

US History

Turn of Century America

Learning Target:

I can determine why men like Carnegie and Rockefeller were able to become successful businessmen and how labor challenged them.

2. Business & Labor

Andrew Carnegie & Innovation

- Entered steel business in 1873 and by 1899 Carnegie Steel made more steel than G. Britain
- Incorporated new machinery, recruited talented people, and encouraged competition among his employees to increase profit
- Vertical Integration* –
 - a process in which he bought out his suppliers (coal, iron, railroads) to control the raw materials and transportation needed to make steel
- Horizontal Integration* –
 - companies producing similar products merge limiting competition
- Vertical and Horizontal Integration allowed Carnegie to control the entire steel industry by 1901 when he sold his business

Social Darwinism & Business

- Social Darwinism* – took Darwin's theory of survival of the fittest and applied it to society
- Wealthy Americans used Social Darwinism to explain their success and the fate of the poor
 - Wealth was a sign of God's favor and hard work and poverty was a sign of laziness

Business Consolidation

- Holding Companies* –
 - A corporation that exists to buy out the stocks of other companies
 - U.S. Steel, led by J.P. Morgan, bought Carnegie Steel in 1901 to become the world's largest business
- Trusts* –
 - Competing companies join each other in trust agreements and turn their stocks over to a group of trustees; in return the companies make money off of all the stocks
 - Standard Oil (John D. Rockefeller) was a famous trust – controlled 90% of oil refining
- Robber Barons*
 - Rockefeller reaped huge profits by paying employees low wages and driving competitors out of business by selling oil lower than it cost to produce it
 - Once he controlled the market he hiked prices far above original levels
 - Critics thought they got rich on the backs of the poor
 - Many made large charitable donations – Carnegie donated 90% of his wealth

-Sherman Anti-Trust Act –

-Made it illegal to form a trust that interfered with free trade between states or other countries – hard to enforce and often ignored

-The South

-Business boom bypassed the south after the Civil War

-Northerners owned all business including railroads, South remained agricultural

Labor Unions

-Reasons for Unions

-Steel workers worked 7 day week; Seamstresses worked 12 hour day;

-No vacation, unemployment, or workman's compensation

-Injuries common; factories dirty, work boring, low wages

-Child labor increased; children forfeited their future for work

-Children earned 27 cents a day, women-\$267/year, men \$498/year

-Major Unions

-American Federation of Labor

-Craft union formed by Samuel Gompers

-Union made up of skilled workers from different trades

-Focused on collective bargaining and strikes when necessary

-1890-1915 wages went up from \$17.50 to \$24 and work week dropped from 54.5 to 49 hours for union workers

-Industrial Unionism

-Included all laborers, skilled and unskilled

-Eugene Debs started American Railway Union

-Industrial Workers of the World (IWW) incorporated socialism to labor

-Gave sense of dignity to unskilled workers

Labor vs Industry

-Great Strike of 1877

-Workers for Baltimore and Ohio Railroad went on strike

-Freight and passenger traffic halted over a week

-President Rutherford Hayes ended the strike with federal troops

-Homestead Strike

-June 29, 1892 – Steel strike at Carnegie Steel plant in Homestead, PA

-Strike called after company president Henry Frick cut wages

-Fight broke out between Pinkerton guards, hired to keep plant open, and strikers

-Pinkerton guards forced out and plant kept closed until PA National Guard came

-Strike ultimately failed with strikers giving in to company

Government vs Unions

-Management attacked union members and organizers

-Union meetings prohibited, union members fired, promise not to join unions

-Government used Sherman Anti-Trust Act to attack unions

-Companies said strikes hurt interstate travel and government stopped it