

APUSH 1865-1900 INDUSTRIAL REVOLUTION: INDUSTRY COMES OF AGE REVIEWED!

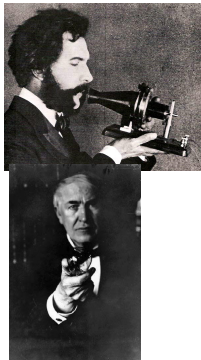
American Pageant (Kennedy) Chapter 24
American History (Brinkley) Chapters 17, 18
America's History (Henretta) Chapters 17, 19

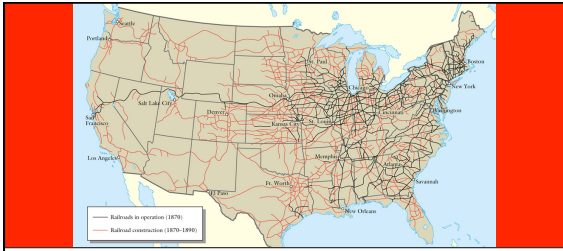
INDUSTRIAL REVOLUTION

- 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

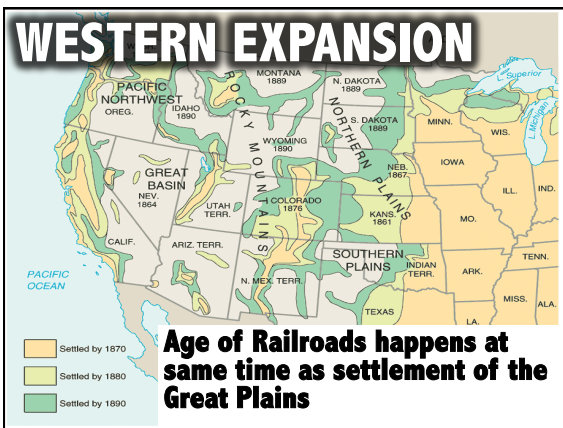
INVENTIONS & INNOVATIONS

- 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





- **Land and loan subsidies** given by the **federal government** to the railroad companies
- **New business practices** introduced by RR companies such as **establishing the modern stockholder corporation, business management strategies, financing, and regulation of competition**
- **Consolidation** leads to **standardization** of the industry: **steel rail, standard gauges**



First Transcontinental Railroad

- **Pacific Railroad Act (1862)**
- **Union Pacific:** Built from Omaha, Nebraska to the West
 - Irish workers
- **Central Pacific:** Sacramento to Sierra Nevada
 - Chinese laborers
- **Two come together at Promontory Point**
May 10 1869




IMPACT OF THE RAILROAD

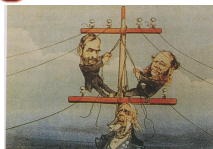
- **Unified the domestic market- created a national market for goods**
- **Allowed for mass distribution of raw materials and manufactured goods**
- **Encouraged mass production, mass consumption, and economic specialization**
- **Helped promote the growth of other industries (coal, steel, etc) and lead to growth of new cities**
- **Facilitated Immigration both internally and externally**
- **Changes daily life: American Railroad Association divided the country into 4 time zone in 1883**

America, We've got a Problem!

- **Railroad Tycoons** became extremely powerful
- **Federal land grants and friendly loans led the rampant corruption within the government**
- **Frequent speculative bubbles would burst**
 - Speculators attempt to sell **overvalued stock** to the public
 - **Overbuilding was common**
 - **Mismanagement and fraud** plagued the industry
- **Rebates** (discounts) were oftentimes given to favored shippers
 - **Small farmers** were often charged much higher rates
- **"Pools"**- secret agreements between companies to fix rates and share profits

Government Regulation?

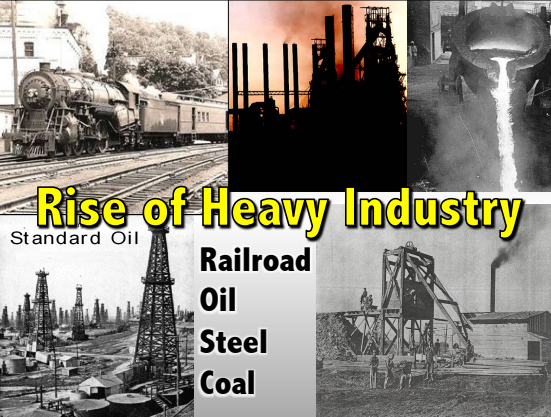
- **Demands for the government to intervene**
- **Dominant philosophy of the time period: Laissez Faire**
 - Leave alone, no regulation
- **Farmers** most vocal group calling for reform- **Grange** Movement
- **Munn v. Illinois (1877)** State could regulate business
- **Wabash case:** states **could 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





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

The ICC was initially not very effective

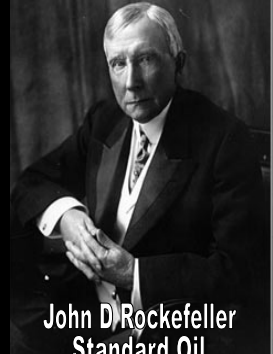


Rise of Heavy Industry

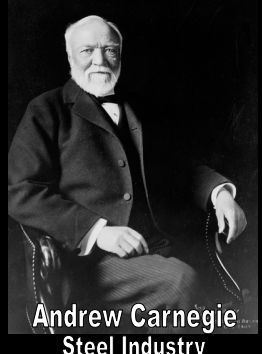
Standard Oil

Railroad
Oil
Steel
Coal

Captains of Industry or Robber Barons?



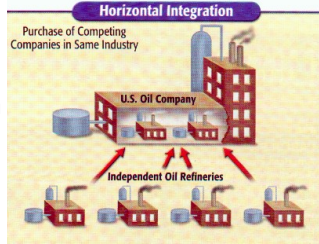
John D. Rockefeller
Standard Oil



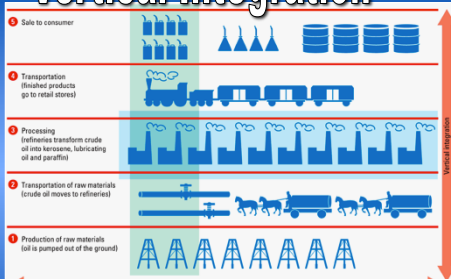
Andrew Carnegie
Steel Industry

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

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"





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

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**
