a general strike and then into near civil conflict. "We shall blow up their bridges; we shall tear up their railroads; and we shall consumer their shops by fire" declared one strike manifesto.[103] Thousands of railcars were destroyed and scores of buildings burned.[104] Wealthy citizens in some cities formed vigilante posses to fight the strikers and to defend their homes and businesses. Police attacked even peaceful protestors in the major cities. Retired Civil War officers, both Union and Confederate, put on their old uniforms to lead state militia in the defense of their cities.[105] At least one hundred people were killed and countless injured, including many bystanders.[106]

State governors appealed to Hayes for federal aid against rebellion. In response, Hayes sent the US military into West Virginia (July 18), Maryland (July 21), and Pennsylvania (July 23). This was a risky move given that the Army was then skeletal, over-stretched, and unpaid due to Congressional wrangling over the budget. Federal troops shed no blood, but their appearance was enough to quell additional disorder. Interestingly, Hayes was more sympathetic to the strikers than most of his contemporaries. He saw no "spirit of communism" or insurrection in the strike, just a wage dispute.[107] And he thought that education and regulation, rather than force, were the real remedies.[108] But he also believed that strikers had no right to interfere with the right to work of other people; violence and property destruction were beyond unacceptable.

Having previously dealt with several labor strikes while governor, Hayes adopted the following approach: US troops would *not* act to enforce state laws unless a formal request by state officials had been rendered to, and approved by, the Hayes administration. In which case, US troops would only be sent into a strike area to protect Federal property "…and by their presence to promote peace and order."[109] In other words, the US Army was not to break up strikes or operate the private rails, even though Hayes could have used obstruction of US mail delivery as a pretext to intervene more forcefully. Nor would Hayes be manipulated by industry heads into hasty decisions or blanket armed suppression.

Soon US troops were being directed and re-directed all over the country, but always arriving after the violence had mostly dissipated. Thus, Federal troops spilled no blood, even as state militia and local police killed scores of men. The soldiers' presence likely prevented renewed violence, but without implicating the federal government in the fighting. Hayes did not end the crisis. But in his moderate response, and his refusal to be provoked by big business into smashing the strikers, Hayes threw cold water, rather than gasoline, onto the fire. And after two weeks, the strikes evaporated almost as mysteriously as they had begun.

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[98] Garrett, John W. 1877. Telegram to RBH (July 18). Quoted in Brands, H.W. 2010. *American Colossus: The Triumph of Capitalism, 1865-1900*. New York: Random House: 122

[99] *Martinsburg Statesman* 1877 (July 17). Quoted in Bellesiles, 2010: 149

[100] *National Labor Tribune*. Quoted in Foner, 1977*:* 58

[101] Stowell, 2008: 2.

[102] *Missouri Republican*. 1877 (July 23). Quoted in Foner, 1977: 66.

[103] Quoted in Bellesiles, 2010: 150-151

[104] Davin, Eric Leif. 2014. The Shattered Dream: The Shock of Industrialization and the Crisis of the Free Labor Ideal. In *A Companion to the Reconstruction Presidents, 1865-1881*, edited by Edward O. Frantz. New York: John Wiley & Sons 452-474.

[105] Davin, 2014.

[106] Foner, 1977.

[107] RBH. 1877. Interview with the *National Republican* (July 23). Quoted in Hoogenboom, 1995: 331.

[108] RBH. 1877. Diary entry (August 5).

[109] RBH. 1877. Quoted in Hoogenboom, 1988: 86.

Despite its brevity, the Great Strike frightened businessmen, investors, and politicians like no other event in US history. Historians now rank these protests as the "biggest instance of labor violence anywhere on earth for the hundred years between the end of the Napoleonic Wars of 1815 and the beginning of the Great War in 1914."[110] It was also the *first* national labor uprising in America, and it seemed to come organically from nowhere. In Europe, similar mass movements had threatened revolution, Marxism, and constitutional crises. Contemporaries agreed. "Communistic ideas are now widely entertained in America" warned the *Washington National Republican*, an anxiety echoed by frightened newspapers around the country.[111] Therefore some historians credit Hayes' moderation with avoiding that outcome.[112] He allowed the strikers express their anger, without taking sides. He also set a useful precedent that would be followed by presidents for decades. Henceforth "the strike injunction, backed by the power of the U.S. Army [became] one of the most effective weapons to be used against the labor movement."[113] Over the next fifty years, some 1,800 injunctions would be issued in a similar manner.[114] And in order to deter future riots and speed response, Hayes also supported a new movement to build state armories in cities around the country.[115]

The Gold Standard

The Great Uprising of 1877 severely damaged confidence in US credit, only recently recovered from the Panic of 1873. Investors worldwide suddenly questioned anew whether the US government, fresh from a disputed election and now overseeing national upheaval, would be able to pay its debts. The British business press warned its readers of a "declared war upon Government and upon capital" in America and that "[i]f the railway strike were to succeed in its aims, there is no saying what other attempts might not be made to 'cow' capital into submitting of the demands of 'labor'".[116] In an ominous sign, for the remainder of 1877, only a paltry amount of US government bonds were sold. Cash starved sections of the West and South renewed their calls on Hayes and Congress to print more greenbacks and to re-introduce silver currency. The combined credit pressures and political enthusiasm for inflationary policy prompted widespread speculation that Hayes might give in to demands for "soft money" legislation.

Therefore, after Congress reconvened in October, Representative Richard Bland (D-MO) presented a bill calling for the free coinage of silver. Silver had been quietly eliminated as legal tender in the Coinage Act of 1873. It could be used in private transactions, but the federal government would not accept it. Bland's bill would return silver to full legal status. This would allow a new supply of metal currency to reflate the US economy, aiding especially those Western states where silver was mined. It gained broad bipartisan support and passed the House by a wide margin (164-34) in early November 1877. The House also narrowly voted (133-120) to repeal the Resumption Act of 1875, which was the legislative basis for the US return to the international gold standard. Hayes' entire "hard money" agenda, initially set down by the Grant administration, and badly needed by American trade and financial interests, was now suddenly at risk. The Republican Senate split. It declined to take up the Resumption Act repeal, but responded favorably to silver coinage. Senator William Allison (R-IA) went further, amending Bland's bill so as to force the US Treasury to coin between $2 million and $4 million worth of silver dollars each month.

Hayes removed all speculation about his views by blasting these measures in his early December annual message to Congress. In it, Hayes argued that, as an indebted and developing nation, the US depended heavily on the confidence of creditors everywhere. Gold was then the most trusted currency in international markets. Therefore any attempt to slow or obstruct a return to the gold standard "…must end in serious disorder, dishonor, and disaster in the financial affairs of the Government and of the people."[117] Hayes himself was then

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[110] Davin, 2014: 452. A similar conclusion is reached by Oestreicher, Richard. 1988. Urban Working-Class Political Behavior and Theories of American Electoral Politics, 1870-1940. *Journal of American History* 74(4): 1260.
[111] *Washington National Republican* 1877 (Aug 4). Quoted in Bellesiles 2010: 144.
[112] Though some argue that the United States has never had the raw materials (e.g. a peasant class, inherited aristocracy, limited agricultural land) for a mass Communist movement or socialist revolution. See Lipset, Seymour M. and Gary Marks. 2000. *It Didn't Happen Here: Why Socialism Failed in the United States*. New York: W. W. Norton & Company.
[113] Foner, 1977.
[114] Beatty, 2007: 292.
[115] Fogelson, Robert M. 1989. *America's Armories: Architecture, Society, and Public Order*. Cambridge, MA: Harvard University Press.
[116] *The Economist* 1877 (July 28): 880.
[117] RBH. 1877. First annual message to Congress (December 3).

still deeply in debt, and would have personally benefited from the Bland-Allison Bill.[118] But he sincerely believed that inflationary policies, like silver coinage, would damage trust in America as both trading partner and recipient of investment and loans.

Congress ignored him and passed Bland-Allison in late February 1878; Hayes then vetoed it over the objections of some of his own cabinet members. Political conservatives reminded Hayes of the fundamental Whig axiom that presidential vetoes should be used only to defend the Constitution or to correct an obvious mistake by Congress, not to obstruct legislation. Hayes argued that Bland-Allision was just such a legislative mistake. If allowed to pass, he later wrote "[t]he faith of the nation was to be violated—the obligation of contracts was impaired by the law." Yet Congress immediately overrode Hayes' veto and Bland-Allison became law on February 28, 1878. Hayes then resolved to limit its effects. He ordered the US Treasury to limit silver coinage to $2 million per month, the smallest amount allowed under the law.

It is hard to overstate the anxiety felt by the American business community during winter 1877-1878. The recession seemed never-ending. The labor uprising appeared to herald the spread of communism in the US. Armies of homeless continued to menace the nation's cities and towns. Western settlers nervously awaited the next Indian war. Perhaps in response to the smoldering political uncertainty and economic misery, the country was also awash in a wave of murders and assaults, some government sanctioned, prompting several historians to label 1877 as a "year of violence" and "one of the blackest in the nation's annals".[119] Now gold too, the bedrock of national credit, seemed at risk. And over it all presided Hayes. He had laid the groundwork for a recovery in confidence and economic growth, but there were few signs of it yet. Frustrated critics renewed their attacks on his administration. Newspapers around the country published pages of testimony excoriating Hayes' southern policy and questioning again his contested election. *The Sun* brazenly called upon "the whole American people" to impeach and cast out the "Usurper in the White House!"[120]

1878: Nadir and Recovery

The failed veto of Bland-Allison finally convinced Hayes how deeply Congress, even fellow Republicans, stood against him. One of his few Congressional allies, James B. Garfield (R-OH), commented at the time that "[Hayes] has pursued a suicidal policy toward Congress and is almost without a friend".[121] As if to prove Garfield's point, Republican newspaper editor William Chandler published a blistering manifesto calling Hayes' secret election compromise a "deliberate written bargain" that bound Hayes to "Southern Democrats in high office [got] only through the blood of murdered Republicans".[122] Talk of impeaching Hayes began to circulate further. Only Southerners seemed to praise him for abandoning Reconstruction, but they voted Democrat.

Part of Republican frustration with Hayes was caused by his apparent foot-dragging on civil service reform. Civil service reform had resurfaced as a priority in late August, 1877. The trigger was an explosive Jay Commission report, which found that corruption at the New York customs house was costing the Federal government up to a quarter of its annual revenues. Senior administration appointees were also blatantly defying Hayes' direct orders to abstain from "the management of political organizations, caucuses, conventions, or election campaigns."[123] Hayes now had the ammunition he needed. In September, he had demanded the resignations of the most powerful spoilsmen in New York: Collector of the New York Customs House, Chester A. Arthur, as well as the Collector of the Port of New York, Alonzo B. Cornell. Both men refused. Hayes also failed to nominate strong reformers to replace them, and the Senate duly refused to confirm the new appointees. Instead, New York's anti-reform Republican "Stalwart" faction exploded in fury, openly blasting Hayes as a "scoundrel" full of "rancid self-righteousness" and his fellow reformers as "wolves in sheep's clothing."[124]

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[118] Hoogenboom 1988, 1995.
[119] Bruce, Robert V. 1959. *1877: Year of Violence*. Chicago: Quadrangle Books; Nevins, Allan. 1927. *The Emergence of Modern America, 1865-1878*. New York: MacMillan. 304. See also Bellesiles, 2010.
[120] *The Sun* (New York). 1878 (January 1).
[121] Garfield, James. 1878. Diary entry (February 28).
[122] *The Sun* (New York). 1877 (December 31).
[123] RBH. 1877. Executive order (May 26).
[124] Senator Roscoe Conkling (R-NY). 1877. Speech to the State Convention of the Republican Party of New York, in Rochester, NY (September 26).

Off-year elections were nearing, and many state and local Republicans were at risk of losing their seats. So Hayes allowed civil service reform to fade for several months, even permitting violations of his own executive orders on campaigning while in office. Frustrated pro-reform critics lamented that "[t]his administration will be the greatest failure that the country ever saw".[125] By January 1878, young reformer Henry Cabot Lodge was writing to Schurz "[w]e are somewhat adrift as to what civil service reform means in the presidential mind & the reform element is sadly dispirited."[126] Civil service reform seemed dead. Yet, those Republicans denied patronage positions still fumed with resentment. "The feeling of contempt for Hayes is universal here," wrote one such Southern Republican visiting Washington, "It is deep and bitter. Even those holding office under him despise him."[127]

The conditions were ripe for a major political assault on the Hayes presidency. It was launched in mid-May, 1878, when Democratic Congressmen introduced a resolution to investigate alleged voter fraud in Florida and Louisiana during the 1876 election. Hayes saw the investigation as an attempt to reverse his election, and unsuccessfully tried to fight it. To his delight, the subsequent investigation backfired. In mid-June 1878, the Congressional committee in charge of the probe reported that Hayes was indeed the legitimate victor of the 1876 election. A resolution to this effect passed Congress by wide margins. A second Democrat effort was launched, this time a Congressional investigation to prove that the Republicans had won in 1876 by bribery. However, this scheme also backfired when, in October 1878, several New York newspapers published Democrat communications which revealed how Tilden's people were deeply involved in efforts to bribe Southern electoral officials. The Democrats in Congress now ceased their embarrassing attempts to drive Hayes from office. As a result, by autumn 1878, general suspicions over Hayes' legitimacy had dwindled to only the most die-hard critics.

The Economic Boom Begins

Summer 1878 also finally brought signs of an improving economy! Industrial production surged.[128] Prices for railroad bonds leapt.[129] Hayes was able to point to a strengthening and reliable dollar, vast debt reduction, hugely reduced interest rates, and a rapidly improving trade balance.[130] "We have touched the bottom, and are now on the ascending grade" he triumphantly declared to a Madison crowd in early September.[131] Even the British began to fret that "[i]n the United States…the conditions of industrial production have undergone such a considerable change in the last five years that possibly that country is about to become our most formidable rival."[132]

Hayes also helped lead the US into embracing a wave of globalization enabled by new transportation and communications technologies. Despite his feuding with Congress, in July 1878, Hayes was able to announce Senate approval of a new bilateral treaty with Britain on trademark recognition. The ongoing recession at home had prompted many American businesses to market their products more forcefully in foreign markets. Agriculture usually did fine business overseas. But the budding American industrial sector was vulnerable to all sorts of intellectual property infringements which they had formerly practiced, quite successfully, against British exporters.[133] To leverage more open markets abroad, the Hayes administration negotiated a treaty that allowed inventors, investors, and businesses in the US and Great Britain to equally enforce their intellectual property rights on either side of the Atlantic. At the same time, Hayes also helped finalize revisions to the three-year old Universal Postal Union with 30 other countries and their colonial possessions. It eliminated a byzantine maze of

[125] Tilden, Samuel. 1877 (November 4). Quoted in Hoogenboom 1988: 134.
[126] Lodge, Henry Cabot. 1878. Letter to Carl Schurz (January 20). Quoted in Hoogenboom 1988: 136.
[127] Ames, Adelbert. March 1878. Letter to Blanche Butler Ames. Quoted in Lemann, Nicholas. 2006. *Redemption: The Last Battle of the Civil War*. New York: Farrar, Straus and Giroux. 183
[128] National Bureau of Economic Research. 2019. Index of Industrial Production and Trade for United States. Cambridge, MA. www.nber.org.
[129] National Bureau of Economic Research. 2019. American Railroad Bond Yields, High Grade for United States, Percent, Monthly, Not Seasonally Adjusted. Cambridge, MA. www.nber.org
[130] RBH. 1878. Speech in Toledo, OH (September 19).
[131] RBH. 1878. Speech in Madison, WI (September 4).
[132] *The Economist* 1878 (July 27).
[133] Dalzell, Robert F. 1987. *Enterprising Elite: The Boston Associates and The World they Made*. Cambridge, MA: Harvard University Press; Bracha, Oren. 2016. *Owning Ideas: The Intellectual Origins of American Intellectual Property, 1790-1909*. New York: Cambridge University Press

postal rates and processes, creating single postal market with common rates on international mail. Neither agreement triggered an avalanche of trade or investment; but each was a necessary step towards greater integration of the US with the global economy, and contributed to the late 1870s economic boom.

Admittedly, Hayes rarely operated alone in economic policy. One appointee in particular, his Treasury Secretary, John Sherman, played a large role in the administration's economic policy decisions. Sherman and Hayes were good friends and had a strong relationship. "I ride regularly with Secretary Sherman two to three hours. We talk over affairs and visit the finest drives and scenes near Washington" Hayes told his diary.[134] Sherman was an arch-gold supporter and an ex-Whig, and therefore saw eye-to-eye with Hayes on most economic issues.[135] He worked closely with Hayes on monetary issues, trade policy, the labor crisis, and even civil service reform. After six years in the House, and sixteen years in the Senate, Sherman was also an expert on Congress, with many deep ties there, and he often served as Hayes' most productive Congressional liaison. When Hayes was at his weakest, it was Sherman who was often able to corral support amongst recalcitrant and infighting Republicans in Congress. Hayes understood this well. At the end of his presidency, Hayes wrote to Sherman "To no one am I more indebted…for the career in public life which is now closed, as I am to you."[136]

In July 1878, with the economy improving and challenges to his political legitimacy quashed, Hayes now went on the political offensive. After months of quiescence on civil service reform, Hayes suddenly suspended Arthur and Cornell, the two head Federal collectors for the New York City customhouse and port. When Hayes' new appointee was finally confirmed, the president published instructions to him requiring that "your office shall be conducted on strictly business principles…In making appointments and removals of subordinates you should be perfectly independent of mere influence."[137] Instead appointees were to be made on the basis of competitive exams. New appointees were to start at the lowest positions, while higher positions were to be filled by promotion from within. Two months later, Hayes extended these rules to cover all major postmaster and customs offices.

Thanks to the recovering economy and real achievements on civil service reform, both Hayes and the Republican party now enjoyed a surge in popularity. Republican even began to win back seats in the North. However, Democrats more than compensated by tightening their grip on the South. As a result, both the Senate and House were taken over by Democrats during the November 1878 midterm elections. More worrisome, the new Greenback Party, which sought to reverse Hayes' pro-gold agenda, elected 13 of its members to the House.[138] The new opposition Congress would make no attempt to change the results of the 1876 election. But the battles over corruption, patronage slots, the currency, and civil service reforms continued to rage between Hayes and Congress. Nor were Republicans entirely past their feuding with Hayes.

1879: Defending the Hayes Agenda

On Jan 1, 1879, after years of careful planning, economic distress, and raucous politics, the United States finally returned in full to the gold standard. US paper currency could now be freely exchanged for gold at pre-war values.[139] Contrary to dire warnings of crisis, gold specie resumption succeeded far better than expected. Because "greenbacks" could now be traded for gold, it reduced the actual pressure to do so. Hence there was no general flight from paper currency. Of $346 million in outstanding paper, only $130,000 was presented for gold, and the paper money controversy was now settled.[140]

That month, Hayes also signed the Pensions Arrears Act of 1879. With the Treasury increasingly flush with funds from excise taxes and import tariffs, the Pensions Act awarded lump sum payments to Union soldiers disabled by the war. The amount paid was dependent on the recipient's rank and injury. Widows and children of men killed on duty were also eligible. And payments were retroactive, dating from time of death, disability, or

[134] RBH. 1878. Diary entry (March 18),
[135] Weaver, John B. 1987. John Sherman and the Politics of Economic Change. *Hayes Historical Journal* 6(3).
[136] RBH. 1881. Letter to John Sherman (March 6).
[137] RBH. 1879. Letter to General Edwin A. Merritt (Feb 4).
[138] In addition to one likely Greenback supporter in the US Senate (David Davis I-IL). Still other supporters of paper currency remained as Democrats or Republicans, but declared allegiance to the Greenback caucus on monetary issues. Martis, Kenneth C., Ruth Anderson Rowles, Gyula Pauer (eds.) 1989. *The Historical Atlas of Political Parties in the United States Congress, 1789-1989*. New York : Macmillan Publishing Company
[139] Timberlake, 1993.
[140] Timberlake, Richard H. 1975. The Resumption Act and the Money Supply. *Journal of Monetary Economics* 1(3):343-354

discharge. This produced an immediate 9 percent increase in the number of pensioners, a quarter million Americans by 1880, and a 25 percent increase in pension expenditures.[141] At a time when welfare programs were almost non-existent, these military pensions were an early form of federal benefits for hundreds of thousands of Americans still struggling to recover from the recession of 1873-1878. The new pensions also constituted a small, but significant, fiscal pump to the economy. Totaling around $60 million per year, the money went towards spending on rents, food, clothing, medical care, and consumer goods.[142]

With economic concerns fading, the new Democratic-controlled Congress instead focused on rolling back civil rights for recently enfranchised African-Americans. Their main battleground was the federal budget. By March 1879, the Congress had refused to make appropriations to fund the government, including the US military. The sticking point was Democrat riders to appropriations bills which would strip the Federal government of its power to supervise elections. This was a backdoor strategy for Southern Democrats to cripple the 13th, 14th, and 15th amendments to the Constitution. Though largely neutered by the new Congress, Hayes could still flex his muscles over fiscal policy. He issued veto after veto to defend the civil rights amendments, until the Democrats in Congress finally surrendered in late June. Republicans now rallied around Hayes, who was finally winning their respect as a clean, competent, principled president. The *New York Times* cheered "President Hayes...has taken a position which the good sense of the country will heartily sustain."[143]

During 1879, the fragile economic recovery begun the previous summer solidified into a boom. Industrial production stepped up in spring. Rates for wheat, cotton, wool, and coal bottomed, as did wages for unskilled labor; while prices for steel rails, bricks, and other industrial and construction materials had begun to reflate. A new expansion in railroad construction commenced, with more track laid in 1879 than during the previous two years combined, and the most since the Panic of 1873.[144] A mid-summer *Atlantic Monthly* exposé now celebrated President Hayes' achievements. "The honor of the nation in respect of financial obligations has been vindicated in every point...a great burden of taxation has been lifted, the credit of the United States is as good as that of any nation in the world, and an era of sound prosperity has dawned."[145] It also applauded Hayes' victories over the spoils system. "The civil service has been purified and invigorated". And it noted a resurgence of Republican party electoral strength. "The party is in a better position either for attack or defense than it was in two years ago."[146] Hayes concurred, writing to a close advisor that "our difficulties are over, we are moving harmoniously along."[147]

Nevertheless, Hayes now realized the practical political problem of Democrats winning elections. For with Democrats in control of Congress, his agenda was threatened like never before. So, as the autumn 1879 election season neared, Hayes once again compromised on civil service reform. The jewel of Hayes' reform effort, the New York Customs House, began to push for political patronage appointments. Federal employees began to take on election and campaign duties. Members of Hayes' cabinet even openly campaigned for notorious spoilsmen, including the man fired by Hayes, Alonzo Cornell. Hayes disciplined few of these transgressions. As a result, most Federal employees owed their positions to some spoilsman, hence the party machinery carried on.

As for Hayes, he was now tiring of the job and wished it over. For the remainder of his presidency, he frequently travelled and hosted lots of dry dinners and parties at the White House. Undeterred by the insurmountable Democratic opposition, Hayes still continued to urge new legislation to support his agenda. In a lengthy annual message in December 1879, he pushed Congress to "suspend the coinage of silver dollars" mandated by the Bland-Allison Act, and to retire federal paper currency from circulation. He also asked legislators to help him "to extinguish the public debt", perhaps with a new tariff on imports of tea and coffee in order to do so. He recommended study of British administrative practices as a model for additional civil service

[141] Table Ed337–350 Compensation and pensions for veterans – expenditures and number of veterans receiving benefits: 1866–1998. *HSUS*
[142] Skocpol, Theda. 1993. America's First Social Security System: The Expansion of Benefits for Civil War Veterans. *Political Science Quarterly* 108(1):85-116.
[143] *New York Times* 1879 (April 30).
[144] Table Df882–885 Railroad mileage built: 1830–1925. *HSUS*
[145] Allen, Walter. 1879. Two years of President Hayes. *The Atlantic Monthly* (August): 198.
[146] Ibid.
[147] RBH. 1879. Memo to William Henry Smith (May 25). Quoted in Hoogenboom, 1995: 402-403.

reforms in the US.[148] And he warned against the evils of Mormon polygamy and called for support of a trans-isthmus canal across Central America. But little came from his appeals.

By the first weeks of winter 1879-1880, public attention was already turning towards the next presidential election. Ulysses S. Grant, John Sherman, and the powerful faction-leader Senator James G. Blaine (R-ME), were the Republican front-runners. Hayes most preferred Sherman, since the election of his own Treasury Secretary would be a public validation of his own policy agenda. He privately tried to dissuade Grant, whom Hayes saw as corrupt, and worried that Blaine's railroad connections would handicap Republicans' chances. But otherwise, Hayes stayed out of the fray. He was more concerned about the election of a Democratic president than about which Republican won. When fellow Ohioan and his staunch ally in Congress, James A. Garfield, was unexpectedly handed the nomination in June 1880, Hayes was elated, calling it "the best that was possible. It is altogether good…[an] endorsement of me and my Administration".[149] He enthusiastically supported Garfield, first discussing campaign strategy together, and then cooperating on federal appointments in order to unite Republican factions during campaign season.

Hayes and US Foreign Policy

US foreign policy during the Hayes administration was relatively quiescent. Americans at this time were focused inward, dealing with reconstruction and assimilation of the South and West. Also, the repeated and spectacular foreign policy failures of Ulysses S. Grant, a far more popular president with a far more compliant Congress, soured the Hayes administration on any bold moves here.[150] Hayes did skillfully handle a Chinese immigration problem. In violation of treaty, Congress had passed a bill restricting Chinese immigration, which Hayes then vetoed. He then negotiated a new treaty with China which allowed the US to limit immigration. Perhaps the chief foreign policy concern for Hayes was the building of a canal across Central America. Hayes opposed a venture there proposed by Fernand de Lesseps, builder of the Suez Canal, because it violated the Monroe Doctrine. But he realized the strategic importance of the isthmus. In January 1880, he ordered two warships to establish US naval stations there. He and his cabinet agreed that any future canal would be under American control, which he asserted in a special message to the Senate.

Although Hayes was no imperialist, for example he declined a Samoan request for annexation, he did see diplomacy as means to expand trade. His Secretary of State, the renowned attorney William M. Evarts, zealously advanced this agenda. Evarts gave frequent speeches and interviews about opening foreign markets for American manufacturing goods. To this end, Evarts also revitalized the consular corps and instructed them to file monthly reports describing foreign economic conditions, customs, and government operations. He then published these dispatches for the American business community to study. He also supported the sending of US naval vessels around the Pacific and South Atlantic to increase security for American merchants there. Like Hayes, he also generally opposed imperialism of any sort, and protested vigorously against any European encroachments in Latin America. Widely respected in Republican circles, Evarts was also a valuable ally in support of Hayes domestic agenda.[151]

1880: Final Year

Hayes' final year in office was similar to the previous one, fighting copious bills filled with anti-Federal government, pro-South riders, and battling over civil service appointments. Democrats again hoped to corner and embarrass Hayes into submission over budgets and federal elections. But his steadfast defiance won Hayes the respect of fellow Republicans, and finally restored his relationship with his own party. He also continued to push for progress on civil service reform. Some newspapers now urged him to run again in 1880. But Hayes was

[148] RBH. 1879. Annual Message to Congress (December 1).
[149] RBH. 1880. Diary entry (June 11).
[150] For example, the failed attempts to: annex Santo Domingo (Dominican Republic), establish a naval base on Samoa, win Senate approval of a treaty with Colombia in furtherance of a trans-isthmus canal; also, the tortured passage of the Alaska acquisition treaty and subsequent corruption associated with it. Zakaria, Fareed. 1998. *From Wealth to Power: The Unusual Origins of America's World Role*. Princeton University Press.
[151] Pletcher, David M. 1998. *The Diplomacy of Trade and Investment in the Hemisphere, 1865-1900*. Columbia, MO: University of Missouri Press; Dyer, Brainerd. 1933. *The Public Career of William M. Evarts*. Berkeley, CA: University of California Press; Barrows, Chester L. 1941. *William M. Evarts: Lawyer, Diplomat, Statesman*. Chapel Hill, NC: The University of North Carolina Press.

eager to leave office, telling friends "I am now in my last year of the Presidency and look forward to its close as a schoolboy longs for the coming vacation".[152] He spent much of his last legislative session dealing with minor issues (a potential trans-isthmus canal, racial animus at West Point, and polygamy legislation); while Congressmen on all sides of the currency issue attempted to push through new monetary legislation in their favor, but little came of it. Hayes then travelled for much of summer and autumn 1880.

Hayes realized early on that a president's relationship with the American people was a valuable asset. "It is public opinion that rules in this Republic" he declared.[153] Therefore he travelled as often as possible. In addition to small trips throughout the eastern United States, he took four extensive tours as president, including the first presidential visit to the West Coast. All told he visited 30 states and 6 territories during his single term, more than any president before him.[154] These trips were not empty gestures. He almost always mingled with the public, attended local fairs and events, and dined at local venues. In both small villages and large cities, he stopped to speak to the crowds that gathered, totaling over 450 speeches, from brief, dignified pleasantries to more lengthy, but stately, exhortations on his favorite issues: a strong currency, civil service reform, national unity, equal political and civil rights, and public education. His final trip, out West in autumn 1880, with barely twenty companions and no armed guard, made national headlines. Eastern newspapers reported "tumultuous applause on the part of the throng" and formal receptions "packed almost to suffocation".[155] *The San Jose Times* gloated that "Nothing so strongly illustrates the true freedom and happy security in this land of liberty…[as] the untrammeled movements of our worthy President in his present long journeys." Hayes' tour demonstrated not only that times were so good that the President need not fear his own people, but also that the West was safe and secure enough for the President to travel without "armed guards and lynx-eyed detectives wherever he goes."[156]

By autumn, the 1880 elections dominated the news. In early November, Republican James Garfield won both the popular and electoral votes for President. Even more valuable, the Republicans won back the House and achieved parity in the Senate. Many now believed, and Hayes certainly did, that Hayes had saved the Republican party from destruction and planted it on the solid rock of reformed government, making possible Garfield's election. After the election, Hayes continued to make federal appointments in collaboration with Garfield. It promised to be one of the smoothest transitions in history.

Hayes' final major legislative act was to veto the Bond Refunding Bill of 1881. Debt refinancing was a high priority for Hayes. However, the refunding bill sent to him by Congress appeared to attack the national banking system. It contained within it a provision that would force reluctant private banks to buy federal bonds at a new, lower interest rate. And it did so by severely restricting the ability of private banks to circulate their own notes, while drastically raising their reserve requirements. Some worried that this might cause a financial panic as banks rushed to consolidate their capital; others foresaw a wave of bank failures. The bill "deranges the whole machinery of free banking" a dismayed Treasury official warned Congress.[157] Still a strong supporter of private finance, and well warned of the potential disasters, Hayes killed the bill, one of only thirteen vetoes during his presidency, arguing that it would "seriously impair the value and tend to the destruction of the present national banking system of the country."[158] A clean version would be passed soon after he departed.

Hayes left office in early 1881 with one of the strongest economic performances on record. Overall, the nation's real, per capita economic output increased by around 20 percent.[159] The rate of business failures had fallen by half, to a record not bested until World War I.[160] Trade also expanded dramatically, with imports rising 34 percent, while exports boomed 47 percent. This produced a US trade surplus roughly 6 times larger (as a percentage of GDP) than the one Hayes inherited four years prior. And yet the super-heated economy did *not*

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[152] RBH 1880. Letter to Guy Bryan. Quoted in Trefousee, 2002: 118-119.
[153] RBH 1879. Speech in St. Joseph, MO (September). Quoted in Hoogenboom, 1995: 410
[154] Ellis, 2008.
[155] *New York Times*. 1880 (October 3).
[156] *San Jose Times* 1880 (September 15). Quoted in Ellis, 2008: 103.
[157] Knox, John Jay. 1881. Testimony to the Senate Finance Committee (Jan 25). Quoted in Knox, John Jay. 1900. *A History of Banking in the United States*. New York: Bradford Rhodes & Co, 167-168; Laughlin, J Laurence. 1882. The Refunding Bill of 1881. *The Atlantic Monthly* 49(292):195-205; The Refunding Act of 1881. *The School Herald* II(2):10-11 (February 1, 1882) Chicago, IL.
[158] RBH. 1881. Veto Message (March 3).
[159] Romer, Christina D. 1989. The Prewar Business Cycle Reconsidered: New Estimates of Gross National Product 1869-1908. *Journal of Political Economy* 97(1):1-37.
[160] Series V 20-30 Business Formation and Business Failures: 1857-1970. *Historical Statistics of the United States, Colonial Times to 1970* (Part 2): 913.

trigger new inflation, which rose to only 2.5 percent during his final year.[161] Meanwhile, federal revenues from tariffs and excise taxes dramatically improved the nation's finances. As a percentage of GDP, the federal budget surplus rose 50 percent, while government debt fell by 25 percent and was rapidly headed lower.[162] These conditions improved confidence in the US dollar, which strengthened 10 percent against the British pound. Investors at home and abroad were now eager to lend to Americans, bringing US interest rates down from around 5 percent when Hayes took office, to around 4 percent when he left it.[163] Certainly poor urban labor suffered. But wages had bottomed and were now headed higher.[164] With mobility costs low, tens of thousands of new migrants settled in the increasingly peaceful Western states and territories. The nation's transportation and communication networks expanded at historic rates. The American railroad network grew by over 30 percent.[165] International shipping grew by 36 percent.[166] Telegraph traffic increased by 53 percent, while wire mileage increased by around 68 percent.[167] The new telephone industry boomed, with ownership increasing 550 percent.[168] In fact, overall business formation and the emergence of new industries hit record highs.[169] In sum, the United States was transforming into an economic and technological great power.

Certainly industrialization, technological change, globalization, and perhaps Western settlement, were the fundamental drivers of the recovery; but Hayes played a vital role in facilitating them. In an March 2, 1881 interview, the outgoing President Hayes specified what he thought were the accomplishments of his administration. First was pacification of the South. Second was civil service reform. Third were his conservative financial policies. He also believed that he had handled the strikes of 1877 well and pointed out the lack of corruption during his term of office. The *New York Times* generally agreed. Although the newspaper faulted Hayes for letting civil service reform slip during elections, and explicitly denied him the accolades of presidential "greatness" or "heroism", but it admitted that:

> The last four years have been the period of a somewhat remarkable transition in our affairs. While sectional division and antipathy have by no means wholly disappeared, their harshest features have been softened, and it is easy to mark a decided degree of progress toward renewed nationality. The finances of the country have been restored to the basis of specie with a prospect of permanency, and the national credit has acquired a degree of strength which it never before possessed…the beginnings of a [civil service] reform have been made which has sufficient root to acquire a healthy growth…the progress which has been made in these directions is largely due to [Hayes'] clearness of conviction, steadiness of purpose, and firmness in action.[170]

As for Hayes, he later gloated to his diary: "Coming in, I was denounced as a fraud by all the extreme men of the opposing party, and as an ingrate and a traitor by the same class of men in my own party. Going out, I have the good will, blessings, and approval of the best people of all parties and sections."[171]

Conclusion

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[161] Table Cc1–2 Consumer price indexes, for all items: 1774–2003. *HSUS*.
[162] Table Ea650–661 Federal government debt, by type: 1791–1970. *HSUS*; Table 2: New Estimates of GNP, 1869-1929 in Romer, Christina D. 1989. The Prewar Business Cycle Reconsidered: New Estimates of Gross National Product, 1869- 1908. [Journal of Political Economy 97(1):22.
[163] Table Ee22 International investment position of the United States – net liabilities: 1789–1900; Table Ee1–21 Balance of international payments: 1790–1998. *HSUS*; Municipal Bond Yields for New England, Percent, Quarterly, Not Seasonally Adjusted; American Railroad Bond Yields, High Grade for United States, Percent, Monthly, Not Seasonally Adjusted. www.nber.org.
[164] Table Ba4218 Index of money wages for unskilled labor: 1774–1974. *HSUS*
[165] Series Q 321-328. Railroad Mileage and Equipment 1830-1890 *Historical Statistics of the United States, Colonial Times to 1970* (Part 2): 731.
[166] Series Q 506-517. Net Tonnage Capacity of Vessels Entered and Clears 1789-1970. *Historical Statistics of the United States, Colonial Times to 1970* (Part 2): 760.
[167] Series R 46-55. Western Union Telegraph Company--Summary of Facilities, Traffic, an Finances: 1866-1915. *Historical Statistics of the United States, Colonial Times to 1970* (Part 2): 787.
[168] Series R 1-12. Telephones and Average Daily Conversations: 1876-1970. *Historical Statistics of the United States, Colonial Times to 1970* (Part 2):784.
[169] Table Ch330–379 Business incorporations, by industry: 1800–1930. *HSUS*
[170] *New York Times.* 1881 (March 2).
[171] RBH. 1881. Diary entry (January 23).

What lessons for presidential leadership can we infer from the Hayes Presidency? Obviously, we cannot draw a straight line between any particular Hayes action and a specific economic outcome. Too many variables were simultaneously at play to reach those sorts of conclusions. Nor does this chapter argue that Hayes somehow masterminded the late 1870s economic boom. He did not. That is not the point of this case study. Rather, the goal is to use evidence from the Hayes case is to generate new hypotheses, and to disconfirm some existing ones, about the relationship between the presidency and short-run economic performance.

We can say with some confidence four things based on the Hayes case. First, neither formal economic training nor personal business experience are necessary for an executive to preside over the end of a recession or a booming economy. Hayes lacked both, yet did well. Second, presidents can lead successfully without being demogauges or electrifying public speakers. Rather, clarity of vision and frequency of speech, accompanied by confirmatory actions appear to have worked for Hayes. Nor are presidential moderation and flexibility a hindrance to economic performance, and are likely a help. Only on gold was Hayes a stubborn ideologue.[172] Fourth, we can also say that a friendly Congress is not necessary. Certainly Hayes got more achieved with Republicans in the Congressional majority and on his side. But that was rare. And Hayes was able to advance, or at least defend, his agenda when they were not.

Other assertions are more hypothetical. For example, the evidence suggests that Hayes' greatest achievement may have been to restore trust in major political and economic institutions. In other words, Hayes did not cause the economic boom, but he did substantially facilitate it. Industrialization, technological change, and globalization were the fundamental economic forces driving recovery during his administration.[173] But they work poorly in uncertain environments. When he was first nominated, opposition newspapers predicted that "Hayes is no reformer...He is a man who, in the Presidency, would run the machine in as easy and unobjectionable a way as he could; but he would run it in the old ruts"[174] His controversial election and secret deals seemed only to confirm those suspicions. Then came the labor riots, Indian wars, advances for silver, and Congressional infighting of his first year. Hayes also initially had a habit of making bold declarations, especially about civil service reform, but following them with caution and occasional backpedaling. All boded ill. The country seemed headed into a political and economic maelstrom. But Hayes unexpectedly took the country back to normal after years of war, Reconstruction, political corruption, and recession. His words and actions on gold, labor, securing the West, civil service reform, and federal pensions, gradually bore fruit. His administration also proved to be remarkably scandal free. The economic environment grew more secure, both in practice and perception, due to Hayes.

Hayes' relevance is perhaps more clear from the economy's perspective. The opening of the West created vast opportunities for farmers, ranchers, miners, and shippers. So too did increased demand in Europe for American exports. Meanwhile the promise of urbanization created threats and opportunities hitherto unseen. These could only be met by a resurgence of railroad construction, telegraph and telephone erection, agricultural development, and mine investments. This meant a surge demand for iron, steel, copper, coal, wood, and other raw materials; as well as for intermediate and finished manufactured goods.

But all this relied on: trust. Trust that investors could get out dollars valued the same as they put in. Trust that settlers would not be raided or killed off in the West. Trust that federal funds and soldiers would not be diverted to Reconstruction efforts in the South. Trust that the millions of elderly, widows, and disabled could afford basic necessities. Trust that private and federal monies would not be siphoned off into hairbrained schemes or corrupt political activities. The hypothesis generated by this chapter is that the Hayes administration helped to alternately create, increase, and maintain that trust.

The main counter-argument is "regression to the mean": that Hayes mostly just rode an inevitable recovery from the Panic of 1873. And if the main external factor is the number, diversity, and extremity of crises that a president faces, then Hayes faced relatively few. Hence passivity worked! He was a competent, unassertive "caretaker" president with little impact and lacking in executive leadership skills. He just happened to be in office when the economy entered a boom period. Hayes lucked out.

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[172] This is not an endorsement of fixed exchange rates or zero inflation policy. For example, had Hayes taken a similar stance five decades later, his inflexibility on gold would likely have produced the same dire consequences as it did for Herbert Hoover.
[173] Engerman, Stanley L and Robert E Gallman (eds). 1996. *The Cambridge Economic History of the United States, Vol II: The Long Nineteenth Century.* New York: Cambridge University Press.
[174] *The Sun* (New York). 1876 (June 17).

But Hayes was neither passive nor lucky. He repeatedly acted against the status-quo, and one from which he and his party might have benefited. It is true that he avoided drama and sought no headlines. Nevertheless, Hayes did innovate in his approach to presidential leadership. He broke with the long-held tradition of a weak, passive executive. Prior to Hayes, presidents tended to defer to Congress or their cabinet members on most policy and appointments issues. Most Presidents also gave their cabinet members, usually drawn from Congress, considerable autonomy in running their respective departments. But Hayes refused to be dictated to by Congress. Nor would he permit his administration to become captive of his appointees. Instead, Hayes chose his own cabinet. He met with it regularly. He relied on it, as well as Congress, for advice and guidance. But Hayes made his own decisions, sometimes even imposing his will upon influential cabinet members who disagreed with him. Nor was Hayes *ad hoc* in his decision making. He entered office with a philosophy that consistently guided his actions as president. And when serious conflicts over policy or appointments arose, instead of retreating, Hayes often willfully ignored, even openly defied, Congress and his own Republican party. All the while, he actively cultivated his relationship the American public, educating them on his agenda. He was generally effective, as Garfield's nomination and election promised a "second term" of the Hayes administration agenda. In sum, scholars should take another look at the Hayes presidency. It was far more consequential than we are generally lead to believe.