

Big business vs labor, 1870-1925 essay

[Business](#), [Industries](#)



Reunited by the Union victory in the Civil War, America faced an era of reconstruction during which the value of the individual was reanalyzed and redefined in law. After the reconstruction, a sense of peace and prosperity calmed the American people.

Given hope by their success in maintaining the Union, the Progressive Era ensued. The previously forgotten vision of Alexander Hamilton was reborn and finally implemented. America was no longer the land of the yeoman farmer. Denizens of rural areas moved to the city and sought to work in the gradually industrializing regions of the country.

As big business gained power, the laborers sought to achieve the American Dream of economic prosperity through self-improvement in a laissez faire economy. In response to the exploitation of monopolistic big business owners such as John Rockefeller and Andrew Carnegie, laborers formed labor unions in attempts to gain political momentum and achieve reforms in labor. At first, the government sought to interfere minimally in the affairs of the powerful corporations and maintain a laissez faire economy. Theories such as Social Darwinism, Gospel of Wealth and Adam Smith's "invisible hand" attempted to justify the lack of government interference.

After much conflict, and the staunch political support of many labor unions, the government's hand was forced and these conflicting interests fueled bitter debate and governmental intervention. American exceptionalism caused the industrialization of America and the rise of immoral, exploitative big businesses, consequently inciting class conflicts and the advancement of

labor unions. American exceptionalism provoked the industrialization of America by setting the standard for U.

S. business owners and laborers. With passing years, many innovative men sought to achieve the American Dream at a level no other had accomplished before. American exceptionalism was simply a side effect of the American Dream. The overall growth of American business was fueled by the abundance of natural resources and land in America. Alfred D.

Chandler, Jr. suggests that there were additional causes, including: “ the westward expansion...

; the building of railroads... ; the growth of the national and urban market... ; the coming of electricity and the internal combustion energy.

.. nd finally, the growth of systematic and institutionalized research and development...

. ” Using these major technological breakthroughs to their advantage, as well as their own creativity, intelligent men were able to raise their status to an unprecedented level. John D. Rockefeller is an excellent example. Rockefeller used the concept of horizontal integration to control and expand his oil monopoly, and eventually become the first billionaire.

Andrew Carnegie implemented vertical integration, and also reached previously unimaginable levels of wealth. Both used trusts, pools and other now-illegal methods of monopolization to help reduce competition and attain larger amounts of capital. Seeing these men raise their position in society,

laborers saw the opportunity presented by America and worked as hard as they possibly could. It seemed the Puritan work ethic was still a dear part of every American citizen.

Many laborers rose up to meet the standards by demanding higher wages and benefits as a result of themselves increasing their own productivity. A vicious cycle of industrialization began. As wages increased, technological advancements were pursued in order to meet the increasing wages with the same or even more net revenue. As revenue increased, laborers demanded more and more for their work. The cycle continued endlessly until no further advancements occurred. The results were astonishing. Fig. 1.

: “ Figure 17. 2 Index of U. S. Manufacturing Production, 1864-1914. ” Chart. America and its Peoples: A Mosaic in the Making.

An illustration taken from our textbook, showing the increase in manufacturing over the years 1864 – 1914. Americans achieved the exceptionalism by becoming superior to any other country. Over a mere fifty years, the amount of U. S. manufacturing had increased by about 175%, almost triple what it was in 1864, stopping only in the early 1890s during the economic crisis. America’s unstoppable economy was industrializing and maximizing its proficiency, surpassing the economy and industrial power of any other country on Earth. The average American citizen was becoming a consumer, as opposed to a producer, but as a whole the country was still a greater overall producer than any other country. America had become an economic superpower, superior to any other governed body.

And thusly, the American Dream was stronger than ever, and American exceptionalism became reality. No nation met America's standard of greatness. Fig. 2. " Figure 17. 2 Index of U.

S. Manufacturing Production, 1864-1914. " Chart. America and its Peoples: A Mosaic in the Making. An illustration taken from our textbook, showing the increase in manufacturing over the years 1864 - 1914. Figure 2 shows the dramatic incline of American production. The availability of resources in America fueled further industrialization, emphasizing the cycle of growth. With this production came a sense, as well as a reality, of superiority.

America wielded a power fearsome to any country who could measure it. Many Americans sought to control a portion of this power. Aptly named " big businesses" were created as a result of the industrialization of America. As previously mentioned, John Rockefeller and Andrew Carnegie implemented horizontal and vertical integration to maximize profits. Such economic brilliance was used to exploit every line of the legal system. There was an obvious and dangerous amount of corruption that allowed big business to control the federal government. " What a funny little government! Fig.

3. Cartoon by Horace Taylor, The Verdict, Sept. 25, 1899 Horace Taylor puts his opinion into prospective with this political cartoon. Businesses became more powerful than the government itself, which was too afraid to interfere in the exploitation. One such exploitation was the creation of corporation. Corporations were designed to limit the liabilities of its shareholders and thusly minimize the loss of capital by criminalizing only the legal entity, rather than its underlying workers. Thusly, legal suits and such became

nearly useless against the incorporated. Additionally, as corporations grew unchecked, they found other ways to control competition.

The railroad industry, the first big business of America, used pools and rebates to maximize profit but decrease competition – a principal not part of capitalism. Progress was slowed by the lack of competition, but the pursuit of wealth helped maintain it for a time. The trust was similar to a pool, but trusts were far more hierarchical and were used by corporations rather than regions. Having all the power in the world, businesses could grow and do whatever they wanted without worrying about the government ceasing their progress. Big businesses were often unscrupulous and exploitative of the working class. Such exploitation occurred in many ways, including: long hours, low wages, poor working conditions, child labor, discrimination and segregation, and lacking respect for loyalty. As corporations became demigods to the laborers, the workers became dispensable. With millions immigrating to the United States from Europe, the availability of laborers became apparent and the value of skilled workers declined.

As a result, the exploitation began, and the workers saw the loss of more and more rights. The belief in the autonomy of the individual gained from the Enlightenment and the beginning of the era was evanescent, and exponentially the laborers lost their agency to the will of corporations. Big businesses exploited the hours and wages of workers. In a time where the success of a family unit was dependant on the number of people in the household working, the amount of hours was also significant.

Minimum wage laws would not be written until 1938, so businesses could regulate the hours and pay of laborers as they saw fit, without governmental interference. It was not uncommon during the early Progressive Era to work for over 15 hours per day. Even in the 1920s hours were over 10 per day. It would be until the passing of the Fair Labor Standards Act in 1938 that the 8-hour work day would be fully realized in America. Meager wages would also, however, remain a problem. Many laborers saw a problem with paper currency, and believed its fluctuating value to be unsafe: “ Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money.

This is the most effectual of inventions to fertilize the rich man’s field by the sweat of the poor man’s brow. Ordinary tyranny, oppression, excessive taxation, then, bear lightly on the happiness of the mass of the community, compared with fraudulent currencies and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the desnormalizing tendency, the injustice, and the intolerable oppression on the virtuous and well-disposed, of a degraded paper currency, authorized by law, or any way countenanced by government. At the time of writing, many laborers often were on the brink of poverty. Making barely enough for the family as a whole to survive, the smallest discrepancy in the work of one household member could throw the entire group into chaos. The fluctuation of paper currency was a huge detriment to laborers. Should inflation occur significantly from one year to another, the family may not be able to eat or live in a decent home.

Oftentimes, families lived in dumbbell tenements with countless other people, sharing beds, bathrooms and disease.

Poor living conditions and health conditions were a direct result of high hours and low wages. Additionally, poor working conditions were dangerous to laborers but common among corporate factories. P. M. Newman wrote to Michael and Hugh [Owens], “ As I look back to those years of actual slavery I am quite certain that the conditions under which we worked and which existed in the factory of the Triangle Waist Co.

were the acme of exploitation perpetrated by humans upon defenceless (sic) men women and children — a sort of punishment for being poor and docile. Newman believed that she was a victim of wage slavery and survived terrible, frightening working conditions for many years when she was younger. Many factories boasted huge rates of on-the-job injury with no apology to those injured. Those working in meat packing factories, for example, were likely to be injured by the slip of a knife or a cleaver.

Workplaces were dirty and uncivilized. The exploitation of the average worker only built upon the already inhuman wage and hours conditions. As aforementioned, the reason for this abuse was the lack of governmental interference in corporate affairs. Big businesses exploited the labor of children, reducing the quality of life of many individuals for their entire lives.

Before child labor laws, child labor was exploited to its maximal capacity. Since a family’s survival depended on the number of family members working, each individual, including men, women and children, had to work.

According to Jim Zwick, “ In 1900 approximately two million children were working in mills, mines, fields, factories, stores, and on city streets across the United States. There were a huge amount of child laborers working to earn a decent living for their family, but they were not only given the same hours, but were paid less than adult workers.

While children lacked the physical capacity and skill to do certain tasks, industrialization had brought along more machinery and thusly made the work of laborers easier in certain scenarios. Fig. 4. Lewis W. Hine, Child Labor in America 1908-1912. Lewis Hine’s picture depicts a multitude of children knitting in a mass production factory. Such menial tasks to which children were easily trained but were somewhat dangerous were given to children.

Many children who worked in factories lost fingers and even entire limbs because of the fast moving machinery and their young, undeveloped reaction time. This is not to say that children did not do physical labor. Many younger children worked in mines alongside their fathers and other men, a dangerous job in which many died early from respiratory disease and related complications. The availability and willingness to work of children is what fed the industries. From Ernest Crosby’s poem “ The Machines”: “ What are the machines saying? They are saying, “ We are hungry.

We have eaten up the men and women (there is no longer a market for men and women, they come too high) – We have eaten up the men and women, and now we are devouring the boys and girls. ” The poem suggests the low cost of child labor, along with the availability of children over adults, helped

drive the growing child labor market. The institution of child labor laws did not stop businesses from hiring children, or children from working.

As P. M. Newman wrote, “ By the way, these cases were used for another purpose which served the employers very well indeed. You see, boys, these cases were high enough and deep enough for us kids to hide in, so that when a factory inspector came to inspect the factory he found no violation of the child labor law, because he did not see any children at work — we were all hidden in the cases and covered with shirt waists! Children continued to be exploited, and allowed themselves to be exploited, after the implementation of child labor laws. Such a feat of the businesses only further exemplifies the power and domineering nature of corporate America.

Discrimination and segregation was a common and normal thing in the world of industry and big business. Blacks were commonly discriminated against in the workplace, being segregated from white men and paid less than white women, who were already paid less than white men. Several recognized this problem and sought to fix it. In a letter of grievances to a cotton mill owner, a group of white women wage-workers wrote: “ The efforts of the Fulton mill owners to force the white women and girls employed there to work with the negro women who were placed among them is a deliberate attempt to eliminate the white wage-slaves from this avocation and substitute black wage-slaves because they will work cheaper, although the white wage-slaves do not live but simply exist. ” The women were somewhat insulted that they were to work with the blacks, but were hypocritically opposed to the wage slavery of the blacks and their replacement by the cheaper wage-workers.

Even the labor unions were opposed to equality, Peter Rachleff answered when asked about the Assembly 49 incident in which several union members went with one of the blacks in the union to a show, “ Personally, I have nothing but kindly feelings for the colored people. I wish them prosperity and success, and I will befriend them in any just claims they may have; but when the plea is put in for social equality, the line of demarcation is clearly and distinctly drawn, so far as I am concerned.

This also suggests the spillover effects of big business discrimination. Even the radical Knights of Labor appear too moderate to support equal labor rights for all races. The blacks would remain wage-slaves, discriminated and segregated into corners of the work place, doing the most dangerous jobs for the most hours for the lowest wages. Blacks were in the same category as the southern and eastern European migrants.

Regardless of loyalty toward the business, big businesses ignored and did not reciprocate the loyalty of laborers. To the businesses, its laborers were perfectly dispensable. For every laborer that quit, another would quickly take his or her place, and if not, the remainder would be made to work harder. Consequently, laborers stopped showing loyalty. Recognizing that in some situations they could quickly find another place to work, they would often quit, going from job to job until one was found to be suitable. Resignation rates were very high during this age of exploitation. The numbers were not, however, significant to the big businesses until the labor unions began mass striking in later years. Supporters of the disproportionate wealth of the

Progressive Era's laissez faire economy used radical capitalist doctrines to justify their actions.

Of the many justifications, excuses to some, there were three major ones: Social Darwinism, The Gospel of Wealth, and the “invisible hand” theory. Herbert Spencer was responsible for the doctrine of Social Darwinism, which was written two years before Darwin's *The Origin of Species*. He wrote in *Progress: Its Law and Cause*: “But there are yet other and higher phases of this advance from the homogeneous to the heterogeneous in the industrial structure of the social organism. Long after considerable progress has been made in the division of labour among different classes of workers, there is still little or no division of labour among the widely separated parts of the community: the nation continues comparatively homogeneous in the respect that in each district the same occupations are pursued. While Spencer theorizes that each different and unique “evolution” of a societal unit is equally complex, he suggests that there are “higher phases of this advance” – implying a sense of “Survival of the fittest”. As a whole, the Social Darwinism doctrine attempts to justify big business exploitation by regarding its effects as natural, happening to every living organism and following the natural order of things.

The Gospel of Wealth doctrine, coined by Andrew Carnegie, suggests that Wealth is a divinely granted privilege given to those meriting it with the promise of aiding the poorer citizens by some means. As he says in *The North American Review*, “Such, in my opinion, is the true Gospel concerning Wealth, obedience to which is destined some day to solve the problem of the

Rich and the Poor, and to bring ‘ Peace on earth, among men Good-Will. ’” Carnegie and others believed that they were God-sent to help the poor, and the wealth they acquired was God-given to aid in that task. The Gospel of Wealth doctrine goes hand in hand with Adam Smith’s theory of the “invisible hand”. In *An Inquiry into the Nature and Causes of the Wealth of Nations*, Smith says: “ By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it.

By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. ” Written before the Progressive Era, it became popular for aspiring business owners. Smith claims that the actions of individuals are guided by some undefined and perhaps ineffable “ invisible hand” which leads to selfish decisions that in turn benefit society as a whole.

Many corporate authorities believed in this theory, and claimed that their personal maximization of capital improved societal welfare. This collection of principals guided the failed attempts to justify exploitation. Few laborers accepted these documents and thousands joined labor unions to help fight this model of thought. Class conflict such as rich vs. poor and black vs. white arose from the exploitation of laborers by big businesses.

The exploitation of big business, as a whole, was a complex class conflict. The most major conflict was that of wealth vs. the lack thereof. Corporate executives and other aristocrats of the American upper class were seen as higher and were certainly far more powerful than the average American citizen. Small businesses were also victimized, they were consumed by trusts, pools or otherwise undersold and bought outright. Sub-conflicts arose from this conflict, including but not limited to: black vs.

white, men vs. women, natives vs. migrants and skilled vs. unskilled. Black vs. white was one of the more controversial.

Not only were blacks paid less than whites, but blacks oftentimes were tasked to harder duties and segregated away from the whites. Men vs. women had always been a class conflict, but were further instigated by the exploitation and consequent sexist practices of corporations. Women were paid less than men for the same hours of work, and were also segregated from the men.

Women were often separated also from their children who worked with them to help keep the family alive. Nativism was a doctrine that was once again brought up during the mass immigration to America by those wishing to follow the American Dream. As Thomas Jefferson said years before, “ In proportion to their number, they will share with us the legislation. They will infuse into it their spirit, warp and bias its direction, and render it a heterogeneous, incoherent, distracted mass.

Many agreed with Jefferson when migrants were found to work for lower wages, and oftentimes were found to be more skilled than the average American laborer. As a result, nativist parties were born, the KKK expanded to attack more than just blacks, and the principals of the Fourteenth Amendment to the Constitution, as well as the premise of the Declaration of Independence, was once again lost. The final conflict is that of the skilled vs. unskilled laborers. Before the age of mass marketing and mass manufacturing, skilled laborers ruled the industry, them alone being capable of manufacturing consumer products. However, the role of skilled labor in the American economy was vanishing during the Progressive Era.

With the multitude of laborers available to businesses, there was simply less need for the skill and subsequent higher cost of skilled labor. Corporations got along with unskilled immigrants and skilled laborers were hard-pressed to find a decent line of work proportionate to their qualifications.