

Apush chp17 notes essay



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Ch17. The Rise of Industrial America, 1865-1900 ~ By 1900, U. S. leading industrial power by a combination of factors : * Natural Resources (coal, iron ore, copper, lead..) * Labor Supplies (immigrants) * Advance transportation network * Capital (Americans funding the economic expansion) * Technologies increasing productivity * Friendly gov policies (tariffs, land grants, loans) * Talented entrepreneurs

A. The Business of Railroads. ~ The nation's first big business : railroads, which had greatest impact on Am economic life. - Created a market for goods & encouraged mass production, mass consumption, & economic specialization. Resources used promoted growth of industries (coal & steel). - The American Railroad Association dividing nation into 4 time zones (1883) - Most important : Created modern stockholder corp. & development of complex structures in finance, business management, and the regulation of competition.

a. Eastern Truck Lines ~ (1830-1860) building of dozens of separated local lines resulted in diff gauges (distance btwn tracks) & incompatible equipment, but after Civil War due to consolidation of competing railroads into integrated truck lines reduced. " Commodore" Cornelius Vanderbilt used \$\$ from steamboats business to merge local railroads into NY Central Railroad (1867). - Other truck lines (Baltimore & Ohio Railroad and PA Railroad) connected east seaports w/ Chicago & other Midwest cities & set standards of excellence and efficiency for the rest of the industry.

b. Western Railroads ~ Their roles in the trans-Mississippi West : (1) promote settlement on Great Plains (2) link West & East to create one great national market. (Federal land grants. ~ Seeing western railroads lead to settlements, federal gov provided railroad companies with loans & land grants. Got more than 170mil acres of public land (given in alternate mile-sq sections), so they could sell the land to new

settlers to finance construction. - Through railroad would increase both value of gov lands & provide preferred rates for carrying the mails & transporting troops. Neg consequences: (1) promoted hasty / poor construction (2) led to widespread corruption in gov. - Insiders used construction companies (Credit Mobilier) to pocket huge profits, while bribing gov officials and legislators. - In 1880s, protest on land grants b/c railroad companies controlled half lands in west states. Transcontinental Railroads. ~ During Civil War, Congress gave land grants/ loans to build first transcontinental railroad (finished in May 10, 1869) to link Atlantic & Pacific states ; divided work for 2 companies : 1.) Union Pacific (General Grenville Dodge) used war veterans & Irish immigrants to build westward across Great Plains, from Omaha, Nebraska. 2.) Central Pacific (Charles Crocker) used Chinese to blast tunnels thru Sierras mountains eastward from Sacramento, CA. ~ Before 1900, 4 other trans railroads constructed across diff sections in West. In 1883, 3 of them competed (1) Southern Pacific tied New Orleans to LA (2) Atchison, Topeka, & Santa Fe carried ppl between Kansas City & LA (3) Northern Pacific connected Duluth, Minnesota w/ Seattle, Washington. (4) the 4th trans connected St. Paul, Minnesota & Seattle in 1893. - James Hill's planned Great Northern was the only trans to be built w/o federal help. c. Competition & Consolidation ~ Railroads built in 1870s & 1880s were unprofitable/overbuilt, usually suffered from mismanagement & outright fraud. Speculators (Jay Gould) went into railroad business for quick profit made millions by selling assets & watering stock (inflating value of assets/profits before selling). - To survive, railroads competed by offering rebates (discounts) & kickbacks to favor shippers while charging exorbitant freight rates to smaller customers like farmers. Also, increase profits by forming pools where competing

companies agreed secretly & informally fix rates & share traffic. (Financial Panic in 1893 ; ? railroads bankrupt & J.

Pierpont Morgan & other bankers quickly took control of railroads & consolidate them, which eliminate competition & stabilized rates & reduce debts. (By 1900, 7 giant systems controlled 2/3 of nation's railroads. - Positive : more efficient rail system. - Neg : Few powerful men (Morgan) dominated boards of competing railroad corps. Thru interlocking directorates (the same directors ran competing companies) & created regional railroad monopolies. ~ Many ppl invested in their railroad development, while customers & small investors often felt victims of slick financial schemes. Railroad moguls (William Vanderbilt, who inherited his dad's Cornelius Vanderbilt's transportation empire, responded to critics, " the public be damned") (Early attempts to regulate railroads : like Granger laws but overturned by courts. - the federal Interstate Commerce Act of 1886 was @ first ineffective, but Progressive era in early 20th century the Interstate Commerce Commission was given expanded powers to protect the public interest. B. Industrial Empires. -Early factories : textiles, clothing, leather products -After Civil War (2nd Industrial Rev) : steel, petroleum, electric power, industrial machinery. . The Steel Industry ~ 1850s, Henry Bessemer (England) & William Kelly (U. S.) discovered blasting air thru molten iron produced high-quality steel. ~ Great Lakes region had abundant coal & iron ore of Minnesota's Mesabi Range became leading steel producer. (Andrew Carnegie. - Leader of steel industry, in 1850s worked his way up from poor Scottish immigrant to superintendent of PA railroad & in 1870s, manufacturing steel in Pittsburgh & soon outdistance his competitors by

combination of salesmanship & use of the latest technology. Used business strategy called vertical integration, which a company would control every stage of industrial process, from mining the raw material to transporting to product. - By 1900, Carnegie Steel became top even than Britain. (U. S. Steel Corporation. - Carnegie decided to retire & devoted to philanthropy & sold his company in 1900 for over \$400million to new steel combination headed by J. P. Morgan. - New corp. (U. S. Steel) first billion-dollar company & also largest enterprise in the world & control 3/5 of nation's steel business.

. The Oil Industry -First U. S. oil well drilled by Edwin Drake (1869 in PA) - 1863, John D. Rockefeller founded company to control most of nation's oil refineries by eliminating competition. (Rockefeller & the Standard Oil Trust - He took charge by applying the latest technologies and efficient practices, while also extorting rebates from railroad companies & temporarily cut prices for Standard Oil kerosene to force rival companies to sell out. 1881, his company)Standard Oil Trust) controlled 90% of oil refinery business that put together consisted of the various companies that he got, all managed by a board of trustees that Rockefeller and Standard Oil controlled. - This combination represented a horizontal integration of an industry where former competitors were brought under a single corp. umbrella. - By controlling supply & prices of oil products, Standard Oil's profits soared & Rockefeller's \$\$\$. AND eliminating waste in the production of kerosene, the Standard Oil monopoly able to keep prices low for consumers. Rockefeller also had dominant companies in sugar, tobacco, leather, meat. c. Antitrust Movement Middle-class feared the trusts' unchecked power & urban elites (old wealth) resented increasing influence of the new rich, & after failing to curb trusts on state level, reformers got Congress : (Sherman Antitrust Act

in 1890 ; prohibited any “ contract, combination, in the form of trust or otherwise, or conspiracy in restraint of trade or commerce” – Although federal law against monopolies, it was too vague to stop trusts in 1890s (United States v. E. C. Knight Co. 1895) ; ruled Sherman Antitrust Act applied only to commerce, not manufacturing. – Resulting, U. S. Department of Justice secured few convictions until the law was strengthened during the Progressive era. C. Laissez-Faire Capitalism. ~ “ Laissez-faire” economic expression of belief that idea of gov regulation of business was alien to the prevailing economic, scientific, & religious beliefs of late 19th century. a. Conservation Economic Theories ~ 1776, economist Adam Smith wrote The Wealthy of Nations saying business should be regulated by the “ invisible hand“, not by government, which originated the Laissez-Faire. Ppl motivated themselves by self-interest for improved goods & low prices. ~ 19th century, Am industrialist appealed to L-F theory to justify their methods of doing business. ~ 1880s, rise of monopolistic trusts were big competition needed for natural regulation. (Social Darwinism. – English social philosopher Herbert Spencer thought Darwin’s idea of natural selection & survival of the fittest should apply to marketplace b/c the concentration of wealthy in the hands of the “ fit” was a benefit to the future of human race. American social Darwinist, Professor William Graham Sumner of Yale argued that help for poor was misleading b/c it interfered w/ laws of nature & would only weaken evolution of the species by preserving the unfit. (Gospel of Wealth. – Religion was more convincing b/c John D. Rockefeller used Protestant work ethic (hard work and material success are signs of God’s favor) to both his business and personal life & said “ God gave me my riches” – Popular lectures, “ Acres of Diamonds” Reverend Russell Conwell, preached

everyone had duty to become rich. Andrew Carnegie's article "Wealthy" argued wealthy had a God-given responsibility to carry out projects of civic philanthropy to benefit society & he even gave out over \$350 mil to support libraries, universities, & public institutions.

D. Technology and Innovations.

a. Inventions ! First radical change ; telegraph by Samuel F. B. Morse (1844), Improved transatlantic cable by Cyrus W. Field's (1866) with these two long distance communication was possible esp in war. - 1900, cables linked to all continents & telephone by Alexander Graham Bell (1876) (Other inventions : Typewriter (1867) , cash register (1879) , calculating machine (1887) , adding machine (1888) , Lewis E. Waterman's fountain pen (1884) , George Eastman's Kodak Camera(1888) , King Gillette's safety razor and blade (1895).

b. Edison & Westinghouse. ~ Thomas Edison started as young telegraph operator & first invented machine for recording votes (1869) then he got resources & the world's first modern research lab in Menlo Park , NJ (1876). He invented phonograph, incandescent lamp, dynamo for generating electric power, mimeograph machine, motion picture camera. Introduce concept of mechanics & engineers working on a project as a team rather than as lone inventors. ~ George Westinghouse created 400 patents, like air brake for railroads (1869), transformer for producing high-voltage alternating current (1885), which made lighting cities & operation of electric streetcars, subways, and electrically powered machinery and apps.

c. Marketing Consumer Goods. ~ Increase output in U. S. factories meant need for businesses to find ways to sell more. - R. H. Macy (NY) & Marshall Field (Chicago) made department stores in urban centers. Frank Woolworth's Five and Ten Cent Store brought lots of chain stores in urban neigh ~ Sears,

Roebuck & Montgomery Ward (mail-order companies) used improved rail systems and to ship everything! – Package foods (Kellogg/ Post) were common items in kitchens. – Refrigerated railroad cars & canning enabled Gustavus Swift & other packers to change the eating habits of ppl w/ mass-produced meat & veggies. ~ Advertising and new marketing techniques promoted consumers economy & created consumer culture where shopping was favorite pastime. E. Impact of Industrialization Growth of Am industry = higher standard living & sharper economic/ class divisions a. The Concentration of Wealth – 1890s, 10% richest of U. S. population that controlled 9/10 of nation's wealth. – Millionaires : lived in mansions, yachts, lavish parties. – Vanderbilts : summer homes, guests @parties used small silver shovels to seek for gems hidden in sand on long silver trays for party favors. (Horatio Alger myth. – @first, People ignored widening gap btwn rich/poor b/c of “ self-made men” & looked upon popular novels by Horatio Alger Jr. here every novel portrayed a young man of modest becoming rich/ successful thru honesty, hard work, and a little luck. – In reality, mobility was possible, but not typical. – Stats shows wealthy businessperson was white, Anglo-Saxon, Protestant male who came from an upper- middle-class bg & father was in business or banking. b. The Expanding Middle Class – Growth of large corps = need for white collar workers (no manual labor) for highly organized admin structures. – Middle management to coordinate the operations btwn chief executives & factories. Industrialization helped expand middle-class by creating jobs for accountants, clerical workers, salesperson, which increase demand for services from other middle-class workers (professional, public employee, storekeepers). – Increase of good-paying jobs = increase income of middle class. c. Wage Earners. (1900, 2/3 of all

workers' wages 10hrs a day, 6days a week, which was not enough for family so used women and kids. – Wages determined by laws of supply & demand, since immigrants compete for factory jobs, wages were barely above lvl needed. Low wages were justified by David Ricardo (1772-1823) by “ iron law of wages” argued raising wages would only increase working population & availability of workers which would cause wages to fall, thus creating cycle of misery & starvation. – Real wages rose steady (late 1800s), but still bad.

d. Working Women. ~ 1/5 women in 1900 worked for wages, who were young & single since 5% married worked outside home. – 1900, men & women believed economically feasible for women to stay at home raising kids. – Factory working women restricted to industries that perceived as an extension of the home (textile, garment, food processing industries). As demand for clerical workers increase, women became male secretaries, bookkeepers, typists, telephone operators. – Women jobs got low wages than men. e. Labor Discontent. (Before Industrial Revolution, workers enjoyed personal & relaxed workplace & felt accomplished when done creating product from start to finish. (Factory workers were assigned one specific job & after 3 years change jobs. – Working conditions dangerous, exposed to chemicals/pollutants that lead to chronic illness & early death. – Unstable & highly mobile workplace. – Absenteeism & quitting, not strikes & labor unions were common to protest, but most of them just quit.

F. The Struggle of Organized Labor. a. Industrial Warfare ~ With lots of cheap labor, management held power In its struggles w/ organized labor. ~ Strikers easily replaced w/ strikebreakers/ scabs (desperate ppl need jobs)

~Employers used following tactics for defeating unions : * Lockout : close

factory to break labor movement before it could get organized * Blacklists : names of pro-union workers circulated among employers * Yellow-dog Contracts : workers told, as condition for employment, they must sign agreement not to join a union. * Private guards & State militia to put down strikes. * Court injunctions against strikes. Management foster public fear of unions as anarchistic & un-American. - Before 1900, won most battles w/ organized labors b/c violence developed, employers could almost always count on the support of the federal & state gov. ~ Labor divided on best methods of fighting managements. - Some union leaders favor political action, others like direct confrontation (strikes, picketing, boycotts, & slowdowns). (Great railroad Strike of 1877. - During economic depression, railroad companies cut wages to reduce costs, thus creating strike in Baltimore & Ohio Railroad across 11 states & shut down 2/3 of country's rail track age. 500, 000 workers, President Rutherford B. Hayes used federal troops to end violence more than 100ppl killed. - Aftermath : employers addressed complaints & improved wages/working conditions, while others took hard line by busting workers' organizations. b. Attempts to Organize National Unions. ~ Before 1860s, unions organized local associations of craft workers. (National Labor Union. (1866) - First attempt to organized all workers of skilled, unskilled, agricultural, industrial. - Goals : high wages, 8hr day, rights for ALL! , monetary reform, & worker cooperatives. Chief victory : 8hrs a day. - Lost support after depression in 1873 & 1877 strike. (Knights of Labor. (1869) - Second national labor union as secret society to avoid detection by employers. - Leader : Terence V. Powderly who settled disputes by arbitration instead of strikes. - Went public in 1881, open membership to workers including Afr Am & Women. - Favored : Worker cooperatives " make

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each man his own employer” , abolition of child labor , abolition of trusts & monopolies. - Knights were unorganized & could not control local units than decided to strike. Grew rapidly in early 1880s, more members than first, but declined after violence of Haymarket riot in Chicago (1886) which turned public against. (Haymarket bombing. (1886) - Chicago, about 80, 000 Knights was @May Day labor movement, where 200 anarchists who favored violent overthrow of all government. - Response to this called for a general strike to get 8hrs day, labor violence broke out @Chicago’s McCormick Harvester plant. - May 4th, workers held public meeting in Haymarket Sq & police tried to break up, someone threw bomb, killed 7 officers, bomb thrower never found. 8 anarchist leaders tried for the crime, 7 sentence to death. - Horrified by bomb incident, Americans concluded that union movement was radical & violent. (American Federation of Labor. (1886) - Concentrated on getting practical economic goals & no reform programs. - Leader : Samuel Gompers, high wages, improve conditions, walk out until negotiate. - By 1901, largest union, but did not achieve major successes until early 1900s. c. Strikebreaking in the 1890s. ~ Two massive strikes showed growing discontent of labor & continued power of management to prevail in industrial disputes. Homestead Strike : — Henry Clay Frick (manager of Andrew Carnegie’s Homestead Steel plant @PA) provoked strike in 1892 by cutting wages by nearly 20%. — He used lockout, private guards, strikebreakers to defeat their 5 months walkout. — The fail strike set back union movement in steel industry until New Deal in 1930s. (Pullman Strike : — Workers living in George Pullman’s model company (famous railroad sleeping cars) town near Chicago. — 1894, announced general cut in wages & fired the leaders of workers that tried to bargain with him (Eugene V.

Debs) - Debs directed workers to not handle any trains w/ Pullman cars & boycott tied up rail transportation across the country. — Railroad owners supported Pullman by linking Pullman cars to mail trains. — President Grover Cleveland used army to keep the main trains running. — Federal court issued injunction forbidding interference w/ operation of mails & ordering railroad workers to abandon the boycott & the strike. - but ignored & Debs/ others arrested & jailed, which ended the strike. (In re Debs (1895) ; Supreme Court approved the use of court injunctions