

Industrial America: Corporations and Conflicts

Chapter 17

Aim: What new opportunities and risks did industrialization bring, and how did it reshape American society?

Do Now: “As we view the achievements of aggregated capital, we discover the existence of trusts, combinations, and monopolies, while the citizen is struggling far in the rear or is trampled to death beneath an iron heel. Corporations, which should be the carefully restrained creatures of the law and the servants of the people, are fast becoming the people's masters. “ - Grover Cleveland, 1888

Question 3 is based on the following cartoon.



Source: J. B. Elliot, 1861. Library of Congress

Using the cartoon, answer a, b, and c.

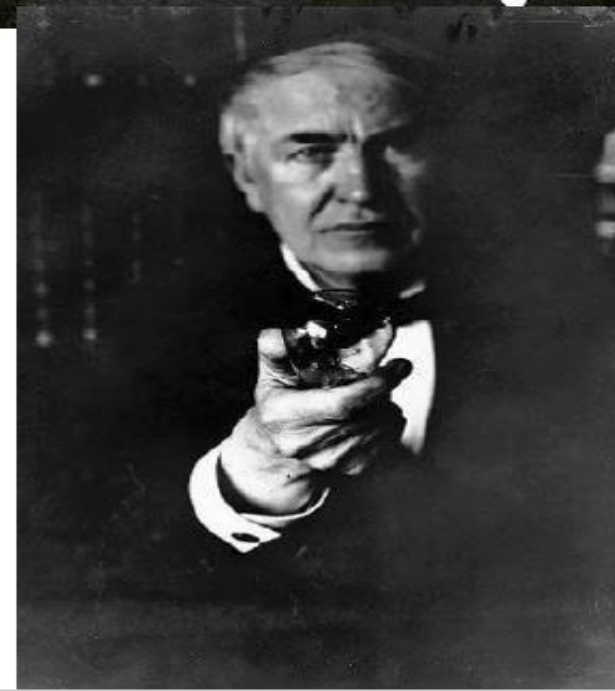
- a) Explain the point of view reflected in the cartoon above regarding **ONE** of the following:
 - blockade
 - Mississippi River
 - General Grant
- b) Explain how **ONE** element of the cartoon expresses the point of view you identified in Part A.
- c) Explain how the point of view you identified in Part A helped to shape **ONE** specific action between 1861 and 1865.

INDUSTRIAL REVOLUTION

- By 1900 America would become the leading industrial power in the world.
- Rapid economic transformation of American society
 - Impacts the country economically, socially, politically
- Manufacturing replaces agriculture as the primary source of economic growth
- Rise of big business encouraged massive migrations and urbanization

INVENTIONS & INNOVATIONS

- **Large number of new inventions developed during this period**
 - **High rate of patents issued**
 - **Examples:**
 - **Alexander Graham Bell: Telephone**
 - **Thomas Edison: Electric light**
- **These inventions and innovations will change daily lives, create new jobs, and have social consequences**



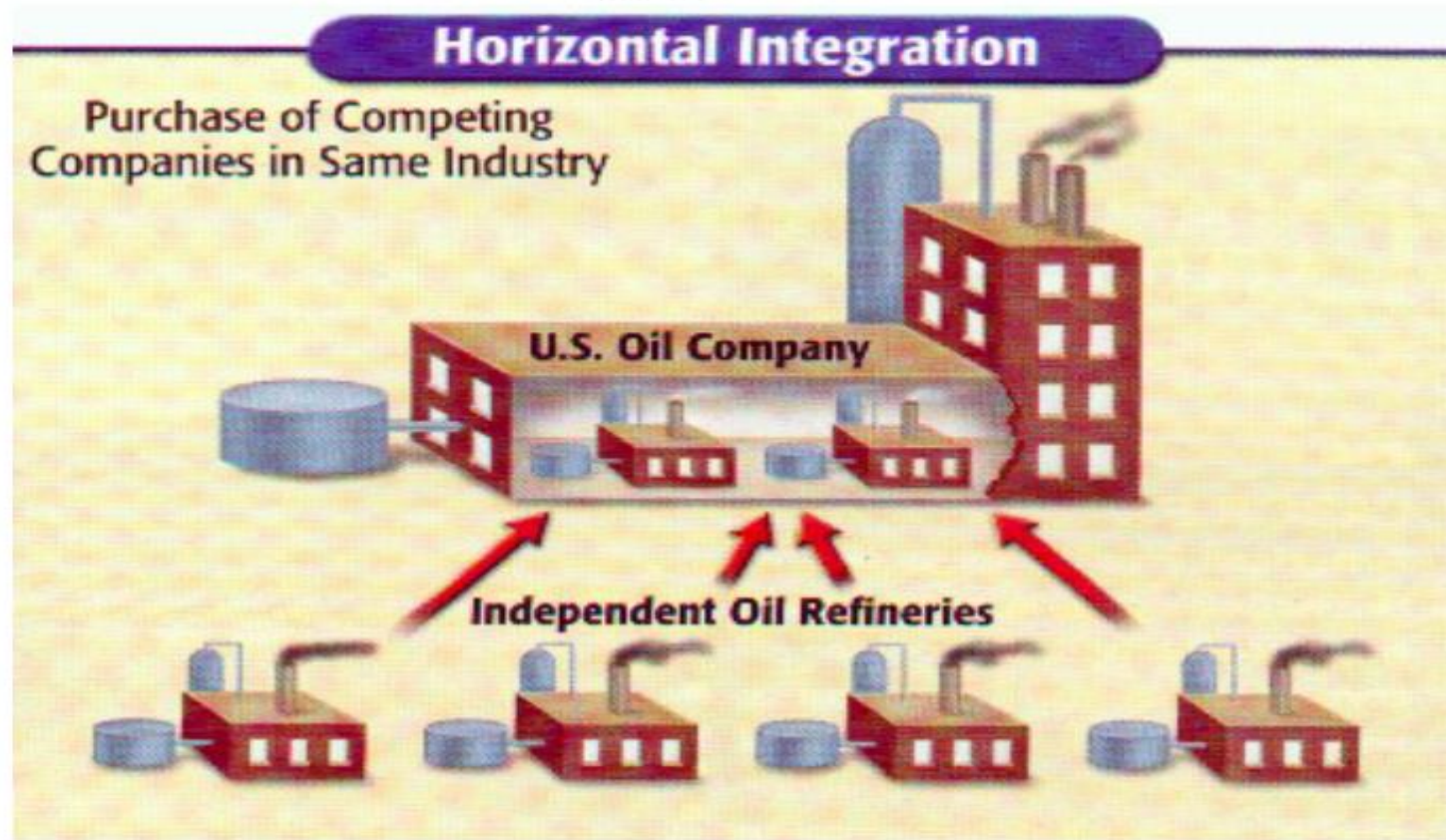
IDEAS OF THE INDUSTRIAL REVOLUTION

- **Laissez Faire** (“leave alone”) believed that government should not attempt to control or regulate business
- **“Survival of the fittest”**: Charles Darwin’s ideas about the natural world were applied to the business world.
 - Advocates of “laissez faire”
- **Gospel of Wealth**: Belief that the wealthy had a moral obligation to help out those less fortunate
 - Andrew Carnegie’s article **“Wealth”**

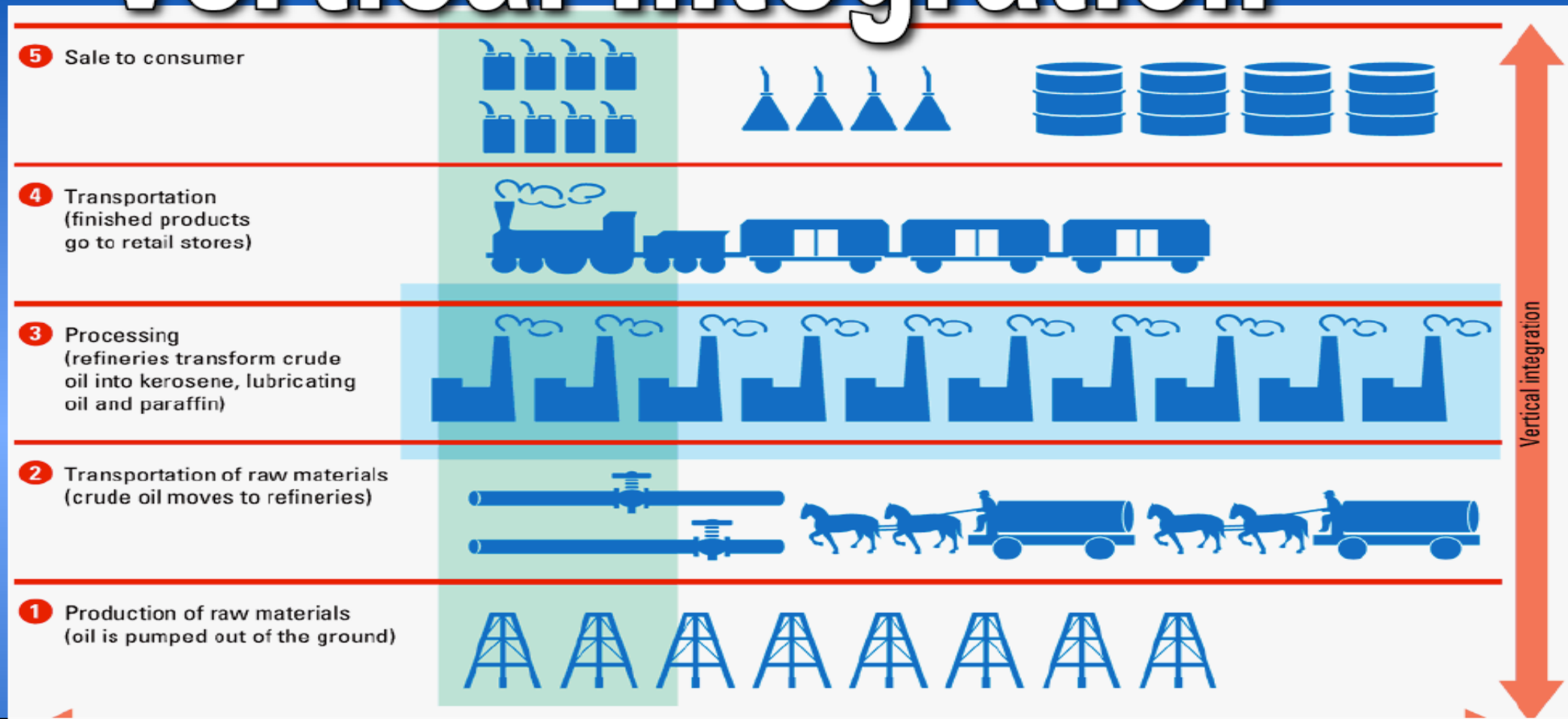


Horizontal Integration

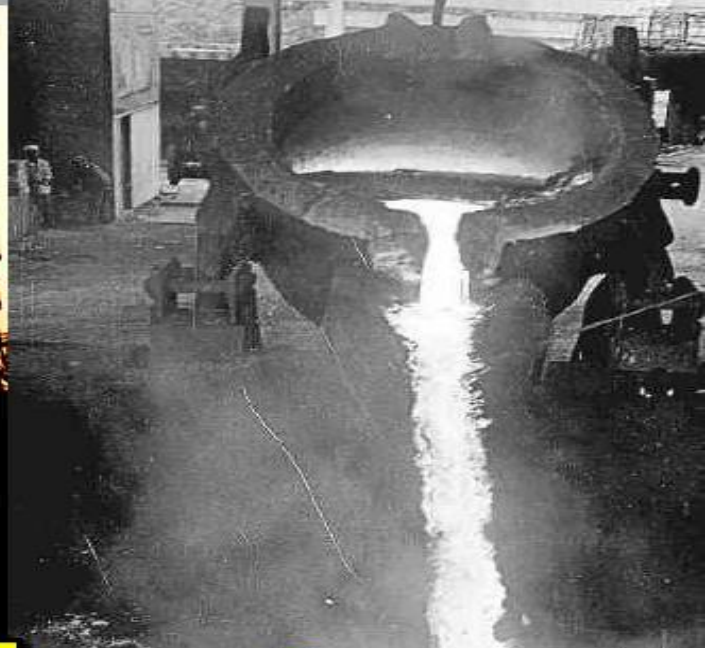
- **Controlling all competition in a particular industry.**
- **Merging competing oil companies into one giant corporation.**
- **Consolidating all competitors to monopolize a market.**



Vertical Integration



Control all aspects of manufacturing- from extracting raw materials to selling the finished product

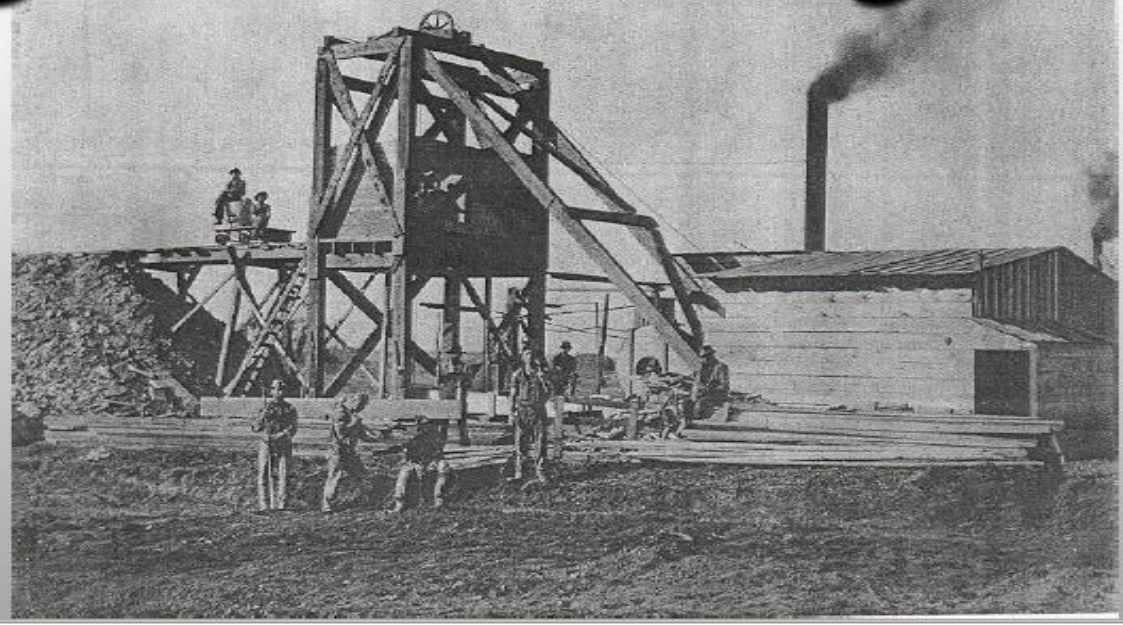


Rise of Heavy Industry

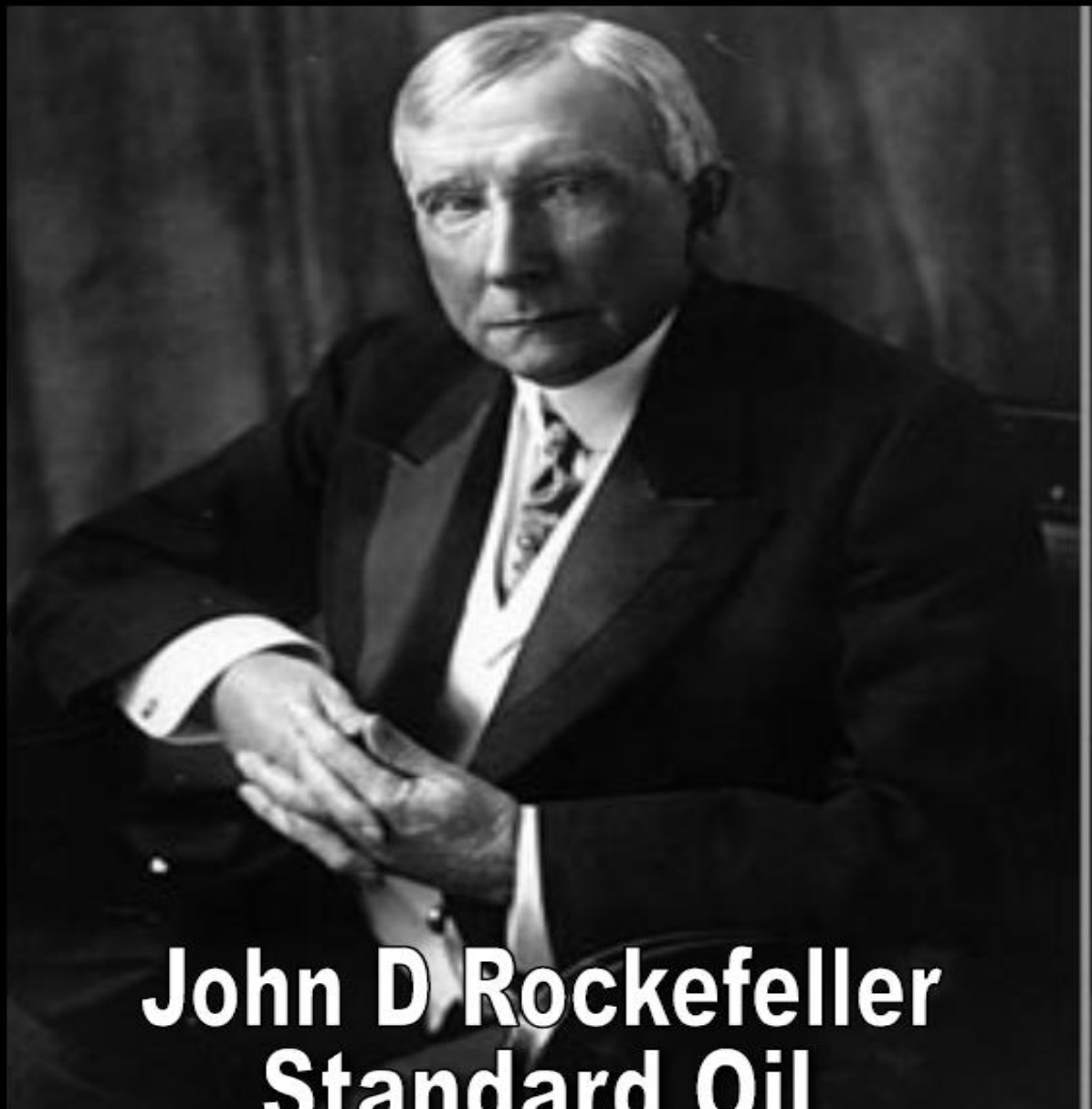
Standard Oil



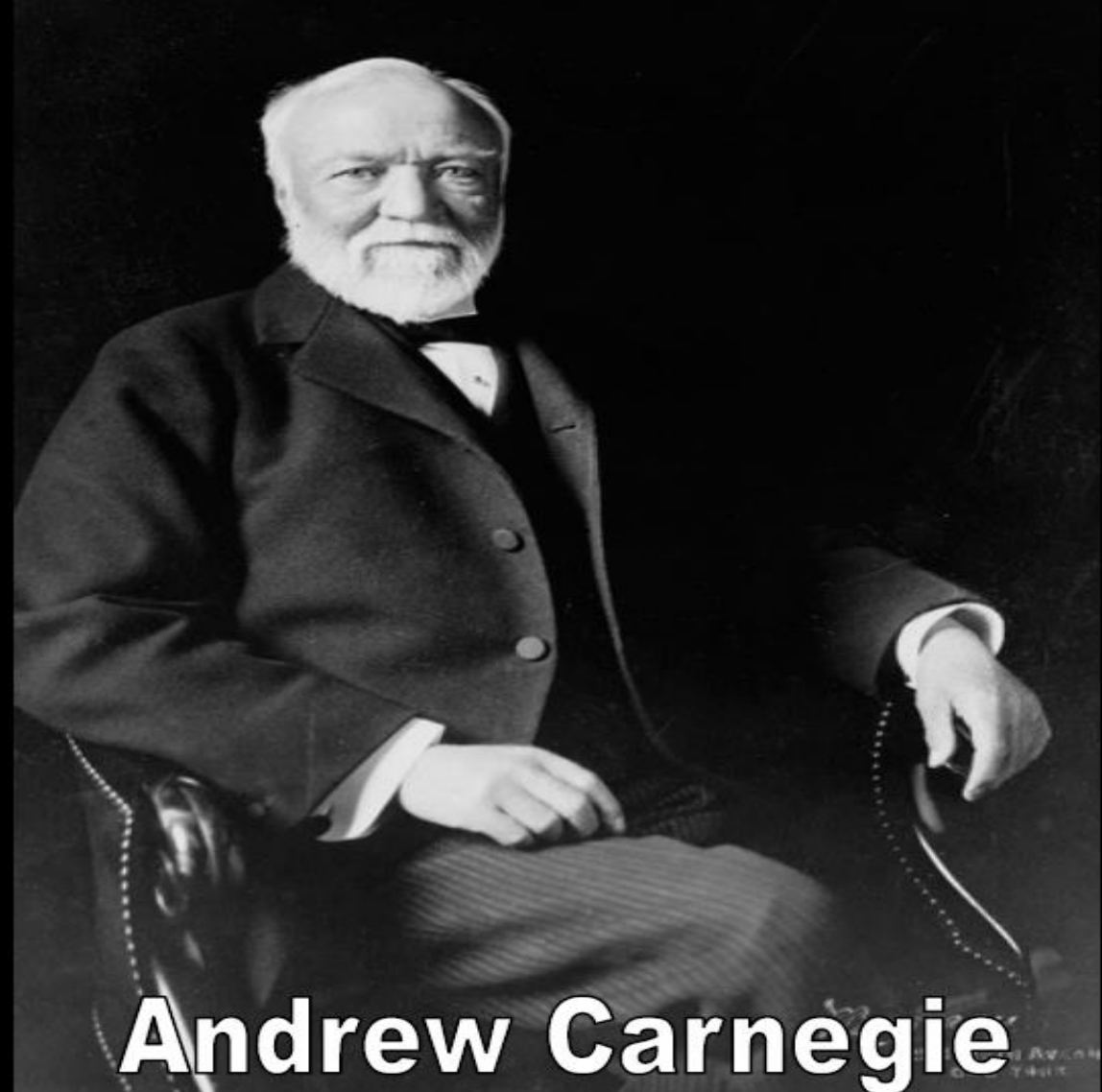
Railroad
Oil
Steel
Coal



Captains of Industry or Robber Barons?



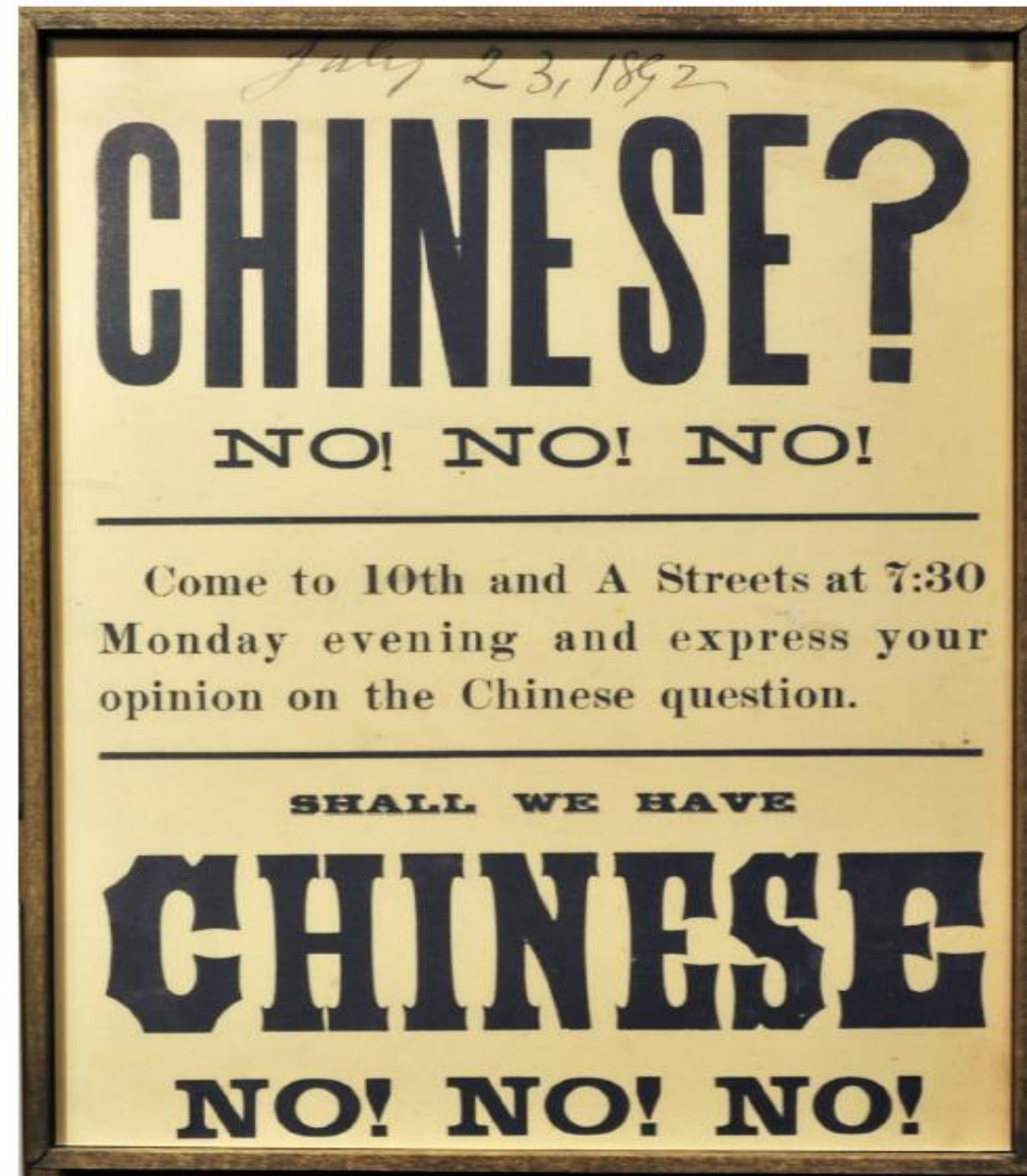
John D Rockefeller
Standard Oil



Andrew Carnegie
Steel Industry

Chinese Immigration

- Large increase in Asian immigration (especially from China)
- Important during the various **mining booms** and building of **railroad**
- Spike in **nativism** toward Asian immigrants in the **west**
- **Chinese Exclusion Act 1882: prohibited further immigration of Chinese laborers**
 - 1st time immigration restrictions on **basis of race and nationality**



OLD vs. NEW IMMIGRANTS Generalizations

The old immigrants. . .	The new immigrants. . .
came from northern or western Europe (England, Ireland, Germany)	came from southern or eastern Europe (Italy, Russia, Poland, Greece)
were Protestant (Some Catholics)	were not majority Protestant--were Catholic, Orthodox, Jewish
literate and skilled	illiterate and unskilled
were quick to assimilate	were reluctant to assimilate
Came from countries with democracy	Came from countries with a history of communism, anarchism, socialism (RADICAL IDEAS)
Not completely poor	arrived poor

Why did they come to America?

PULL FACTORS

- **America's Ideals**
 - **Political freedom**
 - **Religious freedom**
- **Stories from previous generations**
- **Factory jobs from industrialization**
 - **economic opportunity**

PUSH FACTORS

- **Farm jobs lost to mechanization**
 - **lack land of Europe**
 - **Poverty and difficult lives**
- **Political instability**
 - **Lack of political freedom**
- **Religious persecution**
 - **Pogroms (Violence against Jews in Russia)**

RESPONSE TO CHANGING IMMIGRATION

- **Ellis Island** opened in 1892 as a immigrant processing station
- **As a result of these new immigrants there was a rise in Nativism**
 - **RACIAL:** New Immigrants seen as racially inferior (not Anglo-Saxon)
 - **ECONOMIC:** took jobs and lowered wages- labor unions oftentimes oppose immigrants
 - **POLITICAL:** radical ideas
 - **RELIGIOUS:** not Protestant
- **Attempts to exclude:**
 - **Chinese Exclusion Act (1882)**
 - **American Protective Association** = anti-Catholic group made up of American Protestants
 - **Literacy Test** enacted in 1917
 - **Quota Acts of 1920s** will severely restrict immigrants

LABOR UNIONS

Challenges for Unions

- **Division between skilled vs. unskilled workers**
- **Ethnic and racial divisions**
- **Hostility from corporations, no protection by government**
 - **Scabs- replacement workers**
 - **Court Injunctions**
 - **Yellow-dog contracts: could not join a union**
 - **Blacklist- banned from working**
 - **Public opinion- unions viewed as radical**

- **National Labor Union (1866):**
 - First attempt to organize workers in all states
 - Demand for higher wages & 8 hour work day
- **Knights of Labor (1869):**
 - Terence Powderly opened the union to all workers (skilled & unskilled workers; women & African Americas)
 - Decline following Haymarket Riot in 1886
- **American Federation of Labor (1886)**
 - Under the leadership of Samuel Gompers focused on skilled workers
 - Focus on “bread & butter” issues- wages, working conditions
 - By 1900 it was the largest union

LABOR UNREST

- **Great Railroad Strike of 1877:** Rutherford B Hayes uses federal troops to end labor unrest
- **Haymarket Bombing 1886:** Bomb explodes during a public meeting in Haymarket Square
 - Public views labor union movement as radical and violent
- **Homestead Strike 1892:** Henry Clay Frick uses a lockout, private guards, and scabs to defeat steelworkers at Carnegie's factory.
- **Pullman Strike 1894**



Strikes

- Haymarket Bombing → 200 Anarchists advocate overthrow of gov't.
 - Meeting held in Haymarket Square, Chicago.
 - Bomb thrown, killing 7 police officers
 - Knights of Labor loses popularity.
- Homestead Strike → Failed steel industry strike
- Pullman Strike → Railroad strike against George Pullman company.
 - Gov't rules that strikes/boycotts can't interfere with mail trains = weakening union power.



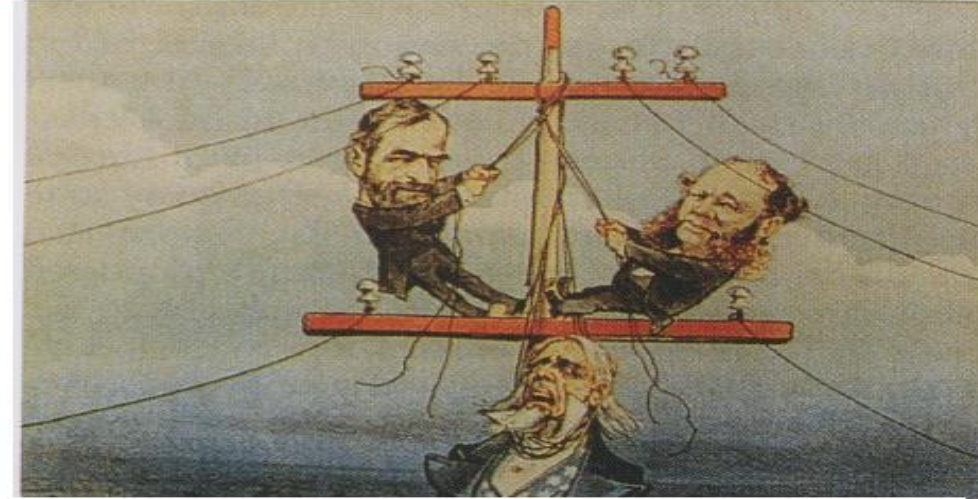
Interstate Commerce Act 1886



- Requires Railroad rates to be reasonable and just.
- Sets up Interstate Commerce Commission → federal regulatory agency.
 - Can investigate and prosecute pools, rebates and other discriminatory practices.

Government Regulation?

- Demands for the government to intervene
- Dominate philosophy of the time period: **Laissez Faire**
 - Leave alone, no regulation
- **Farmers** most vocal group calling for reform- **Grange** Movement
- **Munn v. Illinois** (1877) State could regulate business
- **Wabash case**: states could NOT regulate **interstate** commerce
- **Interstate Commerce Act**
 - Set up Interstate Commerce Commission
 - Federal government would oversee
 - Banned pooling, rebates, and rate fixing
 - Companies had to publish rates

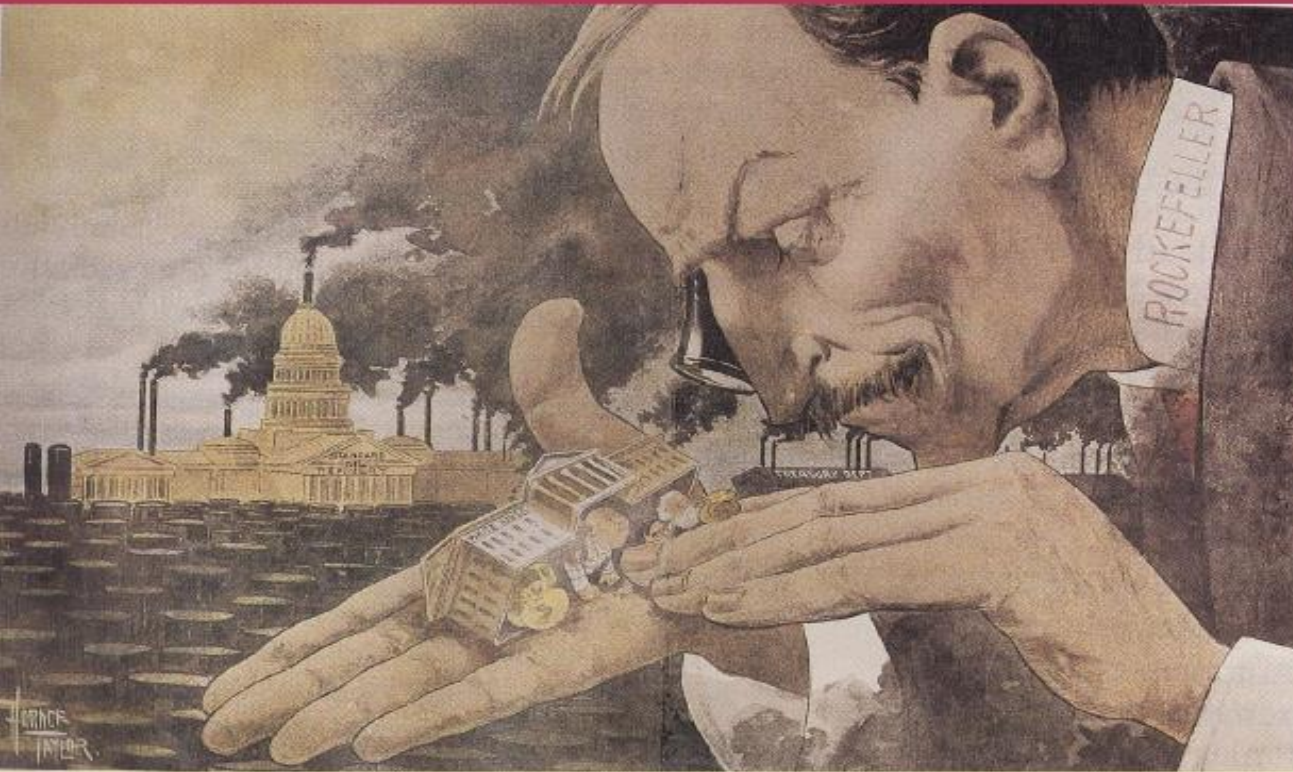




WATCHING YOU

First large scale attempt by Federal Government to regulate business in the interest of society at large

The ICC was initially not very effective



Public outcry of growing corporate power

Sherman Anti-Trust Act 1890

Outlawed trusts & other monopolies that fix prices & restrained trade

Ineffective at regulating corporations: Used to attack labor unions



Source: *Literary Digest*, 1905. The Granger Collection, NYC

4. Which of the following groups would most likely support the sentiments behind this cartoon?
- (A) Proponents of Social Darwinism
 - (B) Proponents of anti-monopoly legislation
 - (C) Proponents of organizing unskilled workers
 - (D) Proponents of the Interstate Commerce Commission
5. The kind of sentiments in the cartoon above contributed most directly to which of the following?
- (A) The sale of Standard Oil to J. P. Morgan for \$900 million
 - (B) The breakup of Standard Oil into competing oil companies
 - (C) The replacement of kerosene lamps with the incandescent lights
 - (D) The rise of the American Federation of Labor