Chapter 18
Lecture Outline

Big Business and Organized Labor
The Gilded Age
Robber Barons

Rockefeller – Standard Oil Company
Carnegie – US steel Corporations
Vanderbilt – railroad empire
The Rise of Big Business

• The Second Industrial Revolution
  – Transportation & communication networks
  – Widespread use of electricity
  – Scientific research to industrial process

• Railroads (first “big business”)

• Building the Transcontinentals
  – Union Pacific (ex solders, former slaves, Irish/German immigrants)
    vs
  – Central Pacific (Chinese immigrants)
Transcontinental railroads Using picks, shovels, wheelbarrows, and horse-drawn carts, Chinese laborers largely helped to construct the Central Pacific track.
Transcontinental railroads

First route NOT in the South, Why?

Many ways of financing…
The Rise of Big Business
The Rise of Big Business

- Financing the Railroads
  - private companies, which raised the necessary funds by selling bonds.
  - concerns about constitutionality of federal involvement
  - by 1850s land grant schemes were approved

- Inventions Spur Manufacturing
The Rise of Big Business

- Inventions Spur Manufacturing
  - Barb wire (1868)
  - Steam turbines, electrical devices, typewriters (1867)
  - Vacuum cleaners (1869)

- Alexander Graham Bell – telephone 1876
  - Bell Telephone Company -> American Telephone and Telegraph Company

- Thomas Edison of Menlo Park, NJ
  - Phonograph in 1877 & 1st light bulb in 1879
  - Lights meant factories could work at night
  - Electric motors allowed for geographical preferences

Tesla TED: https://www.youtube.com/watch?v=V-WkUKP1l3c
Entrepreneurs

• Rockefeller and the Oil Trust
  – began refining oil from the nearby fields in Pennsylvania, creating the Standard Oil Company. bought out his competitors and controlled more than 90 percent of the nation’s oil supply.
Entrepreneurs
Entrepreneurs

• Carnegie and the Steel Industry
  – Steel industry. Using Bessemer process that made steel stronger inexpensively, Carnegie flooded the market with his product and became wealthy

Bessemer Process: 
https://www.youtube.com/watch?v=qoUUC4V1mNE
Andrew Carnegie’s “The Gospel of Wealth” (1889)

“Not evil, but good, has come to the race from the accumulation of wealth but those who have the ability and energy that produces it.”

He applied Darwin’s concept of evolution to society, law of human competition is “best for the trade, because it insures the survival of the fittest in every department.”

He called himself a “distributor” of wealth not philanthropist.
Entrepreneurs

- J. P. Morgan, Financier
  - an investment banker, bought large amounts of stock in corporations, and then in turn sold them for a profit
  - He also bought rival firms that were in trouble, fixed them, and resold them
The Working Class

- Social Trends
  - working conditions were often dangerous
  - The average workweek was fifty-nine hours
  - average wage equivalent to today’s currency was $3.50 an hour
The Working Class

- Child Labor
  - 1880, one-sixth of the population of children worked a full-time job.
  - Boys worked deep in coal mines, and girls worked in textile mills.
  - 1881, only 7 states had anti-child labor laws requiring children to be at least twelve years old.
The Working Class

• Disorganized Protest
  – many of the workers in these conditions were recent immigrants or farmers not familiar with the idea of civilized protests.
  – Most civic leaders respected property rights more than rights of labor
  – Often lead to violence:
    • Great Railroad Strike of 1877
    • Sand-Lot Incident
The Working Class

- The Railroad Strike of 1877
  - first interstate strike in American history
  - resulted from the financial panic of 1873
  - order was restored when federal troops intervened
The Working Class

• The Sand-Lot Incident
  – Meeting in San Francisco became attack on Chinese immigrants
  – Anti-Chinese Agitation from Workingmen's party of CA demanded US stop Chinese immigration
  – Chinese Exclusion Act of 1882
    • prohibited all immigration of Chinese laborers
The Working Class

• Toward Permanent Unions
  – 1866, the National Labor Union was founded
  – Before ending in 1873, the NLU had the Contract Labor Act of 1864 repealed & 8 hour workday for fed’l employees
The Working Class

• The Knights of Labor
  – secret organization designed to protect its members from retaliation from employers
  – lien laws, elimination of convict-labor, 8 hour workday, paper currency, equal pay for men/women
  – Rapid decline in 1886
Members of the Knights of Labor  This national union was more egalitarian than most of its contemporaries.
The Working Class

• Anarchism
  – Anarchists believe that any form of government is abusive, controlled by the rich to exploit the poor

• The Haymarket Affair - May 3rd, 1886
  – Rally in Chicago, bomb thrown into crowd of police officers, police open fire several killed
  – 8 “anarchists” arrest and found guilty
The Working Class

• Gompers and the AFL
  – 1886, twenty-five skilled workers organizations joined to create the American Federation of Labor (AFL).
  – Led by Samuel Gompers,
  – the AFL allowed only skilled workers as their members (a collection of national organizations)
• The Homestead Strike
  – 1892, the Amalgamated Association of Iron and Steel Workers went on strike at Carnegie’s Homestead Works near Pittsburgh
  – Pinkerton Detective Agency were brought in to confront the strikers.
  – state militias were sent in to protect workers not involved in the strike

http://www.history.com/topics/haymarket-riot/videos/homestead-strike?m=528e394da93ae&s=undefined&f=1&free=false
The Working Class

• The Pullman Strike
  – American Railway Union (ARU), founded by Eugen V. Debs, working at the Pullman Palace Car Company went on strike
  – No member of the ARU would handle Pullman railcars
  – By mid July, Midwest railway lines were stuck with cars on tracks that no one would touch
  – Strikebreakers clash with strikers
  – President Cleveland sends in federal troops bc mail wasn’t delivered

http://www.history.com/topics/haymarket-riot/videos/history-of-labor-day?m=528e394da93ae&s=undefined&f=1&free=false
• Socialism and the Unions
  – movement to abolish the government and to turn the method of production over to the people, first came to the United States in the 1820s.
  – It began to gain a strong following in the 1870s, when Karl Marx moved his union headquarters to New York.
  – Eventually, the Socialist Party of America was created, with its leader, Eugene Debs, running for president
Eugene V. Debs  Founder of the American Railway Union and later candidate for president as head of the Socialist Party of America.
The Working Class

• The Stresses of Success
  – The Gilded Age industrial complex created a system in which owners were vastly separated from their workers in both wealth and working conditions.
  – This set the stage for government entities to intervene to find an equilibrium.