Portrait of a Workers’ Utopia:
The Labor Exchange and the Freedom, Kan., Colony

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During the closing years of the 19th century depression gripped the United States. Beginning with severe agricultural reversals on the Great Plains and throughout the South during the late 1880’s, a business panic in 1893 turned what had been a “traditional” economic downswing into the nation’s first full-fledged industrial depression. Hard times produced armies of unemployed workers, crippling strikes, and the shrill demands of the Farmers’ Alliance, the Knights of Labor, and the People’s party for relief and reform. One response to depression was the sudden expansion of a cooperative organization, the Labor Exchange.1

The founder of the Labor Exchange was a sensitive, articulate Italian immigrant, G. B. De Bernardi, who farmed near Kansas City, Mo. The growing economic problems of the region greatly disturbed him. “Many of our farmers,” he wrote in 1890, “have recently been forced off their lands by the relentless suction of the devouring mortgage and are now part of the poorly paid and exploited working class.”2 De Bernardi subsequently outlined his thoughts on contemporary problems in a 262-page tract, Trials and Triumph of Labor. Here he argued that the central problem which faced the worker was the inelastic supply of money. In the tradition of 19th century “soft-money” advocates he argued that “the deplorable condition of the working classes, the immense disparity of social positions, oppressive monopolies and trusts, insecurity of enterprises, financial embarrassments [sic], failures, distress, poverty, misery and the modern method of reducing to bondage the living and the unborn are all fruits of the same tree [an unjust monetary system].” As for a solution, he said: “Give us enough legal tender money

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and, without disturbing vested rights, or interfering with social relations, nor causing one ripple upon the political or religious horizon, we will liberate the working classes at once.\textsuperscript{3}

Shortly after publication of \textit{Trials and Triumph of Labor}, De Bernardi organized a workers’ cooperative or “Exchange.” Located in Independence, not far from his farm, “Exchange Number One” tangibly expressed his plan for uplifting the downtrodden. The experiment’s operation revolved around De Bernardi’s pet monetary scheme, the use of a unique form of circulating medium known as “labor checks.” According to the De Bernardi formula, members deposited products of their labor (clothes, shoes, food stuffs, etc.) in the exchange warehouse or “depository” and in return they received certificates (labor checks) which equalled the wholesale value of the goods. These certificates, issued in various denominations, circulated among the local membership and the community as well. Holders of labor checks, whether members or nonmembers, could present them at the warehouse for any desired commodities. All depository items were sold at the regular retail market price while the difference between the wholesale and retail charges, less the cost of handling, went to the original depositor in the form of additional labor checks or cash. If, instead of depositing goods, a member wanted to give a chattel mortgage on saleable property that remained in his possession, the exchange would still grant him checks. Although he had to pay a small cash interest, there would be no foreclosure as long as interest payments were made. Later, when the exchange opened its own industries (coal mines, flour mills, basket shops, etc.), workers received a “fair and living wage,” paid with labor checks.\textsuperscript{4}

The concept of the Labor Exchange had certain appeals. Since the plan did not require major capitalization (individuals, it should be noted, had only to pay one dollar for a life-time membership), the poverty-stricken could get immediate relief. “The Labor Exchange is a beneficiary institution for the purpose of employing the idle . . . ,” said the \textit{Appeal to Reason}. “One grand advantage in this reform movement is that it can be set to work at once at any place where wealth is created and there is no need to wait for a


A portion of the front page of the Labor Exchange publication Progressive Thought and Dawn of Equity, Olathe, April and May, 1900.

majority. Moreover, De Bernardi's altruistic scheme was a self-help one, fully consistent with the long-cherished American values of self-reliance and hard work.

The Labor Exchange movement mushroomed. By 1897, the last year of widespread depressed conditions, scores of exchange locals dotted the landscape of the trans-Mississippi West. Perhaps the severity of depression there prompted hundreds to join. Unlike the more populated areas of the nation, few, if any, social-service agencies existed locally that could blunt the full impact of hard times. Exchanges did exist outside the West; Ohio and Pennsylvania, for instance, each had several locals. Kansas, however, became the premier Labor Exchange state. While the national office remained in Independence, Mo., the official organ of the movement, Progressive Thought and Dawn of Equity, was published in nearby Olathe, Kan. The two largest locals in the country were located at Osage City and Olathe, and the Kansas membership exceeded that of any other state. Furthermore, the lone Labor Exchange colony,
Freedom, appeared in Bourbon county, Kansas.\(^6\)

With the return of more prosperous times following the Spanish-American War, the Labor Exchange movement experienced a general decline in membership and a number of exchanges closed. The decline came principally because supporters frequently desired “coin of the realm” rather than labor checks. “I don’t want scrip any longer,” proclaimed one exchange member, “when I can have gold.” Now with an economic upswing in progress, a worker stood a better chance of finding steady, well-paying employment.\(^7\)

Internal flareups likewise plagued the Labor Exchange. Along with personal bickering, disagreement developed within the ranks as to what direction the movement should take. While local affiliates enjoyed considerable autonomy in the management of their affairs, De Bernardi and his associates insisted that cooperative activities be confined to established urban centers. During the 1890’s some unemployed workers had formed independent cooperative communities to seek immediate relief from hard times. And often these colonists hoped to build a new form of society, removed from trust control and dedicated to justice and human happiness.\(^8\)

De Bernardi blasted these colony schemes. In a slim volume, *Colonizing in a Great City*, which appeared in 1897, he charged that such colonies, with few exceptions, had two serious flaws: they required a sizeable membership fee and most were located in isolated and primitive areas. “The Colony idea won’t work,” he warned, “because the ones who need it worst, will never on earth be able to reach all-evasive dollars enough. And even if they were, there’re all the home ties to break, and all the hardships of pioneer life to endure.” In the mind of De Bernardi the urban setting provided the labor reformer marvelous opportunities to uplift society. “Why, we’re a colony ourselves in [the] big city! We don’t need to go away from home to start one!” \(^9\)

Several local exchange leaders in Kansas, namely those from

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Olathe, Fort Scott, and Pittsburg, balked at the anticolonoy views of De Bernardi and the Labor Exchange majority. To their way of thinking an isolated rural colony seemed superior to urban-based exchanges. A colony would provide a “sense of community without having the confusing and disrupting forces of city life where there are now those who hate the word ‘Labor Exchange.’” A colony could become more extensively involved in agriculture. While urban workers might have their “labor gardens” and there might be full-time farmer members, the desire to be economically self-sufficient had strong appeal. Still these “separatists” endorsed the Labor Exchange philosophy. As one colonist argued, “I want to get a living without being eternally forced to carry my labor back and forth through the legal tender tollgate. If one must first turn his work into money and then turn his money into necessaries of life, what will he do for the necessaries when the money famine comes and there is no cash market for his labor or his product?”

Out of this milieu emerged the Freedom colony.10

The Freedom commune formally came into being on March 8, 1897. On that Monday a handful of labor colony enthusiasts, Frank W. Cotton and E. Z. Ernst, both national exchange leaders from Olathe, John W. Fitzgerald of the Fort Scott exchange and James W. Howard and his brother John, formerly of the Pittsburg local, gathered in the Howard brothers’ farmhouse five miles west and one mile north of Fulton in Freedom township, Bourbon county to launch the experiment. “We adopted a constitution, elected officers, discussed business projects and decided upon work to be done,” noted Frank Cotton. The founders voted to locate the colony on land owned by the Howards. Under arrangements made, the Howard brothers agreed to sell 60 acres for a townsite at low cost. Additional land for farming purposes would be leased at reasonable rates. By not having to pay a high price for real estate, the Freedomites thus saved money that they could use to build their utopia. Also, the Howard farm contained “coal, oil, natural gas and other natural deposits of value,” and the land’s location in the heart of the state’s mining district near other exchanges made it an ideal site.11

Although the colony’s formation annoyed exchange officials, they allowed the separatists to become “Labor Exchange Local 199.” “Freedom,” wrote E. Z. Ernst, “is disliked by De Bernardi and others,

11. Ibid., April, 1897, June, 1900; The Story of the Labor Exchange, pp. 10-11; The Torch of Liberty, Mound City, June 14, 1900.
E. Z. Ernst, Olathe, a leader in the Labor Exchange movement, was one of the founders of the Freedom colony. Sketch from Progressive Thought, February, 1896.

but they can't prevent us from operating under the Exchange principle.” He added, “I suspect that they are pleased that we are not abandoning the message of Trials and Triumph of Labor. And I bet that they see that the only real hope of making the Labor Exchange permanent, something more than just a passing response to hard times, is through colonies like ours.”

With a nucleus of a dozen members, the Freedemites mapped a townsite and divided adjoining land into farm plots. They quickly constructed temporary housing (tar-paper shanties), started several cottage industries and planted field crops. The next year, 1898, John Howard painted this picture of colony life:

We have raised a very good crop. Fitzgerald and us boys put in 15 acres of cane, and it looks nice—some is ready to make up. We have the mill ready to start making sorghum tomorrow. The boys and I have 10 acres of castor beans and 25 acres of corn on the land we rented. . . . Fitzgerald has 10 acres of corn. . . . G. W. Coe has 3 acres of corn and 1 acre of buckwheat. . . . It all looks nice. . . . We started a shaft to the coal the 4th of July and reached the coal day before yesterday. Have a good quality of coal in a vein 24 inches thick. So we have coal and hedge posts to redeem checks with, and if nothing happens we will have sorghum next week. We really need more men who are able to work . . . but we have no

place to board them. [We have] a good shingle machine, but it has no engine to run it.\textsuperscript{13}

Unlike the situation in most communitarian societies of the antebellum period, private ownership flourished in Freedom. Members owned their personal possessions; most held title to their town lots and leased additional agricultural property on a long-term basis from the exchange. The town's primitive utilities were municipally owned and its largest industry, a coal mine, was a cooperative venture. The warehouse, central to any Labor Exchange, was, of course, a community operation. Like other utopians of the 19th century, residents of Freedom were altruistic and most hoped that American society would emulate their blueprint for a better life.\textsuperscript{14}

A questionnaire completed by the colony in 1900 provides a unique and penetrating analysis of the Kansas utopia. Early in that year the distinguished Clark College (Massachusetts) political scientist, Frederick A. Bushee, who was gathering material on contemporary utopian experiments, asked the Freedomites for information. Frank Cotton wrote a candid reply, one that the colony paper subsequently published:

Q. How many members are there of each sex; also how many children under 15 years of age?
A. Nine men; four women; no child members; quite a number of prospective members.
Q. What property does the society own and what is its valuation?
A. Townsite of 60 acres, coal shaft, prospect well—value about $2400.
Q. Is the society in debt? If so, to what extent?
A. The townsite is clear of any incumbrance. About $1000 of money advanced by individuals to lift a mortgage must be paid from the sale of lots.
Q. Has the society received help from outside sources?
A. Some help has been received in the form of loans to be returned as the lots are sold or as receipts come in from other sources.
Q. What nationalities are represented in the society?
A. One of the members is a Swede and others are all Americans.
Q. What are the industries of the society?
A. Farming, coal mining, lumber sawing,—several prospective industries.
Q. What are the hours of work?
A. As the members are usually self employed they regulate their hours of work to suit themselves.
Q. Do they employ outside help?
A. It has been done in the coal mining, but Labor Exchange members are preferred in all municipal and other society work.

\textsuperscript{13} Ibid., September-October, 1898. Another early view of Freedom, although error-ridden, appeared in the Fort Scott Weekly Tribune for August 17, 1899.

Q. What comprises the executive head of the community and what is the form of government?
A. The Board of Directors execute the will of the association in regard to sale of leases, or renting of lots, purchase of land, public works, and the L. E. depository business. But there is no governing done. The individual member is free to deal or not deal with the association.
Q. Do all the members, male and female, have equal rights and privileges?
A. Yes.
Q. Is the society on a religious basis? If so, what is the form of belief?
A. The society has nothing to do, as a society, with religion, politics or isms of any kind. It is an association for commercial exchange and voluntary co-operation.
Q. If they are not on a religious basis what is their attitude toward religion?
A. The association, as an association, is neutral in regard to religion. The attitudes of the individual members vary.
Q. What is their attitude toward the relation of the sexes?
A. . . . The society is a business or beneficiary one and is completely disconnected from private affairs and opinions.  

The information provided Professor Bushee reveals a small, struggling utopian colony; yet, it indicates an optimistic one: "quite a number of prospective members" and "several prospective industries." Moreover, one senses that democracy and equality permeated the very fiber of Freedom.

The colony reached its zenith during the early months of the 20th century. Population peaked at more than 30 and the experiment achieved considerable notoriety. Freedom, however, became the subject of public attention not for its utopian life-style, but rather for its flying-machine factory.  

In the winter of 1900 Carl Browne, an eccentric reformer, joined the colony. This Calistoga, Cal., native attained national prominence when he served as "Chief Marshal" in the Commonwealth army of Jacob S. Coxey in 1894. "Coxey's Army" marched on Washington, D.C., to demonstrate the plight of the country's unemployed and to demand a massive federally financed program of road construction to improve employment. The protest ended in a shambles, with Coxey and Browne arrested for walking on the capitol lawn.

Upon arrival at Freedom with his wife Mame (the daughter of Jacob S. Coxey) Browne, whose background as an inventor is obscure, quickly set about to perfect a commercial flying machine

based on “The Carl Dryden Browne patient-applied-for principle of rotary winged wheels.” Within a few months he constructed a wooden model of his invention. Browne’s overall plans, and presumably those of the colony, were to build a flying-machine factory, one that would provide “employment to all those needing jobs in the Middle-West,” and to sell these machines “so cheap as to soon supercede the bicycle for [home] use.”

On a bright, crisp Sunday in October, 1900, nearly a thousand people jammed the colony grounds to witness the laying of the cornerstone for the flying-machine factory. “At 12 o’clock a banquet was spread by the colony ladies and over 100 persons, newspaper reporters and noted reformers and others, partook of the turkey, chicken, pies, cakes, etc., too numerous to mention,” reported the colony paper. “At 2 p.m. the ceremonies began by the laying of the corner-stone near Carl Browne’s . . . wagon and the assembly was entertained for more than an hour by a talk on flying machines from the inventor. . . .” No amount of fanfare could ensure success for the venture. Although the colonists apparently completed a small factory building, they did not produce a single flying machine. Browne could not perfect his invention and money, always in short supply at Freedom, never materialized for the project. Brown and his wife, for unknown reasons, left Freedom about 1902.

Collapse of the flying-machine project was the harbinger of trouble for the Kansas utopians. In 1902 the monster of pettiness raised its ugly head. The Howard brothers and several colony members became embroiled in a fight over the ownership of property, a conflict that resulted in expensive and lengthy litigation. Feuding also developed between colonists over an alleged theft of personal property. In the same year external problems appeared. Nonresidents commonly charged that colonists practiced “free love” or were at least guilty of sexual promiscuity. Freedonites vigorously denied such charges. “I emphatically deny that any persons now living in Freedom Colony are immoral or breakers of the law,” wrote Frank Cotton to the Fort Scott Weekly Tribune. “The accusation of Free Love practice—so-called—is the work of malicious gossips whose small souls have been moved to petty spite over fancied grievances; and they have distorted and magnified innocent

18. *Ibid.*, September-October, 1900; Kansas City (Mo.) *Journal*, October 9, 1900; Fort Scott *Lantern*, August 30, 1900.

circumstances into an appearance of evil and have not hesitated to brace up their statements by unblushing falsehoods.” Although the county attorney investigated the accusations, officials took no action. While the charges made by “outsiders” may have been false, the colony’s image suffered severely. A perusal of area newspapers after the free-love fracas reveals a growing feeling that the colonists were no longer simply “dreamers,” “eccentrics,” or “men of good hope;” they had now become “trouble-makers” and “threats to society” in the public’s mind.\textsuperscript{20}

Additional factors coinciding with Freedom’s various problems helped to alter the experiment. After 1901 new members apparently ceased to arrive and some departed. Undoubtedly, improved financial conditions made both the Labor Exchange and Freedom less attractive. And there is reason to believe that the colony idea lost its once strong appeal to reformer-radical types. The Socialist party, formed in 1901, now offered hope for positive change, more so than workers’ colonies. “The Appeal,” argued J. A. Wayland, the paper’s editor and former member of the ill-fated Ruskin, Tenn., utopia, “is teaching the working class to put no confidence in anything but the organization of our class into a political party, for the purpose of capturing the powers of government, and thus direct the powers and functions of government in the interest of the working class instead of the capitalist class.”\textsuperscript{21}

The history of the Freedom colony from 1903 through 1905 is virtually unknown. Local newspapers fail to mention its activities; the colony’s paper suspended publication in 1903, but no extant copies are known to exist after 1901. The Kansas state census shows that all members had drifted away except the Howards, Cottons, and Fitzgeralds by May 15, 1905.\textsuperscript{22} The only material relating to the last days of Freedom is found in The Kansas Magazine for 1949. Based on interviews with several local residents in 1941, Wayne Delavan of Fort Scott, describes the colony’s end.

Then one dark night in 1905 every cabin burst out in flames. All were destroyed but one. . . . Although the fire was believed to have had a human origin, the real cause was never determined. One colonist, nicknamed “Cotton” [Frank W. Cotton] . . . had stepped outside before going to bed. He discovered the fire and saved his own cabin. He found that the pine boards on one side of his house—the side next to the wind—were soaked with

\textsuperscript{20} The Fulton, Independent, January 3, 10, March 21, October 3, 1902; Fort Scott Weekly Tribune, January 9, 1902.

\textsuperscript{21} Equity, Topeka, July 22, 1899; The Appeal to Reason, June 13, 1903.

kerosene. The county authorities were not too interested in the case.23

The Freedom colony demonstrates the desire of some during the 1890’s to withdraw from a turbulent society to the security of a labor-controlled community. But Freedom, like most utopian ventures of the era, was not simply a response to a crippling depression; its supporters hoped to show that a colony dedicated to the principles of the Labor Exchange made sense and could become a model for others. Its demise, too, is in the tradition of American utopianism: an improvement in national economic conditions caused interest to flag; inadequate funds to develop the community plagued the experiment; and internal and external dissention befell the colonists. Although Freedom proved ephemeral, its story is significant to the annals of utopianism and reflects one dimension of the multifaceted history of reform during the populist-progressive period.