Steven: Hello and welcome to the Inequality Podcast. I'm your host, Steven Durlauf. Thanks for joining us. I am delighted to introduce you to the first Inequality Podcast, sponsored by the Stone Center for Research on Wealth Inequality and Mobility and the Harris School of Public Policy. I'm doubly delighted that our first guest is Samuel Bowles, who not only is one of the great scholars of the second half of the 20th century in social science, but to be honest, one of my personal intellectual heroes. Now why would I use such effusive praise? One reason is simply that Sam was working on inequality before it became central to economics, and in fact is one of the individuals who made inequality a central focus of economic research. A second reason is not only that Sam made the question fundamental to economic research: his willingness to entertain the broadest set of possible explanations, to integrate ideas throughout the social sciences in addressing inequality, and his fundamental humanity in identifying the most salient dimensions of inequality make him a really remarkable scholar. When I say intellectual hero, I don't mean simply because of his intellectual achievements. What I mean is that he's also somebody of great personal intellectual courage. It is not the case that his work was initially received with open arms in many cases: he was controversial, and his career and trajectory reflect this constant desire to speak truth to academic power while adhering to the highest scholarly standards. For all these reasons, I cannot honestly think of a better guest to introduce the Inequality Podcast here at the Harris School. Now unsurprisingly, given the fact that every time I talk with Sam we can literally go for hours thinking and reviewing and debating different aspects of economics, social science, and any question you can imagine, this interview violated all of the time constraints I was given by the producers. For that reason, this is going to be a special two-part episode. In the first part, we will spend some time talking about Sam's intellectual development and a bit about the history of his fundamental research on inequality. In the second episode, we'll of course talk about his inequality research, but focus a bit more on his more contemporary research agendas as well as talk about his efforts to improve the economics curriculum. I should mention that despite the advances in 21st-century technology, speaking with Sam while he was in Italy did lead to a somewhat different quality of recording than is the usual for this podcast, but rest assured that listening is absolutely worth it.

I am absolutely delighted to introduce Samuel Bowles, who is a research professor at the Santa Fe Institute and a professor at the University of Siena. Sam has been a champion of the study of inequality throughout his career, a champion of interdisciplinarity, of efforts to integrate ideas from sociology, psychology, and evolutionary biology into economics, and a rare individual whose research has both themes of continuity throughout his career as well as themes of change. In other words, the Sam Bowles of Schooling in Capitalist America is different from the Sam Bowles of A Cooperative Species, but it's that intellectual courage that makes for the best social science. Sam, it's wonderful to have you join us, and thank you.

Sam: Thank you very much, Steven. It's great to be on your show, and I look forward to our conversation.

Steven: Sam, I thought the first thing we might talk about is a little bit of your intellectual trajectory. As I mentioned, you've been thinking about inequality from the beginning of your career. Might you give us a sense of where your thinking started, where it is today, and to find to some extent what the elements of continuity and change are?

Sam: Well, Steven, the story goes back even further than you might suspect. When I was 11 years old, I was a schoolboy in New Delhi, India. I was going to an Indian school; my two sisters and I were the only non-Indian kids out of 2,000 in this school. I came home one day and I asked my mom: look, I'm doing okay, but I'm really not able to do things better than these kids. I'm actually kind of average in math and in sports and so on. How come they're so poor? If we're really all the same: that's age 11. But that question stayed with me: why is the world so unequal globally, when around the world I knew from my childhood that my friends, the people I played sports with, were really very, very similar. And so I eventually drifted into economics and got a degree in economics, and got a pretty good job: I was teaching at Harvard. The second stage in my interest in inequality was: I had met Dr. Martin Luther King. Like Dr. King, I was engaged in the anti-Vietnam War movement, and he had kindly assisted an organization I was involved with in going door to door and talking to people about the war, and I spent a bit of time with him. So he knew there was this guy at Harvard who did economics, and when he shifted to study inequality, he asked if I could answer some questions about how the economy worked. Oh my god, you can imagine: I was 27 years old, and that's why I studied economics, so that I could help out with a person like Dr. King. And I looked at the list of questions: there were ten or so, and I was shocked. I didn't have a clue where to start answering them. Now think about that, Steven: here I was, the PhD just gotten, a good job in economics. Dr. King sends a bunch of questions; they are definitely about economics, no question about that. I couldn't answer them and didn't even know where to start. I was angry, I was ashamed, I was disappointed, and I remember saying to myself: well, I'm either going to leave economics or I'm going to change it. And so that was what got me into trying to change what economics was like, because it just was scandalous to me that I had studied and done well, and I couldn't address questions about jobs in center cities or the returns to education for Black and white Americans. That's how I got started.

Steven: Sam, if you don't want to pursue this, you should say so, but could you say a little bit about the role of your parents in shaping these ethics? The story you told about your mother is very moving, and of course, your father was the ambassador to India and a great champion of progressive causes. If you're comfortable, can you say something about how you see that evolution?

Sam: Well, the first thing you already know is that in the early 1950s, the kids of diplomats all went to school up in the mountains somewhere at very elite schools, and my mother just wouldn't have it. She had gone to a public high school, she was a cheerleader, she did all the high school stuff. My dad went to a prep school, and he never heard the end of that from my mom. They were kind of down on private schools in our family. My dad was really a champion of the developing world in the 1950s, and he thought that Africa, Asia, and Latin America should, insofar as possible, stay out of the Cold War. They had important things to do in terms of essentially raising the living standards, the health status, and the human rights of their populations. So he was constantly battling with the Eurocentric position of the State Department. And also, he got into a bit of trouble because he opposed the Bay of Pigs invasion under John F. Kennedy: he was at the time Under Secretary of State, and that was not well received by the Kennedy brothers. They decided to do the worst thing they could possibly think of to do to somebody, which would be to send the person off to India. So back he went to India in the 1960s. Of course, he was as happy as he could possibly be, as was my mom, but it did hurt his career. I can't say that my dad was a rebel, but he certainly was not a conformist when it came to political views, and I am very grateful to them for having passed on that spirit of independence, which I have pursued in my modest way as best I could.

Steven: Sam, how would you characterize the evolution of the frontier of inequality research over the last half century? I was going to say you were present at the creation, but you were part of the creation, so it's more than being present. You've continued to create till today, and so I think it would be fascinating to see how you perceive the successes and the failures of inequality research.

Sam: Well, the first thing that really strikes you today, Steven, is just how much research there is being done on inequality. But if you think about what's changed most, I remember in the 1970s and 1980s, and even as late as the 1990s, the so-called efficiency-equality trade-off was taken as being an essential part of what every undergraduate had to learn. In fact, you'll find it in virtually every intro textbook. Well, starting in the 1990s, people started to look at the data, and of course, the thing that jumped off the page was that Latin America was highly unequal and doing pretty poorly, whereas East Asian countries were much more equal in terms of their disposable income and also in terms of their wealth, and they were doing great. Now, of course, that rough comparison, East Asia versus Latin America, doesn't really demonstrate much, but research done since then has begun to develop an understanding about how it might be that inequality is not actually greasing the wheels of economic progress but rather sand in the gears. High levels of inequality might actually be a barrier to economic progress, simply meaning the growth of productivity. So it's good to see the equality-efficiency trade-off out the door.

One of the things I'm also very happy about is that economists, often pressed by philosophers and the public, are now asking: inequality of what? Increasingly, the question of wealth inequality has come up, as at your Stone Center at the University of Chicago, to focus attention on the problem of wealth concentration, not just income inequality, but also extending towards other things that people care about. Of course, we're interested in equality of opportunity, but increasingly we also hear about equality of voice: how much your voice counts in the running of your firm or the running of your community. We even hear calls for equal dignity: that people should have the opportunity for dignified lives. Broadening out the scope of what we find offensive about inequality seems to me a very good thing. Let me move on to other things that are important. In the last decade, there's been much more attention to the problem of the lack of competition in product markets, the old question of monopoly. I remember in the 1950s and 1960s, when I was studying economics, I was very skeptical that monopoly really was a big problem in America. What I find recently is that the evidence is overwhelming that barriers to competition and barriers to entry are actually contributing to the increase in income inequality in the US, and there's lots of good attention to that. Another thing I see happening is that so much of what we studied in the 1960s, using human capital theory and theory of labor markets, was trying to figure out why people are poor, and I find a lot of attention now being directed to why people are rich. And of course, this drags us immediately to the question of intergenerational transmission of wealth and privilege. That's important because quantitatively it's very important to understand how wealth inequalities persist over long periods of time, but also morally it's very important, because people often differ about what they think the right or acceptable amount of inequality is. But if you ask people about the inheritance of wealth as the primary basis for inequalities, people are much more willing to say: well no, that's not a morally justifiable basis for inequality. So I see the study of inequality by economists and by other disciplines as a very exciting, vibrant field which is, for the most part, focusing on very real and important problems.

Steven: So where would you say have been the comparative failures of the evolution of economics in terms of studying inequality? I think you've alluded to one of them, which is at least I'm very sympathetic to what you had to say about power relationships and the notion that equal voice is a dimension of what we mean by a just society: I would identify that as an area where that's still not exactly mainstream. Are there others you would focus on?

Sam: A very narrow view about inequality of what: that's under our understanding of the inequality phenomenon we're trying to study, but it's also made it difficult for us to talk to people outside of economics because we seem to have a very narrow view of what the problem is. I find it a little distressing today that even for people on the left of center, a very popular objective is shared affluence. Well yes, of course, shared affluence. But what about sharing the other fruits of our society? Not just money, but sharing the opportunities for writing your own biography, for leading your own life, and making choices; and the equalization of those things, which are vastly different now between the highly educated and wealthy and the less educated and less wealthy. I think that's an important problem.

Steven: Some of what you say brings to mind Amartya Sen and Martha Nussbaum’s ideas about capabilities. Do you want to elaborate on that dimension? Part of what I think is distinct in your vision is that most of the capabilities discussion focuses on things such as education, the ability to practice religious beliefs, health, etc. But you brought up this issue of voice, and that is the organization of activities such that ex-post there's a type of inequality, but it's not equality of outcomes in the conventional sense of redistributing wages across people: it's equality in the organization of activities that reflects democracy.

Sam: Absolutely. I've really focused much more on the question of democracy and voice. It really comes to this: even capitalism is a profoundly undemocratic economic system, in that in the private sector, some people have extraordinary powers, making decisions over life-and-death matters affecting their employees. People say: Well, okay, if the employees don't like it, why can't they walk away? They can't walk away because they can't be sure of getting a decent job somewhere else. Now that kind of power, in a democracy, we think should be accountable. The fact that the government has the power to make life-and-death decisions over its citizens is one of the reasons why we argue that, morally a democracy should make the wielders of power accountable. But the CEOs of our major companies are wielding the kinds of powers that we normally would think, if it were a government, should be made accountable by democratic rule. Suppose you compare the kinds of powers that a CEO of a major company has to the kinds of powers that a mayor has. They both have a lot of power. But if somebody told you: Oh well, we don't have to elect a mayor, because if you don't like living in this town, you can go to some other town, people would say no, that's not the way we do it in a democracy: you elect political leadership. Well, why is economic leadership exempt from that? And the reason is that economics has done a very good job of hiding the exercise of power in the private sector.

Steven: It seems to me that part of what you're defining as a new research frontier is, to use a 21st-century analogy, and I'll explain why I think it's a weak analogy: the socialist calculation debate. What I mean by that is the traditional dichotomy is whether or not planned economies could be efficient or not, and I'll stipulate for the sake of argument that I think Hayek was essentially correct, conditional on the institutions he was referring to. But you're talking about something much deeper, which is how do we organize organizations such as firms so as to preserve the types of efficiencies that Hayek talked about, yet do so in a way that treats the workers with the respect and gives them the agency that you think is lacking. Is that a fair characterization?

Sam: Yes, and I think that's a very good way of putting the problem. What Hayek showed is that a central planner couldn't possibly have all the information necessary to plan an economy. Then a number of people pointed out: well, big firms are just many centrally planned economies, employing in some cases millions of people. How does management manage the firm? How do they get the information? How does that work? Well, the fact is, it's a problem, and one of the reasons why it's a problem is that the people whom the manager is hiring, and whose labor is making the owners wealthy, don't have any particular interest in sharing information. Now the question is: could a more democratic society work better? I think we can set aside the question of whether a more egalitarian society would work better: I think we know the answer to that is yes. We have plenty of examples of it. We know that well-designed egalitarian programs can enhance both productivity and equality. But the question is: what about a more democratic society?

Now there I think there's a serious problem. If you think about capitalism: capitalism is basically an innovation machine that generates a lot of inequality. It concentrates power in the hands of a small group of people who are so wealthy that they're able to take risks on a grand scale because, in technical terms, they're approximately risk-neutral in economics. That's a feature of this system that makes it highly innovative: decision making is placed in the hands of people willing to take risks, and they're able to because they're wealthy enough to borrow and they're protected. Now, suppose I come along and say: the structure of a capitalist firm is undemocratic and tends to deprive people of voice in important affairs, and very often is associated with indignities: people are being treated poorly, I'm talking about things like sexual harassment or racial slurs that managers can get away with just because the person really needs that job. Could we really change that?

Let me pose this as a serious problem. If you take power currently being wielded by the very wealthy, these risk-taking very wealthy people, and put it in the hands of ordinary citizens, or at least let the power be more widely shared, you'll necessarily be putting decision-making power in the hands of people who are more likely to want to avoid risk-taking, just because they're not wealthy enough.

The first thing you'll notice if you look at the data is that some of the most innovative countries in the world today are extraordinarily equal. Every year, Bloomberg puts out a list of the most innovative countries in the world, and Americans will be surprised to know that America is not in the top 10. The countries that are in the top 10 include South Korea, which is very egalitarian compared to the United States, and a whole bunch of Northern European countries, which are famous for their low levels of inequality of disposable income. So what we're now posed with is a fairly strong puzzle: the more egalitarian society with more participation in government by trade unions and so on, could that actually be less innovative?

Steven: Could I ask you to elaborate on this a little bit? One might say: well, if you define innovation by the absolute upper tail of science, Fields Medals, Nobel Prizes, etc., the United States still looks awfully good. Could you sort of define innovation a bit more?

Sam: There are a number of ways you could do it, but if you simply look at, over the past 50 years, in which countries we've observed very rapid rates of growth of productivity, the United States has been distinctive in the last decade and a half, but not over the long run. I think the challenge is: can we devise ways of fostering a rapid rate of innovation in a democratic economy? I think we can learn from other kinds of historical experience. Agriculture in the United States, including small business agriculture, has been highly innovative with very rapid rates of productivity growth over a hundred years or so, and very many of those innovators were not particularly wealthy. There was a lot of technical assistance, but also a lot of insurance. If we want to democratize decision-making, we have to think of new roles for insurance: where it's possible to design insurance to protect people from risks in ways that an economist would say are incentive-compatible, that is, cannot be gamed by the people engaged in those insurance contracts, the answer is: well, yes, we can think about that.

The wealth that an ordinary person has in America is almost entirely in their house and their car. If your wealth is in your house and your car, and you have huge fluctuations in house prices, well you're exposed to a lot of unnecessary risk. We could have house price insurance in the US that protected people from those huge fluctuations. It would work like this: you get a payment if not your own house price goes down, but if everybody else's house price goes down in your neighborhood or in your city: if you're suffering the burst of a housing bubble, it'll be insured. It also means that you're going to pay in if house prices in your area are rising. That's a simple way that we could protect ordinary working people and middle-class people from the fluctuations in the economy that make people very reluctant to take a chance on, for example, joining with a bunch of fellow workers and organizing a co-op, which is another risky thing to do.

Steven: So I appreciate you moving to policy, because I wanted to ask you to give some of your judgments there. To be concrete: thinking about intergenerational mobility, if you suddenly became the social planner for the United States, what policies would most come to mind? I'm relaxing all political constraints, so I want the bold vision of how to increase mobility.

Sam: The most obvious one is to tax inheritances. Let's have a tax which is confiscatory for any wealth greater than the value of two houses: except you don't have to pay it in taxes if you want to give it to a charity. You can do that. We're not saying that people can't dispose of their wealth; they can give it to the cancer association or to a university. But the one thing they can't give it to is their children. We could do the same thing with private schools. I think there's a lot of value in private schools; I don't agree with my mother entirely on that score. What's wrong with private schools is not that they're private; what's wrong with private schools is that they're funded by the parents of the kids who get to go there. What would that mean? Well, you can have private schools, and private schools can raise money, but the only thing prohibited is that they can't get money from the families who attend the school. Why would you do that? Because you think that the private management of a school might actually be a contribution to innovation in educational method; school choice might be a good idea. But what's not a good idea is having wealth give you a privilege in attending really high-quality schools.

Steven: And would you say the same thing with respect to universities?

Sam: Yes, absolutely. But there are also some more ordinary things that would make a big difference. If we really had a school system more like Finland or South Korea in the sense that it was more egalitarian in its outcomes, that would make a big difference: a very high level of high-quality schooling for everybody would make a difference. That's not an easy thing to do; we've learned some things about how to do it, but I don't think we should give up on the standard measures. America today seems to be doing particularly badly at this. Maybe also very conventional: I think the weakness of the trade union movement in America has been a serious problem in the development of inequality. There are many different ways that people can have a voice in economic affairs. The one which I am particularly interested in and have studied to some extent is the idea of worker ownership of firms. But there are many ways around the world that workers have had a say in what goes on in the places where they work. Giving them a chance to have equal or almost equal voice is collective bargaining with management, either through unions or through membership in co-determination councils, as in Germany.

Steven: Sam, can we return to Dr. King's questions?

Sam: Yeah.

Steven: Are there particular ones that resonate with you today?

Sam: A lot of them had to do with cities and suburbs, and also returns to schooling. I think one of the questions that I know he was interested in, and I don't think was on the list, but was one that he pondered a lot, is: what are the political barriers to addressing economic inequality? Why is that so difficult in a democracy when the rich are relatively few, and the not-so-rich are relatively many? There's a political process problem that we hadn't addressed then and still haven't fully addressed. I think that's a puzzle.

Steven: So that leads naturally to the questions of racial inequality. Once again, I ask about the evolution of your thinking. Obviously, you came of age when the civil rights movement was developing, and there were extraordinary achievements there. But the persistence of Black-white inequality is the salient 21st-century fact. I'd be very interested in all your thinking about where we were, where we are, and what we don't know.

Sam: Well, where we were at the time that I was interacting with Dr. King was at a very optimistic point in our history. We thought, when you even had people writing about the end of racial discrimination and so on in those days, that a non-discriminatory society would become racially egalitarian. That view has now suffered some serious damage. I have to say this carefully: we of course never became a non-discriminatory society; the discrimination has been there, but I think it's been greatly modified since the 1950s and 1960s, and yet racial differences persist. I think this has forced some economists at least to look at the processes by which racial differences can persist in the absence of overt discrimination. All it takes is a high level of segregation to perpetuate a lot of racial differences, even if active discrimination is not being sustained. I think there are two big facts that people ought to really take on board. One is that racial inequality is alive and well in America; unfortunately, attitudinal changes in culture and exposure to people of different races and an African-American president have not put an end to the economic inequalities facing African Americans. The other fact is that inequality in the US appears to be increasingly taking on a class character: differences are now very evident between people with higher levels of education and lower levels of education. So though racial inequality is persistent, privilege according to level of schooling, and those things associated with level of schooling, like wealth and well-placed parents, is also very alive and well in America, and if anything, increasing. Those two things are not at all contradictory: race continues to be important, but the divide between those with degrees and those without degrees has now become a major divide in our society.

Steven: I wanted to end actually by recommending to the audience a book by Sam and Herb Gintis called Democracy and Capitalism, which is actually a book that influenced my thinking literally for decades. It's a profoundly humane vision, and one that I think speaks to the ethical underpinnings of much of what Sam's talked about today. But Sam, really the main thing to say is thank you. I could not enjoy the conversation more or learn more, and so I'm very grateful to you.

Sam: Thank you, Steve, and I always enjoy our conversations.

Steven: For our final segment, which we are calling the Inequality in Perspective segment, we hope to take something from our guest interviews and provide you with more in-depth personal examples of these topics. For our first Inequality in Perspective segment, we decided to focus on an interesting comparison Sam Bowles made between the chief executive officer of a company and an elected government official such as a mayor. As he pointed out, both the CEO and a mayor wield much power, but government officials are held accountable to voters, while most CEOs are not held accountable to their workers. He illustrated the incongruity with the hypothetical example of a town that does not elect their mayor: the only options for residents are either to go along with a mayor or to move. Sam is, of course, correct in saying that most people today would find such a town ridiculous. As he put it during the interview: that's just not how things are done in this country. But there are interesting instances in history where exactly this was done, and one of the most notable examples was the company town of Pullman, located on Chicago's far South Side.

Devised by George Pullman to house most of the workers of his Pullman Palace Car Company, the town of Pullman, the man had a penchant for naming things after himself, was to serve as a model for how to treat workers and tamp down labor revolts. Pullman generated much attention both domestically and internationally: it was a bold and in many ways, innovative approach to a growing problem. Think of it this way: right now, technology has led many to worry about its impact on job security. In fact, the Writers Guild of America, the union for Hollywood writers, felt so threatened by AI that when they went on strike, they demanded that the studios promise to limit their use of AI in writing shows. Now, a maximum stumper of a solution came along back in the 1880s: the promise to achieve the perfect balance between innovation and safeguarding workers, something that would satisfy unions, laborers, corporations, and consumers all at once. This is what Pullman was trying to do: he was met with skepticism and optimism, with people falling back on their prior beliefs in the face of something so unprecedented. And so Richard T. Ely, a very famous economist at Johns Hopkins at that time, decided to check out the company town for himself. This final segment is about his trip to the town and what he found when he got there. It was a gorgeous little town, but it deprived its residents of any voice and left them at the whim of its unelected, unaccountable mayor: George Pullman. Much of the research for this segment is based on an article that Ely wrote, published in Harper's New Monthly Magazine in February 1885, but it also comes from the website of the Pullman National Historical Park, which sits on the site of the former company town and is open to the public. Links to these sources and others are listed in the show notes.

Eric: Richard T. Ely boarded the Illinois Central in downtown Chicago on a train heading south. He was drawn to the city from Baltimore because of the apparent miracle that one of Chicago's titans of industry, George Pullman, had pulled off. At a time of disruptive, violent, and even deadly labor revolts, particularly in the city of Chicago, George Pullman was claiming to have devised the cure: a way to keep workers happy and businesses running uninterrupted. The founder of the eponymous Pullman Palace Car Company took a radical approach, something not done to this extent anywhere else in the world: he created his own town, unsurprisingly named Pullman. This company town would house most of Mr. Pullman's laborers and their families, and would do so with a much higher quality of life than could be found elsewhere in the city.

Labor relations were a central problem for the United States, and it was something that Dr. Ely, an economics professor at Johns Hopkins, had thought a lot about. He approached Pullman with healthy skepticism and wanted to see for himself whether this grand project could in fact live up to the promises that its founder, and his many boosters, made to a society eager for solutions.

What Ely had not expected, though, was that the 45-minute train ride from downtown to Pullman would inadvertently provide an opening argument for why such a company town should exist. Pullman Palace Cars were the most luxurious train cars in existence, and they revolutionized rail travel, making it possible even for middle-class passengers to ride in elegance. They provided unrivaled peace, comfort, and service at a time when rail lines were expanding across the country. But Dr. Ely was not in a Pullman Palace Car. The case for the train magnate's town was not found on the train itself but rather outside its windows. The journey through Chicago's South Side revealed both the splendor and grit of the city: towering manufacturing plants, throngs of people, and countless horses were huddled together amid hazy clouds of pollution and dirt, all seeming to fight each other for elbow room. Frail wood-framed houses lined the streets, many of them shabby or even dilapidated. Dr. Ely could see roads filled with animal feces, stagnant water, and piles of garbage, and he watched carriages and people travel over all that filth seemingly unfazed by what lay beneath them. Taverns were another common sight, one on every single block it seemed, with undoubtedly countless more further inland. But what stuck out the most was Packingtown: the home of the Chicago Union Stockyards. The 450-acre butchering plant and its surrounding neighborhood lived perpetually in stench and grime. The clouds of flies and mosquitoes were large enough to be visible from Dr. Ely's train, and despite it being a sweltering hot summer day, he could not identify a single home with the windows open, and figured this was done to keep the buzzing multitudes from getting inside.

The size and scope of the stockyards was certainly impressive, and many tourists indeed did get off at the Packingtown stop. But it seemed also to pose the question: why not build something like Pullman? The residents of Packingtown, most of them poor, desperate immigrants from Eastern Europe, lived lives scarcely better than the very animals they slaughtered. They battled the unbearable heat in the summer and braved unbelievable cold in the winter, all the while subjecting themselves to putrid odors hanging in the air, and for the men, ghastly working conditions. It was almost as if George Pullman himself had organized the layout of the South Side so that passengers of the Illinois Central would, by the time of their arrival to Pullman, invariably conclude that industry and humanity both desperately needed something like this kind of company town.

And as a matter of fact, the front entrance of the town proved to be a welcome sight for Dr. Ely. As he stepped out of the station, he saw a wide boulevard free of waste and debris, lined instead with beautiful elm trees on both sides. His eyes followed the path of the boulevard to a pristine lake equipped with its own waterfall. Around the station, Dr. Ely could see a well-manicured park, a limestone church, and the town's own hotel: all neat, orderly, and new.

The visual contrast to Chicago is what initially struck Dr. Ely. Once inside the town, he noticed the rows of cottages and townhomes on each side of the macadamized roads. The roof designs, a collage of French roofs, flat roofs, turrets, triangles, and all sorts of shapes, were varied so as to avoid monotony, yet they still conveyed a strong sense of unity. Every lawn was neatly trimmed to the same exact length, and all the streets crossed sharply at right angles. Dr. Ely came to appreciate the homes even more once he had the opportunity to look inside. Although the accommodations were modest, it was nonetheless impressive that each one was equipped with heat and running water. More impressive still: nothing appeared broken. No busted windows, no missing doorsteps, no holes in the walls. This was certainly something that no laborer in Packingtown could have boasted about their own home.

The public spaces were just as impressive and even more splendid. The 800-seat theater was beautifully ornamented in a way that nearly matched the elegance of the Madison Square Theatre in New York. The library contained 6,000 volumes, all donated by Mr. Pullman himself; it was furnished with Wilton carpets and plush chairs. The hotel was also elegantly furnished and contained the only bar within town limits. Although suspicious of big industrial leaders, Dr. Ely admired the thrift of Pullman: since the entire town had been practically built all at once, the savings from purchasing building material in bulk were enormous. And Mr. Pullman made sure that the rent charged to tenants was high enough to guarantee at least a 6% return on all property. On this point, Pullman was proud to claim that his town advanced a crucial social mission while also turning a profit.

However, Dr. Ely did also take note of instances where this pursuit of profitability seemed excessive. As he would come to learn, in fact, nothing was free in Pullman. Even the library charged an annual fee of three dollars a year, high for a laborer and contrary to the custom of providing the service for free. The rental fee for the church also proved too expensive for any one religious denomination, so the different sects had to pool their money together and share the space. Dr. Ely found this particularly egregious, as it was tantamount to a denial of religious expression. Residential rates, though, were actually not that high; Dr. Ely figured that they were approximately three-fifths of what a laborer could find outside of Pullman. But what troubled him was the fact that a family could never own a home: rather, they were forced to live as permanent renters. And still, every rental contract included a clause stipulating that occupants could be forced to leave with just ten days' notice, and for no reason whatsoever.

The town did provide other benefits unique to the industry. For workers who became too injured to carry on with their primary work, every effort was made to find them suitable employment. Those who were temporarily injured continued to receive full pay while they recovered, and even in cases of gross negligence on the part of workers, those injured workers still received pay, although at a sharply diminished rate. Town officials made a point to compliment renters who maintained clean homes, writing thank-you notes or providing free plans for decoration. One town official even organized for some homes, particularly those occupied by the poorest laborers, to have wallpaper hung free of charge.

There was no question about it: life at Pullman was polished, neat, orderly, organized, peaceful, predictable, and reliable. It provided a quality of life to hard-working families who had probably never experienced such a livelihood before. Throughout his day, Dr. Ely could not find a single person who expressed a negative word about the town, at least not openly. The sense of discontent wasn't even detectable when he first arrived. The picture-perfect town was matched with attentive city officials and polite residents. There was no way that these residents, dependent on Pullman for their homes and their jobs, were going to tell a stranger, brand new to the town and taking notes on how they really felt. For all they knew, Dr. Ely could have been a spy for the Pullman Palace Car Company, a tactic that Pullman had been known to employ.

For those first few days, Dr. Ely soaked in the presence of a town putting its best foot forward. Yet as time went on, he began to learn more about George Pullman's governing philosophy. In short, it was autocracy. In exchange for a stable job and a nice living situation, workers had to live the lives that George Pullman alone had designed for them. The theater, for instance, maintained a strict censorship policy on what could and could not be shown. The one and only bar on the premises deliberately sold alcohol at prohibitive prices. There were no newspapers permitted, and were one to exist, an official confidently told Dr. Ely, it would have to be under the direct control of the Palace Car Company. Town hall meetings, where residents could most directly speak to officials and voice their opinions, were another thing that was conspicuously and deliberately absent. But most troubling of all was the fact that there were no elections. Higher-level managers of the Palace Car Company filled the roles of city officials or were appointed by those managers. Turnover in these roles was constant, and nepotism and favoritism determined occupancy: a new superior would come in and install his friends in a number of positions, and in a short time another superior would replace the old one and repeat the same process, all the while systematically ignoring the will of the workers.

There was also high turnover among the residents. After he had become more acquainted with the residents and they with him, a woman confided in Dr. Ely that after just two years at Pullman, only three other families who had been there when they first arrived still remained in the town. "So would you say it's like living in a hotel?" Dr. Ely had asked her, trying to think of a parallel. The woman shook her head slightly. "Well, we call it camping out," she replied.

Of course, this feeling was amplified by the knowledge that a resident could never own a home and could be evicted on short notice and for no reason. The luster of Pullman had faded for Dr. Ely as he understood the mechanics underneath it. Sure, a town could be made tidy, organized, reliable, and even comfortable: all you had to do was silence your residents and control how they conducted themselves. To Dr. Ely, this was anathema to the American spirit. It could look good, and it may even work for a short time, but at its core it denied freedom and voice and promoted a naked drive for power and profits. And it certainly would not act in the best interest of residents under truly difficult times. As Dr. Ely would write for Harper's New Monthly Magazine: "It matters not that they are well-meaning capitalists. All capitalists are not devoted heart and soul to the interest of their employees, and the history of the world has long ago demonstrated that no class of men are fit to be entrusted with unlimited power. In the hour of temptation and pressure, it is abused, and the real nature of the abuse may for a time be concealed even from him guilty of it. But it degrades the dependent, corrupts the morals of the superiors, and finally it is done unblushingly in the light which was once scarcely allowed in a dark corner."

As it would turn out, those difficult times were very close on the horizon. In 1893, just a few years after Dr. Ely visited Pullman, an economic depression swept the country. George Pullman cut wages to workers but refused to reduce their rent, leaving them with only a few dollars of discretionary spending each month. Eventually, the workers formed a strike: the very thing that the Pullman town was designed to prevent. The workers joined forces with the powerful American Railway Union led by Eugene V. Debs, who ordered a total boycott on all Pullman cars. The strike left rail passengers stranded, increased the price of commodities, delayed mail delivery, and even forced the closure of several mines and lumber mills across the country. Yet Pullman adamantly refused to meet with the strikers, much less reach any sort of agreement with them. Instead, he was able to convince President Cleveland to send in federal troops to arrest the strikers and allow for alternate workers to resume operations. This eventually brought an end to the strike, but it also brought down the reputation of George Pullman and his model town. While the strike was not popular, public sentiment was not entirely on the side of labor; Pullman's fierce stubbornness was poorly received by detractors and supporters alike.

George Pullman died a few years after the strike in 1897. In many ways, his town followed suit. The very next year, the Illinois Supreme Court ruled in 1898 that the Palace Car Company had to sell off all non-industrial property, including the homes the laborers had never had the ability to own. In their ruling, the court argued that Pullman's experimental town was "incompatible with the theory and spirit of our institutions." The company was slow to act on this ruling, but by 1907, all residential properties had been sold, with workers given the first opportunity to purchase them. By this time though, Pullman had already been formally part of Chicago for almost 20 years. So the model town, as its grand architect had imagined it ceased to exist in every practical sense, and it quickly became a relic of the past.

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