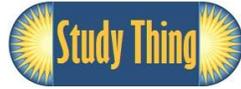


The Age of Big Business



1. List the three interrelated themes of the Era of Big Business.

① _____ ② _____ ③ _____

2. What was America's first big industry?

3. How did Americans react to the industrial boom of the late 1800s? What huge crusade during the first half of the nineteenth century experienced similar public response?

4. How did the government view the influence of the "industrial aristocracy" on everyday America?

5. Match the leading business tycoons (left) with the industry they dominated (right).

_____ John Davison Rockefeller	A. petroleum
_____ Andrew Carnegie	B. railroads
_____ Johns Hopkins	C. tobacco
_____ Leland Stanford	D. iron and steel
_____ J. Pierpont Morgan	E. textiles
_____ Cornelius Vanderbilt	F. carnival rides

6. Who benefited the most from the increasing condition of "economic democracy" offered in America?

7. What were the three main sources of immigration between 1850 and 1900?

① _____ ② _____ ③ _____

8. What were the three largest American cities in 1900?
① _____ ② _____ ③ _____

9. What was the largest city in California in 1900? In the Pacific Northwest region?
CAL: _____ PNW: _____

10. List three inherent problems that accompanied rapid urban growth.
① _____ ② _____ ③ _____

11. How did labor address injustices in the American workplace?

12. Explain the “social Darwinism” theory.

13. What was the state of national politics during this time?

14. Who was the best President during the last third of the 1800s?

15. What ideas did Henry George express in *Progress and Poverty* (1879)?

16. What observation did Thorstein Veblen make about the very wealthy?

17. Why wasn't the Sherman Anti-Trust Act (1890) particularly effective?

18. Who was Jane Addams and what was her contribution to the late 1800s?

19. What was Andrew Carnegie's message in his 1889 essay “The Gospel of Wealth”?

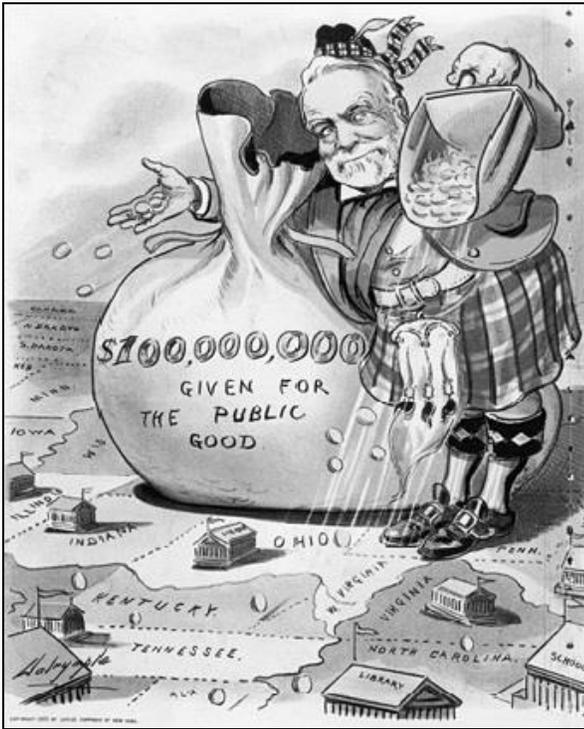
20. Author Mark Twain referred to the last 35 years of the nineteenth century as the “Gilded Age.” Give three examples that support Twain's label.

①

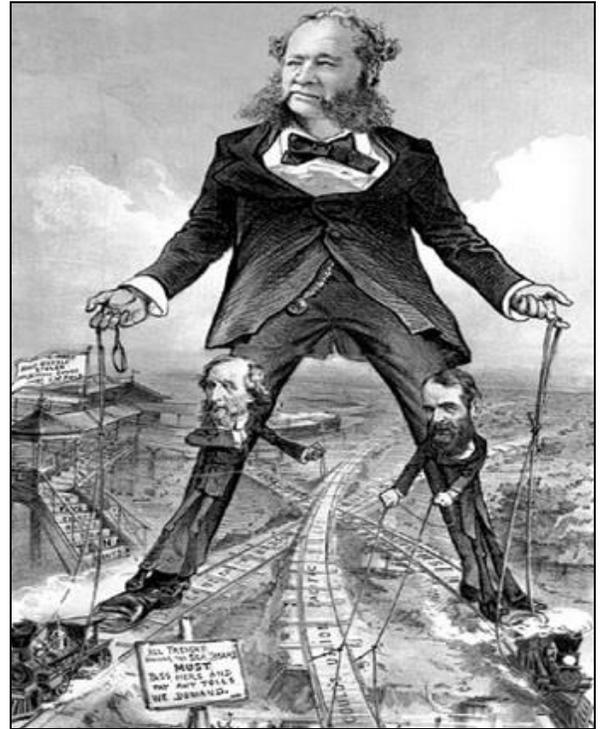
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③

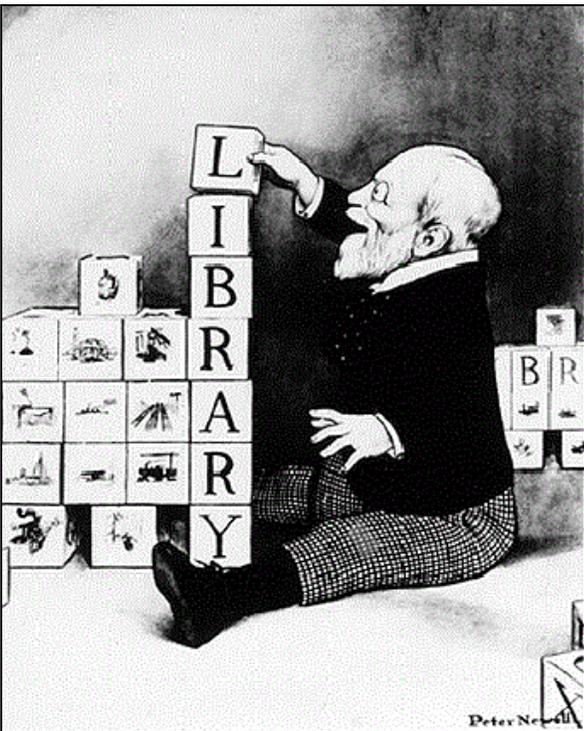
21. Evaluate each of the following cartoons depicting familiar business magnates as either a “Caretaker of Society” or “Robber Baron.”



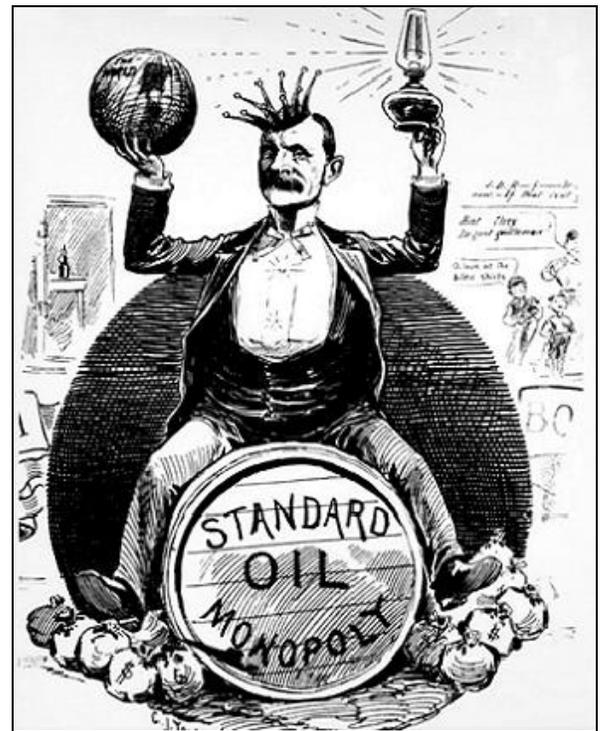
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“CARETAKERS OF SOCIETY” or “ROBBER BARONS”



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LABOR GROUPS & PROTESTS DURING THE AGE OF BIG BUSINESS

❶ National Labor Union

- ✓ Federation of unions formed in _____ by William Sylvis
- ✓ Leaders out of touch with needs & desires of workers
- ✓ Chief objective was formation of worker-owned coops

❷ Knights of Labor

- ✓ Formed in 1869 by Uriah Stephens & _____
- ✓ Grouped workers into one huge union
- ✓ Major goal was _____
- ✓ Declined in late 1880s due to _____

❸ American Federation of Labor

- ✓ Skilled workers organized by craft
- ✓ Founded in 1886 by Adolph Strasser & _____
- ✓ Target goals were _____ & shorter hours
- ✓ _____ became chief weapon against management
- ✓ Merged in 1955 w/ Congress of Industrial Organizations



❶ Great Railroad Strike

- ✓ _____ workers in 1877
- ✓ Spread to other railroad companies
- ✓ President Rutherford B. Hayes felt strikers harmed _____

❷ Haymarket Square Riot

- ✓ Took place in _____ in 1886
- ✓ Called by anarchists after striker killed at McCormick Harvester plant
- ✓ Bomb tossed into crowd (7 policemen killed; 60+ others injured)
- ✓ Labor movement branded as _____ & rapidly lost popular support

❸ Homestead Strike

- ✓ 1892 at Andrew Carnegie's steel plant near _____
- ✓ Strikers attacked 300 Pinkerton Agency guards hired to protect scabs
- ✓ Labor in steel industry suffered until 1930s

❹ Pullman Railway Car Strike

- ✓ Chicago in _____ resulting from Panic of 1893
- ✓ American Railway Union under Eugene Debs participated
- ✓ President _____ sent troops to preserve order
- ✓ Debs jailed; became active socialist

AMERICA'S URBANIZATION DURING THE AGE OF BIG BUSINESS

1. The largest city west of the Mississippi River in 1900 was:
 - a. Los Angeles
 - b. Denver
 - c. New Orleans
 - d. Kansas City
 - e. San Francisco

2. All of the following were major sources of urban population growth in the Northeast during the Gilded Age except:
 - a. farmers and people from small rural towns
 - b. southern blacks
 - c. immigrants from Europe
 - d. unsuccessful California gold prospectors
 - e. immigrants from East Asia

3. The formation of ethnic neighborhoods by immigrants in American cities:
 - a. prevented their advancement in the workplace
 - b. resulted from discriminatory restrictions
 - c. intensified a sense of incoherence with American values
 - d. tended to reinforce the cultural values of their previous societies
 - e. was highly regulated by most city zoning laws

4. All of the following were problems which accompanied rapid urban growth during the late nineteenth century except:
 - a. increased crime
 - b. epidemic illnesses
 - c. factory closures
 - d. unfair labor practices
 - e. sanitation

5. The chain store concept was pioneered by:
 - a. James Cash Penney
 - b. Montgomery Ward
 - c. Frank Winfield Woolworth
 - d. Marshall Field
 - e. Sam Walton

6. All of the following novels portrayed America's urban world of the late 1800s realistically except:
 - a. *How the Other Half Lives*, by Jacob Riis
 - b. *Maggie: A Girl of the Streets*, by Stephen Crane
 - c. *A Hazard of New Fortunes*, by William Dean Howells
 - d. *Call of the Wild*, by Jack London
 - e. *The Bitter Cry of the Children*, by John Spargo

Industrial Growth: An Overview. American industry was greatly stimulated by the Civil War as a result of high tariffs, expanding markets, foreign capital, new inventions, increased immigration, and the aggressive materialism of the period.

Railroads: The First Big Business. During the 25 years immediately following the Civil War, railroad mileage grew from 74,000 miles of track in 1875 to 193,000 by 1900. The emphasis in railroad construction after 1865 was on organizing integrated systems to lower operating costs. Cornelius Vanderbilt's New York Central, Thomas A. Scott's Pennsylvania, and the Erie all formed complexes that connected major eastern cities to the Midwest. In the Southwest, Jay Gould became the leader in systematizing railroads, while Henry Villard and James J. Hill built integrated systems in the Northwest. The South experienced a significant increase in railroad building, but northern capitalists controlled southern lines.

Railroads stimulated economic expansion through the multiplier effect. The steel industry experienced a tremendous boom supplying railroad needs. Land-grant lines encouraged immigration by selling land cheaply. Technological advances such as George Westinghouse's air brake and George Pullman's sleeping car brought new safety and comfort to railroading. Accompanying the railroads across the continent was the Western Union telegraph which was transmitting 40 million messages by 1883.

Iron, Oil, and Electricity. Blessed with rich deposits of iron ore and fuels, the nation's iron and steel production increased dramatically. The Bessemer process, perfected independently by Henry Bessemer, an Englishman, and William Kelly of Kentucky, made cheap mass-produced steel possible. Output rose from 77,000 tons in 1870 to nearly 10.4 million tons in 1900.

The petroleum industry expanded even more spectacularly than iron and steel, from 10 million barrels in 1873 to about 50 million in the early 1890s. In the 1870s the most important petroleum product was kerosene burned in lamps.

The development of the telephone and the electric light into prosperous businesses affected the nation's economic and social life. Alexander Graham Bell's invention of the telephone led to the creation of the American Telephone and Telegraph Company which controlled 100 local systems with 800,000 phones by 1900. Thomas A. Edison was the nation's best-known inventive genius, his most important contribution being the perfection of the electric light bulb. The Edison Illuminating Company began supplying 85 customers with electricity in 1882, and by 1898 about 3,000 power stations existed. The Westinghouse Electric Company speeded the expansion of electrical service by adopting alternating current.

Competition and Monopoly: The Railroads. Intense competition developed as profit margins declined in the deflationary period after 1873. Seeking to increase volume, railroads resorted to giving rebates, drawbacks, free passes, free land, and building sidings without charge. To make up for losses forced by competition, they raised rates in areas where no competition existed. For example, in 1870 it was cheaper to ship a barrel of flour from Minnesota to New York City than from Rochester, New York, which was 650 miles closer. In the 1880s railroads created interregional systems and became part of giant corporations.

The Standard Oil Trust: Rockefeller. The petroleum industry experienced a brutal struggle between competitors, but John D. Rockefeller's Standard Oil Company emerged victorious. Using rebates, bribery, and ruthless competition, Rockefeller brought efficiency and stability to the oil industry. Rockefeller structured his monopoly by creating a new type of business organization, the trust, which allowed Rockefeller to operate all his companies from a central location through nine trustees empowered to "exercise general supervision." Stockholders received, in exchange, trust certificates on which dividends were paid.

The Steel Industry: Carnegie. The iron and steel industry was intensely competitive. Despite the trend toward higher production, the demand varied erratically. Andrew Carnegie took advantage of this situation to develop the Carnegie Steel Company which dominated the industry. In 1893, his profits came to \$3 million; they increased to \$40 million in 1900. He sold his interests to J. P. Morgan in 1901 who put together United States Steel at a capitalization of \$1.4 billion, and Carnegie retired to devote himself to philanthropic work.

Utilities and Retailing. During the early days, utilities were highly competitive, particularly over patent rights. In time they formed monopolies to prevent costly duplication. Western Union attempted to break the American Telephone and Telegraph Company's monopoly but later abandoned the effort. Thomas Edison seemed constantly involved in legal hassles to protect his patents and, in 1892, he merged with Thomson-Houston Company to form General Electric which competed thereafter with Westinghouse in the manufacturing of electrical equipment. In retailing, huge department stores such as Alexander Stewart in New York and Marshall Field in Chicago developed. Small shops did not disappear but they were not as efficient as the new giants.

Americans React to Big Business. The increasing number of monopolies began to change public attitudes toward governmental regulation of business. Common opinion held that combinations meant monopoly and monopoly meant extortion. Some believed either autocracy or revolutionary socialism was inevitable. Responding to their critics, men like Rockefeller and Carnegie explained the benefits the nation received from their efficient operations and emphasized their philanthropic concern for all.

The Radical Reformers. The maldistribution of wealth and the growing power of industrial corporations heightened public dissatisfaction which was reflected in the popularity of several radical reformers. Henry George's *Progress and Poverty* (1879) proposed a "Single Tax" that would confiscate all "unearned increments" from the owner who reaped profits from the appreciation of land values. More radical was the idea of total nationalization which Edward Bellamy forecast in his utopian novel *Looking Backward, 2000-1887* (1888). Bellamy believed that an ideal socialist state would evolve without revolution or violence. Of more immediate concern was the criticism by Henry Demarest Lloyd, who attacked the abuses of the Standard Oil Company in *Wealth Against Commonwealth* (1894).

Early Railroad Regulation. Strict state supervision of railroads occurred as a result of efforts of the national Grange of the Patrons of Husbandry in several Midwestern states. In 1870 Granger laws were enacted in Illinois creating a railway commission to establish reasonable rates and to punish violators. The Supreme Court upheld such actions in *Munn v. Illinois* (1877). The *Wabash Case* (1886) proved, however, that federal controls of railroads would be necessary as the Court decided that Illinois could not regulate interstate trade. In February 1887, the Interstate Commerce Act was passed. Discriminatory competitive practices were outlawed, and the Interstate Commerce Commission was established to supervise railroad activities.

Labor Organizations. Growing worker discontent with big corporations led to unionization of skilled workers (few industrial workers belonged to unions). In the early 1870s, about 300,000 workers belonged to national craft unions such as iron molders, printers, and cigarmakers.

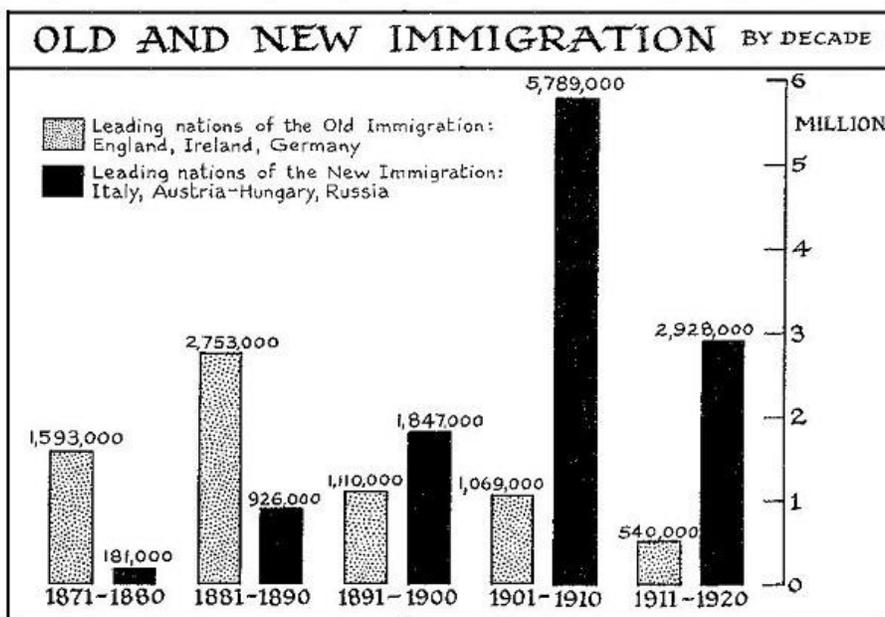
The first union to gain wide acceptance among workers was the Knights of Labor, founded in 1869 by Uriah Stephens and later headed by Terence Powderly. The Union rejected traditional grouping of workers by craft and welcomed blacks, women, and immigrants into its membership, which grew to 700,000 members by 1886. The Knights suffered a severe setback when they became associated in the public mind with the violence of the Haymarket riot (May 1886).

In 1886, the American Federation of Labor, a national crafts union, emerged as the dominant labor organization. Samuel Gompers, the longtime leader of the union, supported higher wages, shorter hours, dues-paying memberships, strikes, and the use of the ballot. By 1901 it had over a million members.

The American Worker. The number of industrial workers grew to 3.2 million in 1890 and they exerted increasing influence on society. Skilled industrial workers were well off, but unskilled laborers could get ahead only by practicing "ruthless underconsumption." Women made up the majority of salespersons and cashiers and also operated the new typewriters, but opportunities for promotion were rare. Although living standards for industrial workers were improving, discontent grew, caused by rising aspirations as well as poverty. There is no evidence that progress from rags to riches was common; the Carnegies were rare exceptions.

Labor Militancy Rebuffed. Employers arbitrarily fired workers who tried to organize unions. Such actions coupled with the fear of large corporations, heavy immigration, and displacing technology prompted workers to use strikes. In 1877, a railroad strike closed two-thirds of the nation's tracks. The bloodiest strike occurred at Carnegie's Homestead steel plant in 1892 when violence erupted between workers and 300 private guards who were protecting strikebreakers. However, the most important strike of the period was led by the American Railway Union, headed by Eugene V. Debs, against George Pullman's Palace Car Company. Management appealed for relief to President Grover Cleveland, who ended the strike by sending soldiers to ensure the movement of the mails.

The "New" Immigration. The ever-increasing demand for industrial manpower stimulated immigration between 1866 and 1915 when about 25 million foreigners entered the United States. Recruitment efforts were conducted by major steamship lines, through "immigrant banks," and by the *padrone* system, and the largest influx was from southern and eastern Europe. Early in the 20th century, over half of the industrial labor force was foreign-born. Because the immigrant influx was so heavy and their social mores were strange, many American groups thought the "new" immigrants could not assimilate and worked to limit immigration.



The Expanding City and Its Problems. Even before the Civil War, the United States had become one of the most urban nations in the world, and by 1890 one person in three lived in cities. This rapid urban growth contributed to problems of eroding quality of life in large cities. Increased immigration contributed to the overcrowding, but native Americans were also attracted to the job markets of the industrial areas. Few cities planned for their sudden growth; sewer and water facilities and fire protection were inadequate. Substandard housing contributed to disease, family disintegration, and juvenile delinquency.

City Government. Big city political bosses, usually Irish in origin, provided social services to urban dwellers in return for their votes. Some bosses became wealthy through graft and "kickbacks." William "Boss" Tweed and Richard Croker were typical of this breed.

The Cities Modernize. Businessmen soon realized that efficient and honest government reduced their tax bills. City living improved through the paving and lighting of streets. The growth of municipal transportation, first by elevated steam railways then by electric trolleys, enabled cities to expand, thus allowing workers to live farther from their jobs. Advances in bridge design, such as John A. Roebling's Brooklyn Bridge, aided the flow of metropolitan populations. The efforts of American architects, headed by Louis Sullivan, to develop a new form that could utilize limited urban land and iron-skeleton construction resulted in the skyscraper.

The Churches Respond to Industrialism. Protestant and Roman Catholic clergy were slow to respond to social problems in the city slums. The Catholic hierarchy opposed organized labor until Pope Leo XIII issued the encyclical *Rerum novarum* (1891) which defended the right of labor to form unions and stressed the duty of the government to care for the poor.

Dwight L. Moody became the leading evangelist to take religion into the slums by providing both spiritual and recreational facilities. Others helped establish the Young Men's Christian Association (1851) and the Salvation Army (1880). The most radical religious departure of the period was the preaching of the "Social Gospel," that focused on improving living conditions rather than on saving souls. Ministers such as Washington Gladden advocated political reform, child labor laws, regulation of trusts, and heavy income and inheritance taxes. A group of socialist ministers, led by William D. P. Bliss, called for the nationalizing of industry.

The Settlement Houses. The most visible and practical reform in urban America was the establishment of settlement houses. Particularly effective were Jane Addams' Hull House in Chicago (1889), Robert A. Woods' South End House in Boston (1892), and Lillian Wald's Henry Street Settlement in New York (1893). Settlement house workers, who were often college-educated women, agitated for tenement house laws, women and children labor laws, and better schools. The prevailing social blight was growing too quickly to be controlled by private beneficence; government support was needed.

Social Legislation. Beginning in the 1870s, states began passing some workable social reform legislation. Most reform measures were aimed toward reducing work hours, preventing sweatshops, providing safety in hazardous occupations, and establishing tenement house regulations. However, the collective impact of these laws was negligible. The combination of vested interests, laissez faire philosophy, and conservative court rulings tended to render much of the legislation innocuous. The belief was widely held that the federal government had no constitutional right to interfere with the 14th Amendment guarantee of the right of life, liberty, and property. In 1905, the Supreme Court struck a crippling blow to state reform in *Lochner v. New York* by declaring unconstitutional an act limiting working hours for bakers.

Civilization and Its Discontents. At the end of the 19th century, the majority of Americans, particularly the wealthy and the middle class, remained optimistic about the nation's future. At the same time, blacks, immigrants, slum dwellers, and social reformers were increasingly critical of the direction and purpose of America's industrialized society.

Sherman Antitrust Act. Popular criticism against monopolies resulted in the passage of the Sherman Antitrust Act in 1890. It declared illegal any combination in the form of a trust or otherwise that was in restraint of trade. The act was intended to restore competition, but the Supreme Court diluted its effectiveness in *United States v. E. C. Knight Company* (1895) in ruling that the American Sugar Refining Company, which controlled 98 percent of all United States sugar refining, was engaged in manufacturing and did not necessarily restrain trade. This decision seemingly opened the doors to a new surge of mergers at the turn of the century.