

Unit #6

Chapter 20

Big Business & Organized Labor

APUSH
PowerPoint #6.1
(Part 1 of 2)

Unit #6

Chapter 16

BFW Textbook

TOPIC – Big Business & Organized Labor

[1865-1900]

I. The Rise of Big Business

A. Causes of Business Growth

Technological Innovation

Labor Shortage

Standardization

Agricultural Production

Railroad Network

Inexpensive Power

Supportive Government

B. Second Industrial Revolution

Transportation

- National railroads, steamships, and a communication network (e.g. undersea telegraph cable) helped fuel the SIR.

Electric Power

- Electricity changed society rapidly as trolleys, subways, and new inventions created a wealth of jobs and increased the standard of living for Americans.

Scientific Research

C. Railroad Building

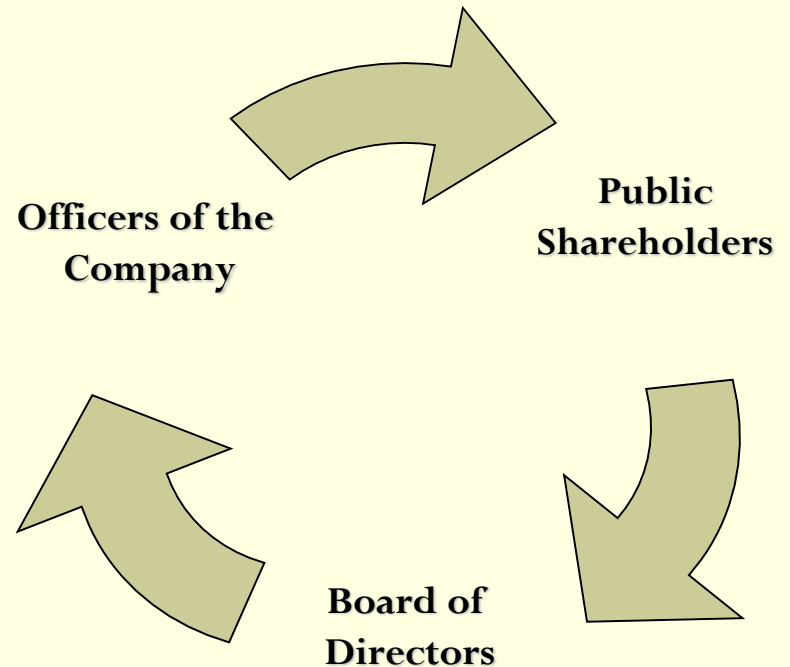
Functions of Railroad

- The first “big businesses” in America were the railroads.
- Railroad companies received support in the form of loans, land grants, and cash subsidies.

C. Railroad Building (Cont'd...)

Corporations

- A type of business structure using stock ownership allowing companies to raise capital (money for investment).



Board of Directors

- A select group elected by the shareholders to make decisions for a company.

C. Railroad Building (Cont'd...)

Pacific Railroads Act of 1862

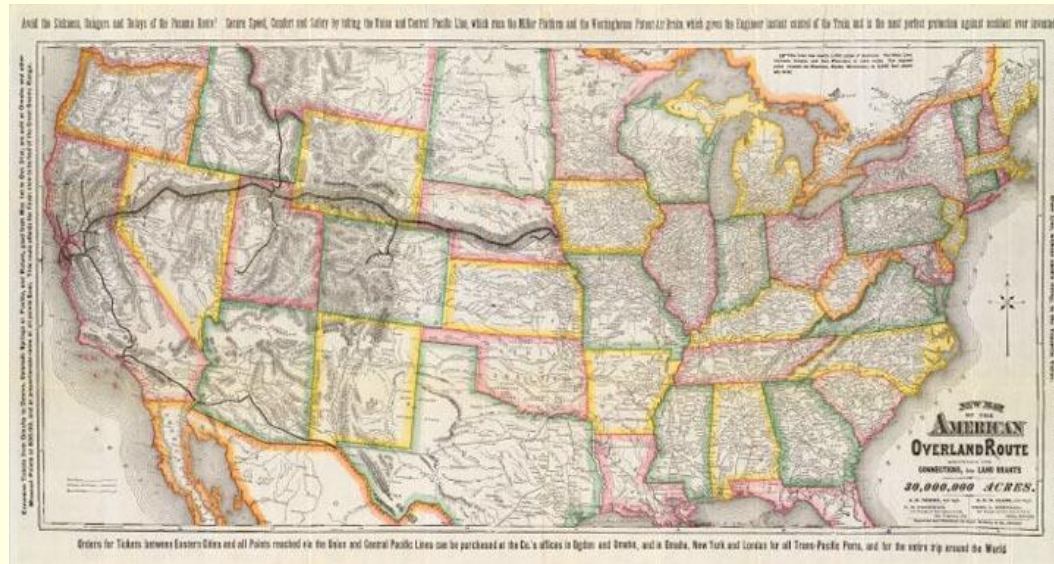
- Initiated the building of a series of railroads with federal subsidies.



C. Railroad Building (Cont'd...)

Transcontinental Plan

- The Central Pacific built the line from Sacramento to Promontory Point, Utah.
- The Union Pacific built the line from Omaha to Promontory, Utah.



C. Railroad Building (Cont'd...)

Chinese & Irish

Workers

- Rail workers from China and Ireland labored, fought Native Americans, and dealt with harsh conditions.
- Chinese laborers dealt with racism.



C. Railroad Building (Cont'd...)

Completing Transcontinental Railroad

- Completed May 10, 1869, at Promontory Point, Utah.



C. Railroad Building (Cont'd...)

Standard Time

- Approved by Congress to ensure correct departure and arrival times (Instituted November, 1883).



C. Railroad Building (Cont'd . . .)

Use of Labor

- Chinese Labor consisted of single men who were lured to California by gold and then jobs with the Central Pacific.
- The Union Pacific work crews were made up of immigrants (mainly Irish and Germans), former slaves, and ex-soldiers from the war.
- Life was hard and conditions were dangerous as many lost their lives in the construction process.

C. Railroad Building (Cont'd . . .)

Other Transcontinental Railroads

- Sante Fe, Northern Pacific, and Southern Pacific railroads were all built linking the nation in the 1870s.

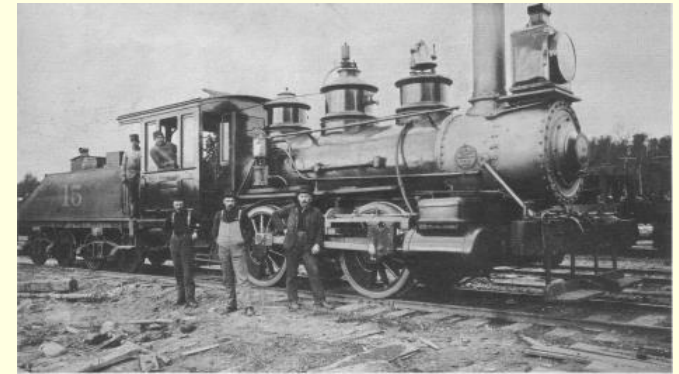
Financing the Railroads

- Early federal aid to the railroads involved land grants which the government received returns from the financial assistance given.
- The Credit-Mobilier of America overcharged railroads and committed fraud.

C. Railroad Building (Cont'd...)

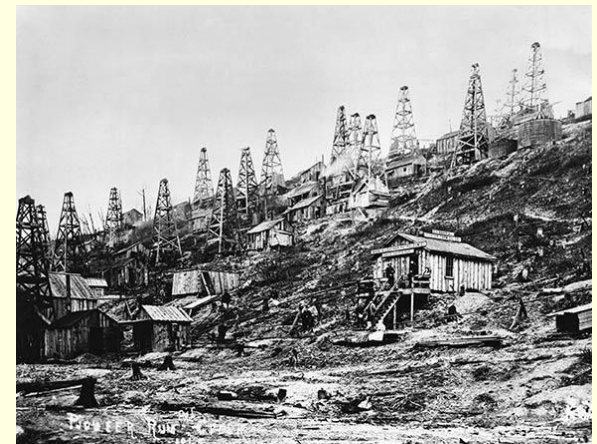
New Towns & Markets

- The railroads created new opportunities as people moved west and populated western territories rapidly.



Crude Oil

- Refining process was invented by Edwin Drake (1859) in PA.
- Revolutionized the use of “black gold.”



C. Railroad Building (Cont'd...)



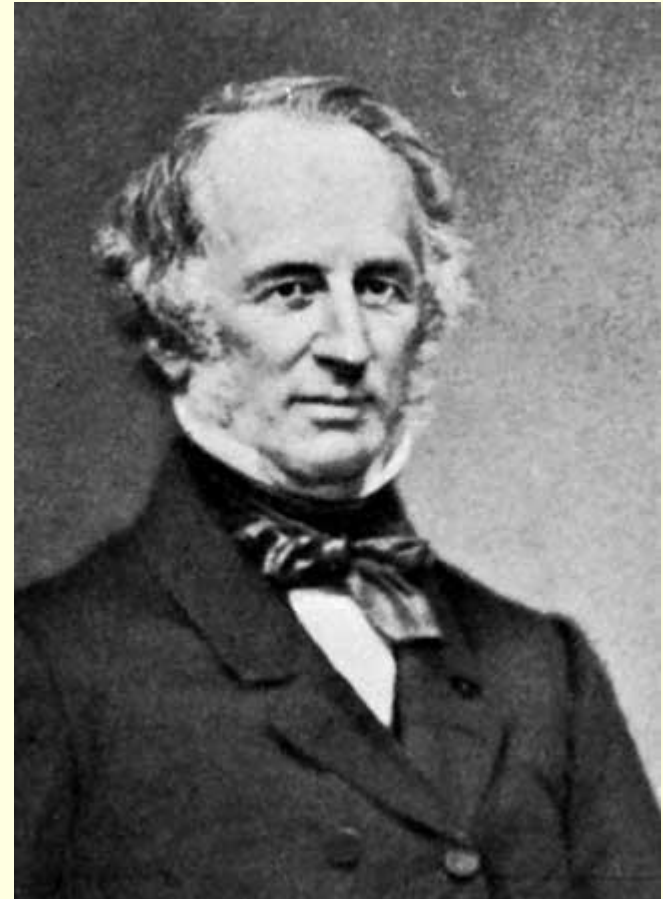
Jay Gould's Work

- Famous “robber baron” of the railroad industry.
- Bought railroads, cosmetically fixed them up, and then sold them for a profit.
- Gould amounted nearly \$100 million before he died.

C. Railroad Building (Cont'd...)

Cornelius Vanderbilt

- Dominated the railroad industry.
- Industrialist who owned and operated the New York Central Railroad.
- In 1869, he extended rail service to Chicago from New York non-stop.



C. Railroad Building (Cont'd...)

Railroad Abuses

- Land grants and price controls were used by the companies to make huge profits.

Munn v. Illinois (1877)

- Supreme Court case which upheld state law to regulate prices in the name of public interest.



C. Railroad Building (Cont'd...)



Panic of 1893

- Economic downturn in the economy caused by the railroads.

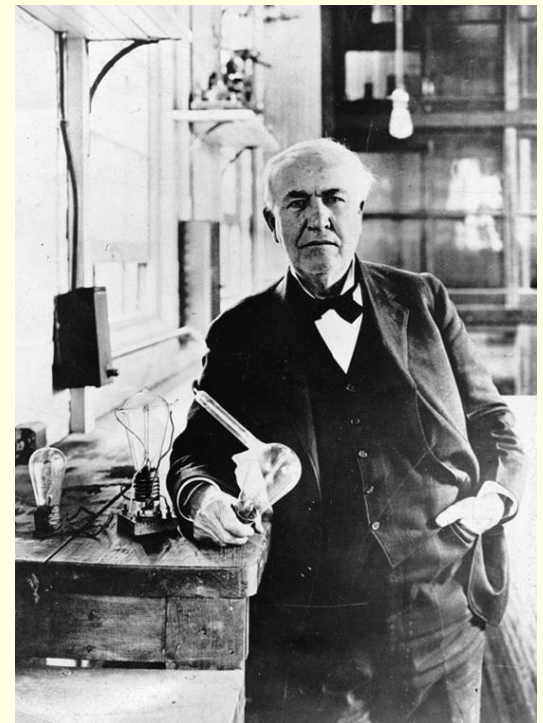
Consolidation

- Many railroads merged and consolidated by 1894.

D. New Products & Inventions

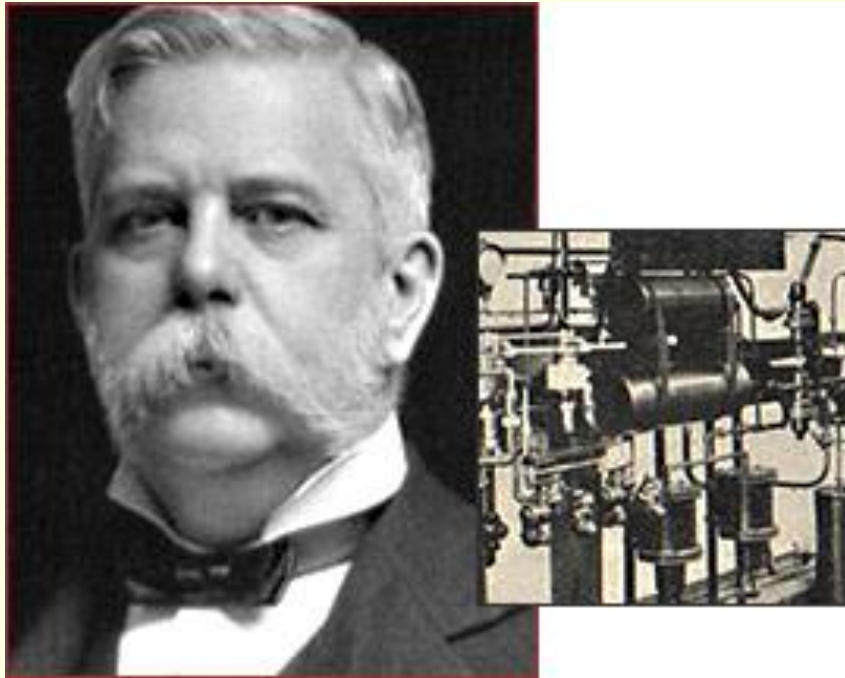
Thomas Edison

- Inventor in the late 19th century.
- In 1877, the invention of the phonograph allowed sound to be recorded.
- The invention of the motion picture camera would allow cinema and film.
- The light bulb (invented in 1879) illuminated homes.
- He received nearly 1,000 patents.



D. New Products & Inventions

George Westinghouse

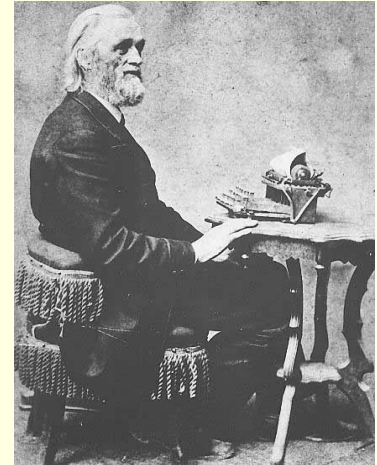


- Inventor of the alternating-current electric system in 1886 (directly competing with Thomas Edison's direct current).
- Established Westinghouse Electric Company which won the method of current.

D. New Products & Inventions (Cont'd...)

Typewriter

- Invented by Christopher Sholes (1867).
- Revolutionized communications in the late 19th century.



Telephone

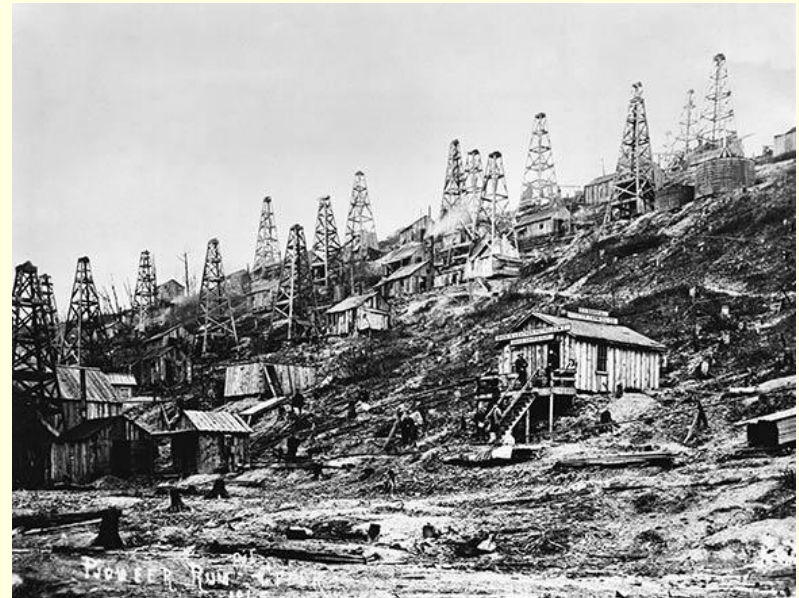
- Invented by Alexander Graham Bell (1876).
- Revolutionized communications in the late 19th century.



E. Entrepreneurs of the Era

Crude Oil

- Refining process was invented by Edwin Drake (1859) in Pennsylvania.
- Revolutionized the use of “black gold.”
- Oil could be refined into kerosene for usability.



E. Entrepreneurs of the Era **(Cont'd . . .)**



John D. Rockefeller

- Industrialist in the oil industry.
- Owner of Standard Oil Company which became the nation's first business "trust" which eventually formed a monopoly.
- Rockefeller's monopoly used both vertical and horizontal integration.
- Gave away nearly \$500 million to charity.

E. Entrepreneurs of the Era (Cont'd...)

Bessemer Steel Process

- Invented by Henry Bessemer (1850) which involved removing carbon from iron forming “pig iron” by use of a blast furnace.
- Steel could be produced more efficiently at lower prices stimulating its uses.

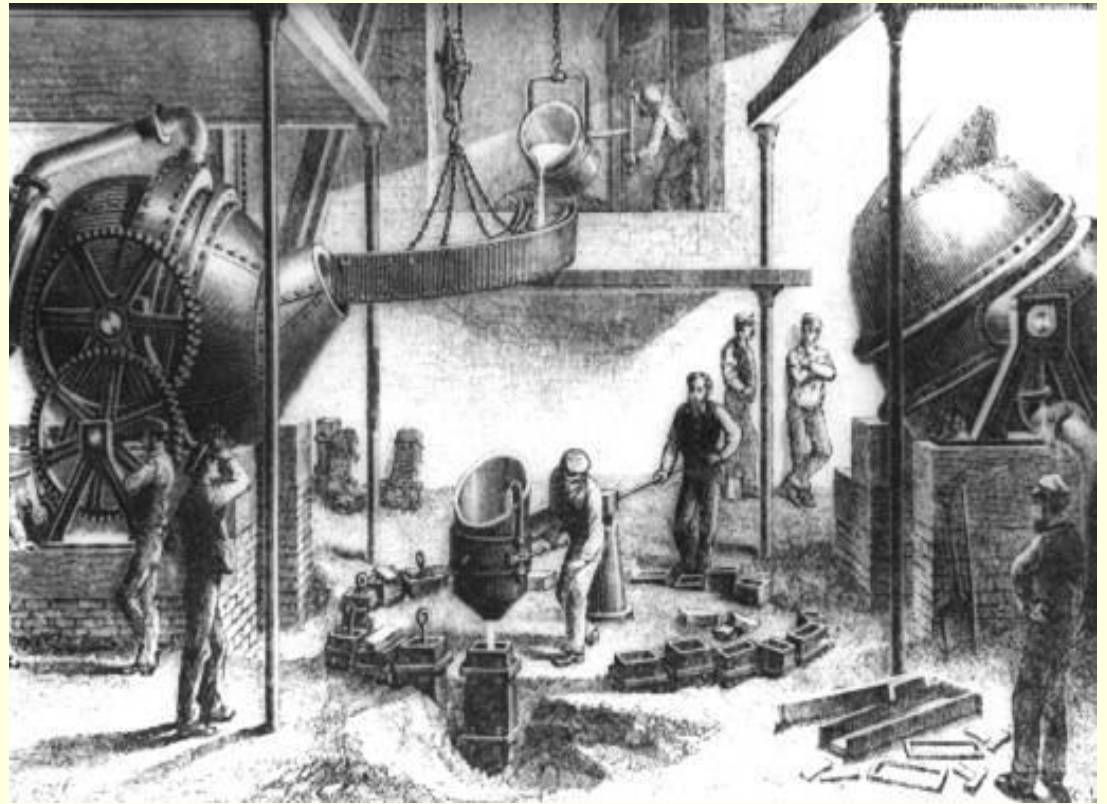
New Uses for Steel

- Steel was used in the construction of railroads, bridges, skyscrapers, and ship hulls.

E. Entrepreneurs of the Era (Cont'd...)



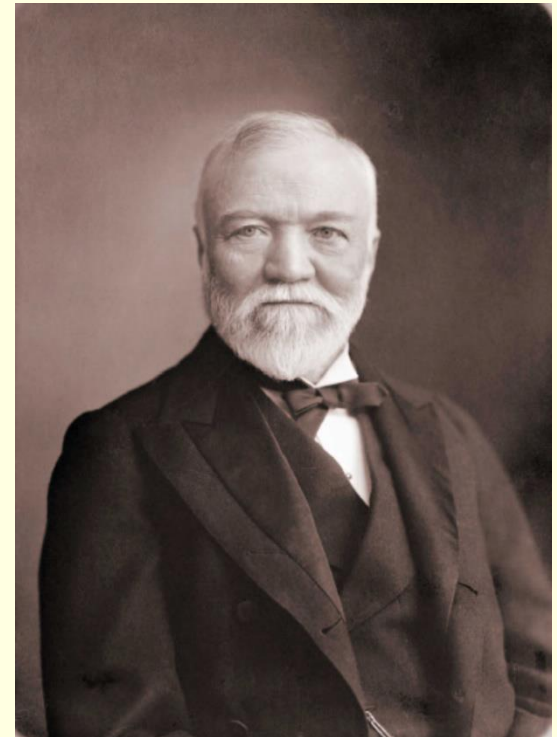
Henry Bessemer



E. Entrepreneurs of the Era (Cont'd...)

Andrew Carnegie

- Scottish Immigrant in 1848 who began his career in the textile, telegraph, railroad and oil industries.
- Carnegie was an industrialist who dominated the steel industry.
- Authored “The Gospel of Wealth” (1889) which argued the “survival of the fittest.”



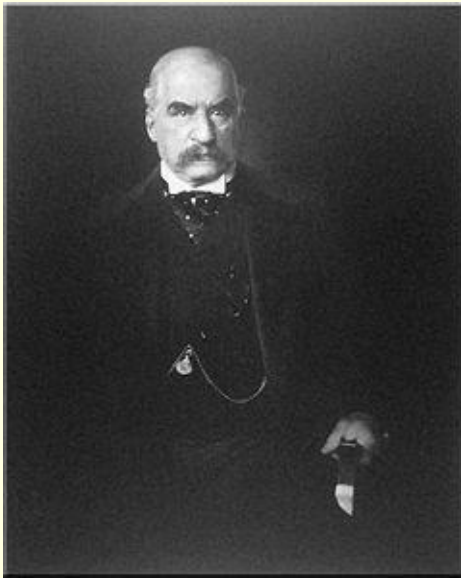
E. Entrepreneurs of the Era (Cont'd...)

Andrew Carnegie

- He eventually gave millions of dollars to charity as a “distributor of wealth” to schools, libraries, museums, and church buildings.



E. Entrepreneurs of the Era (Cont'd...)



John P. Morgan

- Financier and entrepreneur.
- Owned J.P. Morgan & Company who loaned millions of dollars in capital to fund major corporations in the late 1800s.
- He bought railroad companies and the Carnegie Steel in 1901 for \$500 million.
- Extended investments of inventors to conduct research in laboratories.

E. Entrepreneurs of the Era (Cont'd...)

Aaron Montgomery Ward

- Salesman who developed the concept of mail order in the 1870s.

Sears, Roebuck & Company

- Founded by Richard Sears and Alvah Roebuck in early 1890s.
- Their mail-order company set up a national market in the rural areas for retail products.

E. Entrepreneurs of the Era (Cont'd...)

Vertical Integration

- Process of buying out suppliers in order to control raw materials.

Horizontal Integration

- Process of buying out competitors in order to control a particular industry.

E. Entrepreneurs of the Era (Cont'd...)

Trusts

- The control of different businesses under one board of directors.

Monopoly

- A market in which there is only one supplier of a product and limited competition.

Laissez-faire

- Policies by the government which encouraged limited involvement in the affairs of business.

II. Developments in Labor

A. Wealth & Income

Standard of Living

Disparities: Rich & Poor

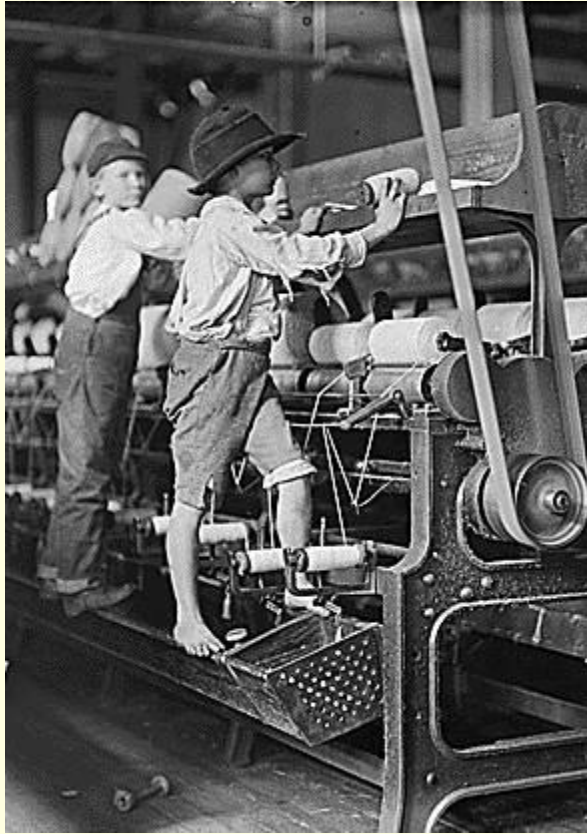
Degree of Social Mobility

Increase in Manufacturing Wages

Living & Working Conditions

Bureaucracy's Impersonal Control

B. Child Labor



Child Labor in the Nineteenth Century

- Following the end of the Civil War, the number of children working increased dramatically (especially as families moved from the farm to the city).
- Work was dangerous and consisted of long days and hours.

C. Violence in Union Activity (Cont'd . . .)

The Molly Maguires

- Irish Pennsylvania coalminers who organized under the banner of intimidation and violence to those who harmed Irish workers.
- Much of their influence was reduced following a string of violent activities (1874—1875) and a trial in 1876.

C. Violence in Union Activity (cont'd . . .)

Railroad Strike of 1877

- The depression of the 1870s (following the Panic of 1873) forced the American railroads to cut costs.
- Workers for the Baltimore & Ohio Railroad went on strike and violence erupted.
- State militia units were brought in, but the governor of West Virginia asked President Hayes to dispatch federal forces – the first use of such soldiers in a labor matter. The rationale for the show of strength was the government's need to protect the mail.

C. Violence in Union Activity (Cont'd...)

Railroad Strike of 1877 (Cont'd...)

- General strikes occurred in cities, but Pittsburgh was the scene of the greatest loss of life and property damage.
- Massive intervention by federal troops sank the strikers' spirits and buoyed those of management.
- The workers eventually capitulated (after 26 deaths), but harbored ill feeling against Hayes for his action.
- The strike of 1877 was most violent labor-management confrontation to that point in American history, and was the starting signal for an era of strife between workers and owners.

C. Violence in Union Activity (Cont'd ...)

The Great Railroad Strike

of 1877



D. Efforts at Union Building

Labor Unions

- Organizations of workers formed to protect the interests of its members.
- During the late 19th century, leaders of unions organized strikes as a means to gain benefits.
- Many turned to ideologies such as socialism, communism, and anarchism in opposition to capitalism.

D. Efforts at Union Building (Cont'd...)

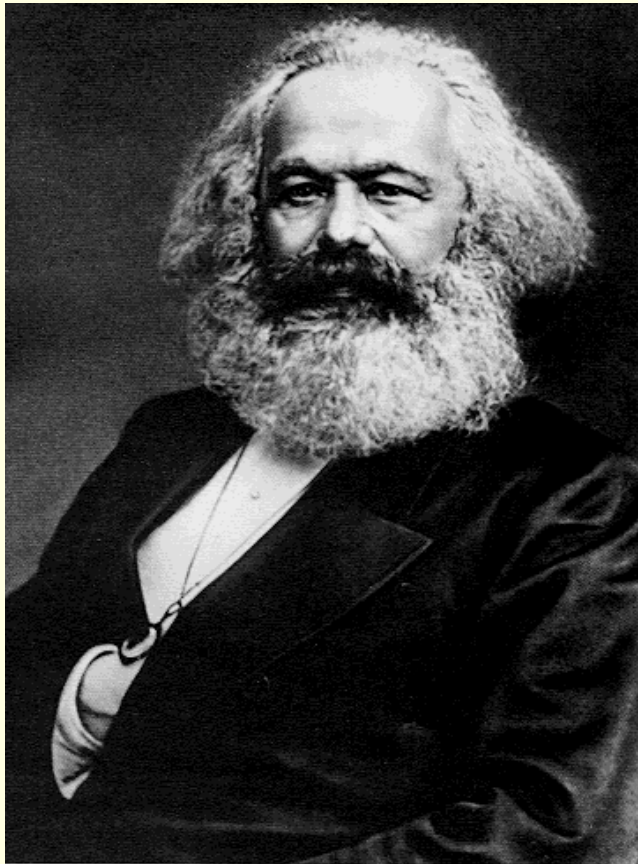
Socialism

- Economic and political philosophy that favors public, instead of private, control of property and income.
- Wealth is more evenly distributed by the government.

Karl Marx

- Expanded the ideals of socialism in his Communist Manifesto (1848).
- Pamphlet denounced capitalism and predicted a worldwide revolution to end the rule of the “Bourgeoisie” (the middle and upper classes) over the “Proletariat” (the working classes).

D. Efforts at Union Building (Cont'd...)



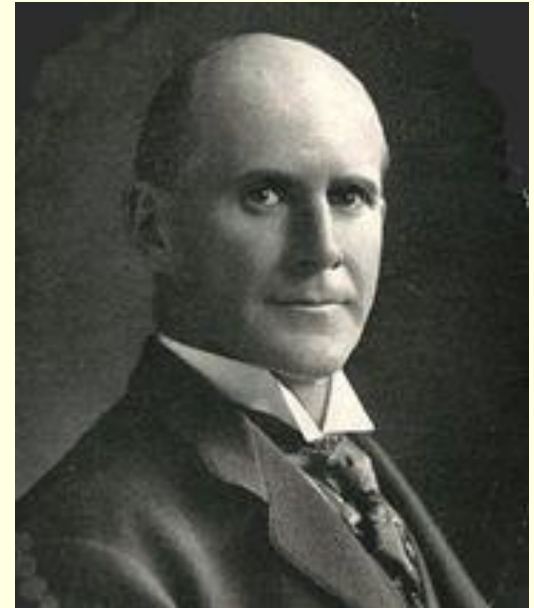
Karl Marx



D. Efforts at Union Building (Cont'd...)

Eugene Debs

- Founder of the American Railway Union (ARU).
- Arrested during the Pullman Strike, 1894.
- Formed the Industrial Workers of the World (IWW) in 1905.
- Ran for president in 1900 and 1912 on the Socialist Party ticket.



D. Efforts at Union Building **(Cont'd . . .)**

National Labor Union

- Organized in Baltimore in 1866 and was composed of groups from labor and reform-minded leaders.
- An eight-hour workday, support of the Greenback Party (to inflate currency), and equal rights for both women and blacks were goals of the NLU.
- By 1872, the NLU disbanded, but its ideas were continued through other workers groups.

D. Efforts at Union Building **(Cont'd...)**

Knights of Labor

- Early development (formed in 1869 by Uriah Stephens).
- Terrance Powderly became the leader in 1879.
- Union formed in 1869 and opened to skilled and unskilled laborers.
- Worked to create worker cooperatives which went against the capitalist system.

D. Efforts at Union Building **(Cont'd . . .)**

Haymarket Riot, 1886

- Began as a clash between the police and a rally of anarchists in Chicago.
- Violence broke out when a protester was killed; the next day, a bomb exploded killing and wounding police officers.
- The riot affected of the Knights of Labor in a negative way publicly as the Union was perceived as anti-government despite efforts by Powderly to reconcile the Knights as a union seeking moderate gains in the workplace.

D. Efforts at Union Building (Cont'd . . .)

American Federation of Labor (AFL)

- In 1886, twenty-six craft unions (formed by skilled workers in closed shops) met to create the AFL.
- The union was not open to women, immigrants, or blacks.
- The AFL was led by Samuel Gompers from 1886—1924.
- Eight-hour workday and better working conditions were the primary goals of the AFL.
- Growth of the union (1914 – two million members and nearly four million members by 1920).

D. Efforts at Union Building (Cont'd...)

Samuel Gompers

- Founder and labor leader of the American Federation of Labor (AFL).
- He used various methods to achieve goals for the union which included working within the system and avoiding ideological or utopian ideals of other unions.



D. Efforts at Union Building (Cont'd...)

Methods used by Unions

- Strike (refusal to work until employers meet demands).
- Boycott (refusal to buy or pay for certain products in the hopes of forcing producers to change their policies).
- Collective Bargaining (process through which employees negotiate as a united group rather than as individuals).
- Arbitration (a form of mediation in which a third party determines the outcome of a dispute which is legally binding).
- Closed Shop (employers can only hire union workers).

E. Violence in the 1890s

Homestead Strike, 1892

- Steelworkers in Homestead (PA) went on strike, but were put down by private police and the state's National Guard.

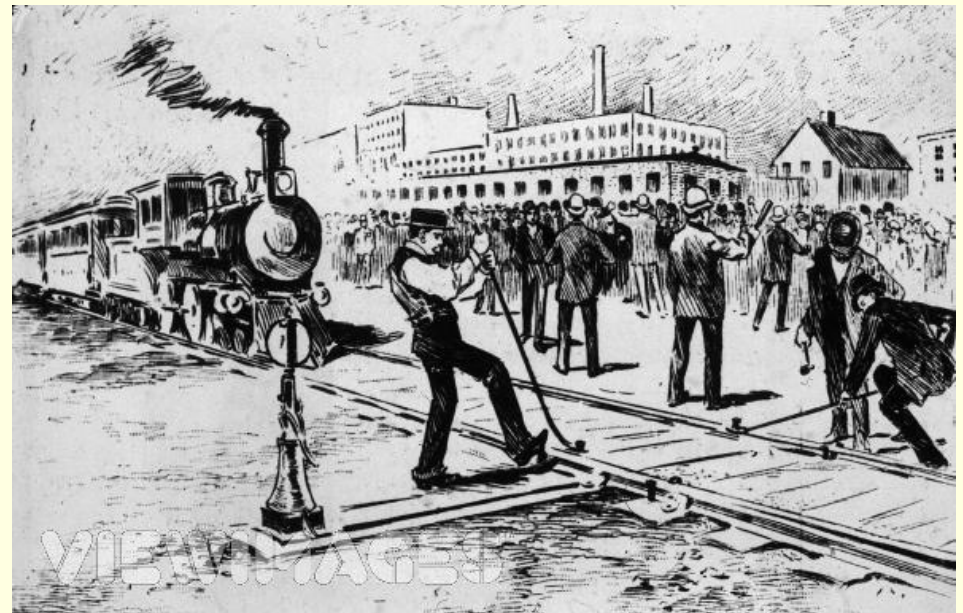
E. Violence in the 1890s (Cont'd . . .)

Pullman Company Strike (1894)

- Organized by Eugene Debs against the Pullman Company for reducing pay and increasing rents in the company town of Pullman, Illinois (outside of Chicago).
- President Grover Cleveland sent nearly 12,000 federal troops to end the strike.
- The result was the death of 30 workers, hundreds of injuries, and the blacklisting of former employees.
- Debs was arrested for “disrupting interstate commerce” under the Interstate Commerce Act of 1887.

E. Violence in the 1890s (Cont'd...)

Pullman Company Strike (1894)



E. Violence in the 1890s (Cont'd...)

Result of the Strikes

- The outcome of the strikes set a trend of businesses using court orders against unions.
- The violence initiated by unions made them unpopular for the next two decades.

F. Socialism & American Labor

Daniel De Leon

- Editor of *The People* (a Marxist newspaper) and leader of the Social Democratic Party.

Social Democratic Party

- Early work was completed by Daniel De Leon who preached revolution at the ballot, not violence.
- Height of influence came under Eugene Debs who organized the party with the remnants of the American Railway Union.

F. Socialism & American Labor

(Cont'd...)

Rise of the International Workers of the World

(IWW)

- Source of strength was founded on the “class struggle” and the conflict with capitalism and its leader William Haywood.
- Revolutionary goals of the “Wobblies” as they were called for the destruction of government and the replacement of a large union of workers within the United States.
- Causes of decline were its radical opposition to World War I.

Making Connections – Topic 20

- **The Darwinian ideas implicit in the attitudes of many leading entrepreneurs, especially Andrew Carnegie, are described in greater detail in the next chapter.**

Making Connections – Topic 20

- In response to the growth of the railroads, reformers in the 1880s and 1890s began to push for government regulation of the industry, a trend explored in Topic 22.**

Making Connections – Topic 20

- The economic and industrial growth described in this chapter was an important factor in America’s “new imperialism” of the late nineteenth century, as shown in Topic 23.**

Making Connections – Chapter 20

- ❑ **The socialist approach to reform was a significant influence on the Progressive movement, covered in Topic 24.**