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# The Growth of Modern America:

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Action and Reaction

# The Growth of America

	1860	1900	% Increase
 Population	31,450,000	76,212,000	142.3
 Farms	2,044,000	5,737,000	180.7
 Value of Farms	\$6.64 billion	\$16.60 billion	150.0
 Factories	140,500	510,000	263.0
 Value Factory Production	\$1.9 billion	\$13 billion	584.0
 Industrial Workers	1.3 million	5.1 million	292.3
 Patents Issued	4,589	95,573	1982.7
 Coal	20 million tons	270 million tons	1250
 Lumber	10 billion board ft.	40 billion board ft.	300
 Cotton	3.8 million bales	10.1 million bales	165.8
 Oil	500,000 barrels	45,824,000 barrels	9064.8
 Railroads	30,000 track miles	193,000 track miles	543.3
 Steel	13,000 tons	10,382,000 tons	79,761.5
 Gross National Product	\$7 billion	\$19 billion	171.4

# What Fueled Economic Growth?

## Railroads

- The railroad exploded in the second half of the 19<sup>th</sup> century.
- 35K miles/track in 1865 to 193K miles by 1900
- System of time zones set in 1883 by railroads
- Steel rails allowed for larger locomotives
- Government underwrote the cost of railroad construction
- Organized corporations with limited liability

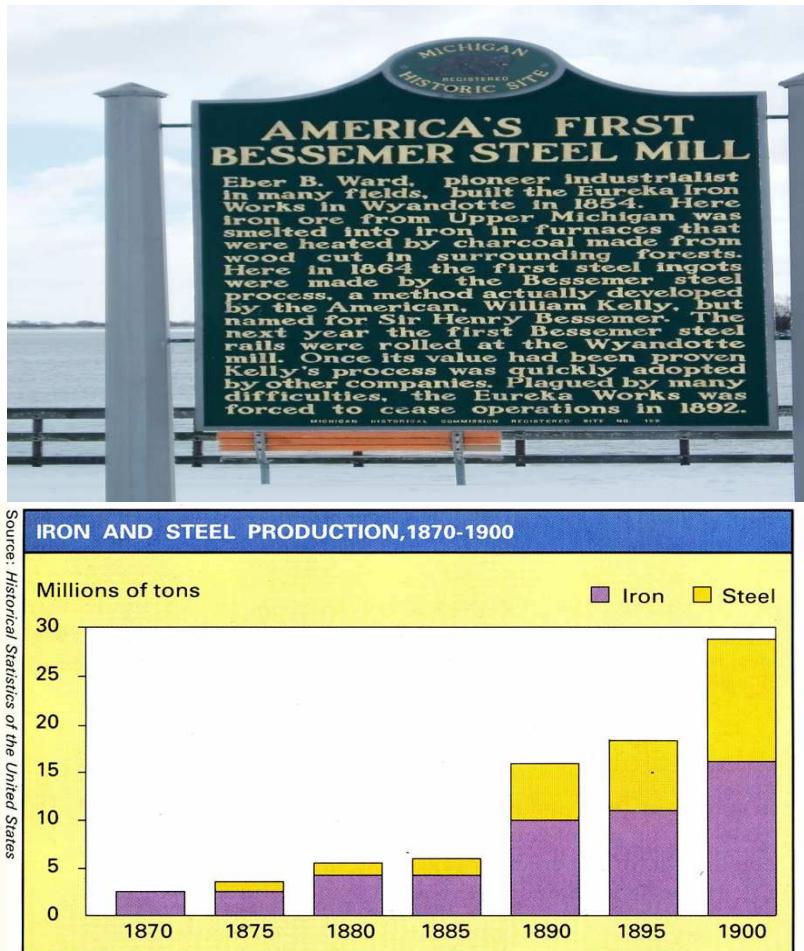


RAILROADS, 1870-1900			
Year	Miles of Track	Capital Invested (Millions)	Total Income (Millions)
1870	52,922	\$ 2,476	NA
1880	93,262	\$ 5,402	\$ 503
1890	166,703	\$10,122	\$1,092
1900	193,346	\$12,814	\$2,013
NA= Not Available			

Source: *Historical Statistics of the United States*

# What Fueled Economic Growth?

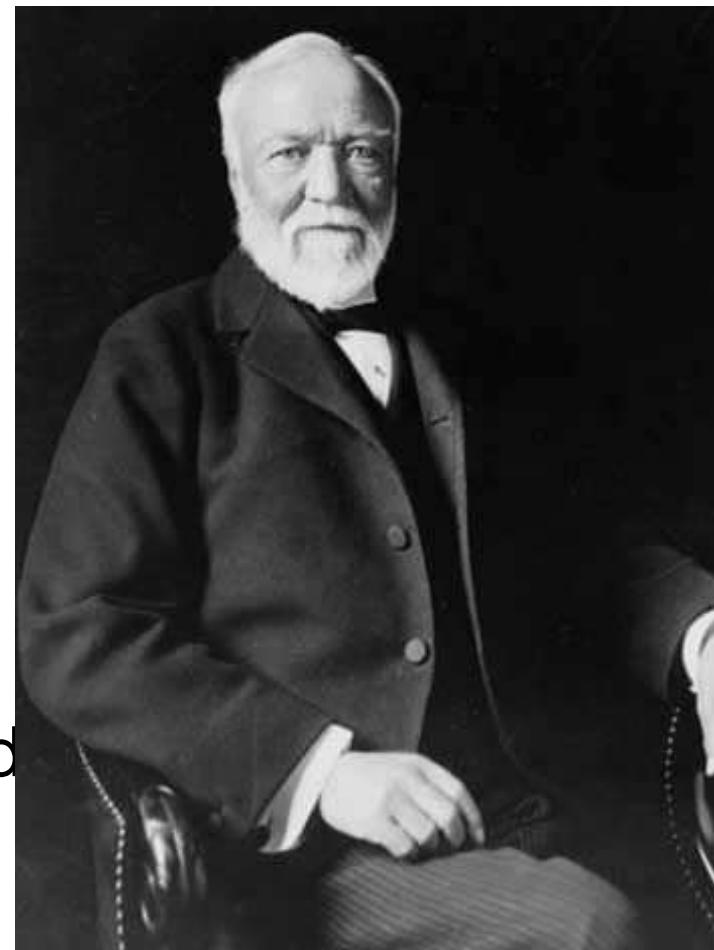
## Bessemer steel process



- Increased quantity of steel and speed it could be produced
- Decreased cost
- Spurred intensive mining of iron ore and coal
- Allowed for building of skyscrapers

# What Fueled Economic Growth? Entrepreneurs

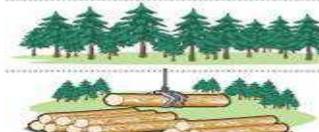
- Andrew Carnegie – Steel
- John D. Rockefeller – Oil
- J.P. Morgan - Banking
- Cornelius Vanderbilt-Railroad



# Vertical and Horizontal Integration

**VERTICAL INTEGRATION** Seeking to bring under one company the many different products and processes that go into the making of paper, Company A has acquired forests, logging companies, railroads, and chemical companies, as well as paper manufacturing plants. The advantages in this system are lower prices for and greater control over supplies of essential materials (such as wood pulp from trees).

## Paper Company A Acquires



Forests  
(to supply pulp needed for paper)



Logging Company

(to harvest the trees)



Railroad  
(to bring lumber and chemicals to the paper factory and to ship the finished product to market)



Chemical Company  
(to manufacture chemicals like bleach needed to make paper)



Paper Factory  
(to manufacture the paper from pulp)

**HORIZONTAL INTEGRATION** Seeking to gain the largest share of the market for paper products, Company B has acquired five more paper manufacturing companies. The advantage of this system is that Company B can generate more revenue from the added production and sales of paper products. It can also lower costs by eliminating redundant operations like advertising, marketing, and accounting in the acquired companies in favor of single operations covering these functions. Because of its increased size, the company can also lower costs by striking deals with suppliers (wood pulp, chemicals, etc.) eager for its business.

## Paper Company B Acquires



Paper  
Company



Paper  
Company



Paper  
Company

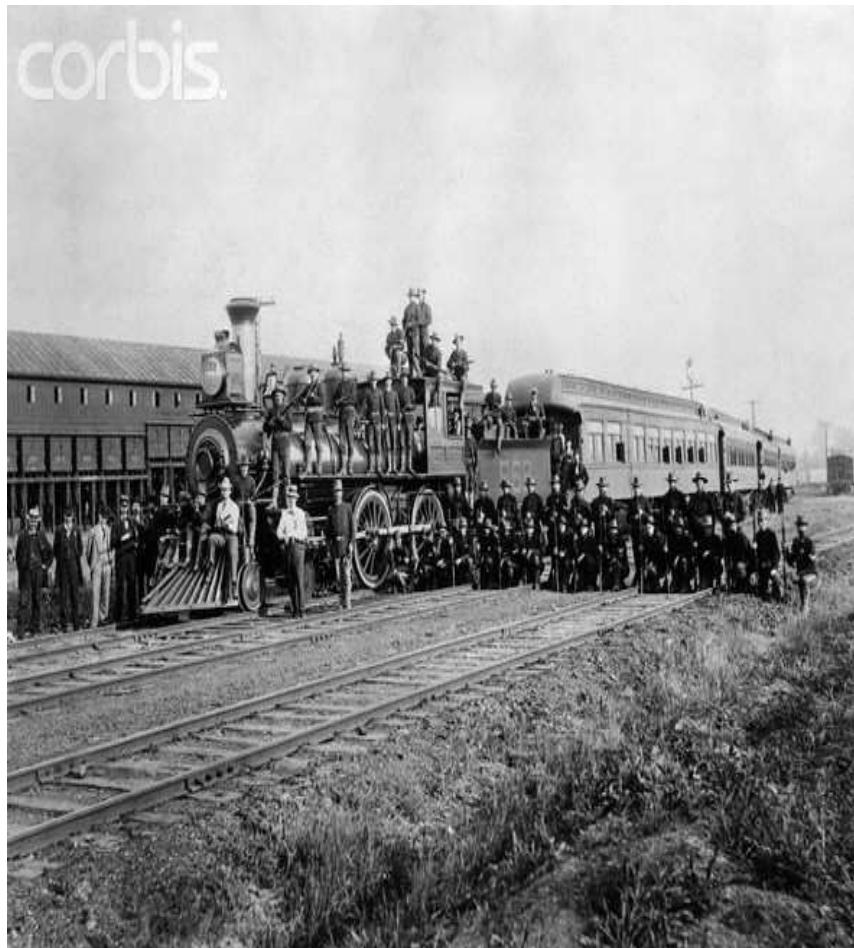


Paper  
Company



Paper  
Company

# What Fueled Economic Growth? Government Involvement



- Mythology of laissez-faire
  - land grants to railroads
  - created a national banking system
  - used troops to put down worker strikes
  - Increased tariffs

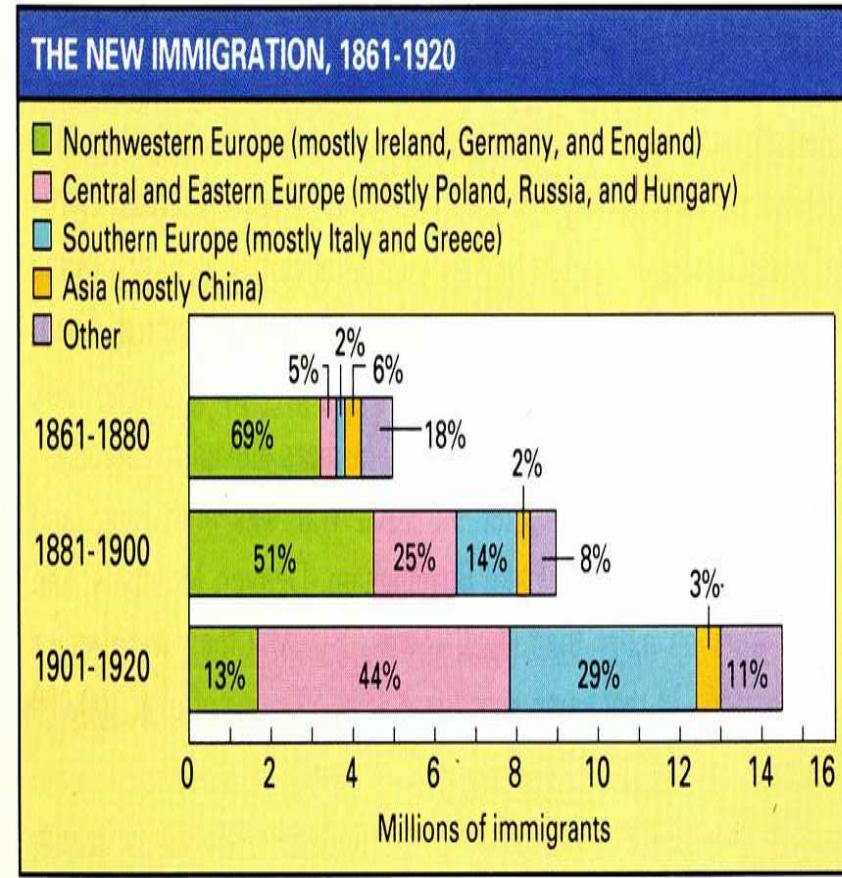
# What Fueled Economic Growth? Immigration

- Push/Pull reasons
- “New” immigration from southern and eastern Europe
- About 25 million total between 1866 and 1915
- Provided cheap labor force

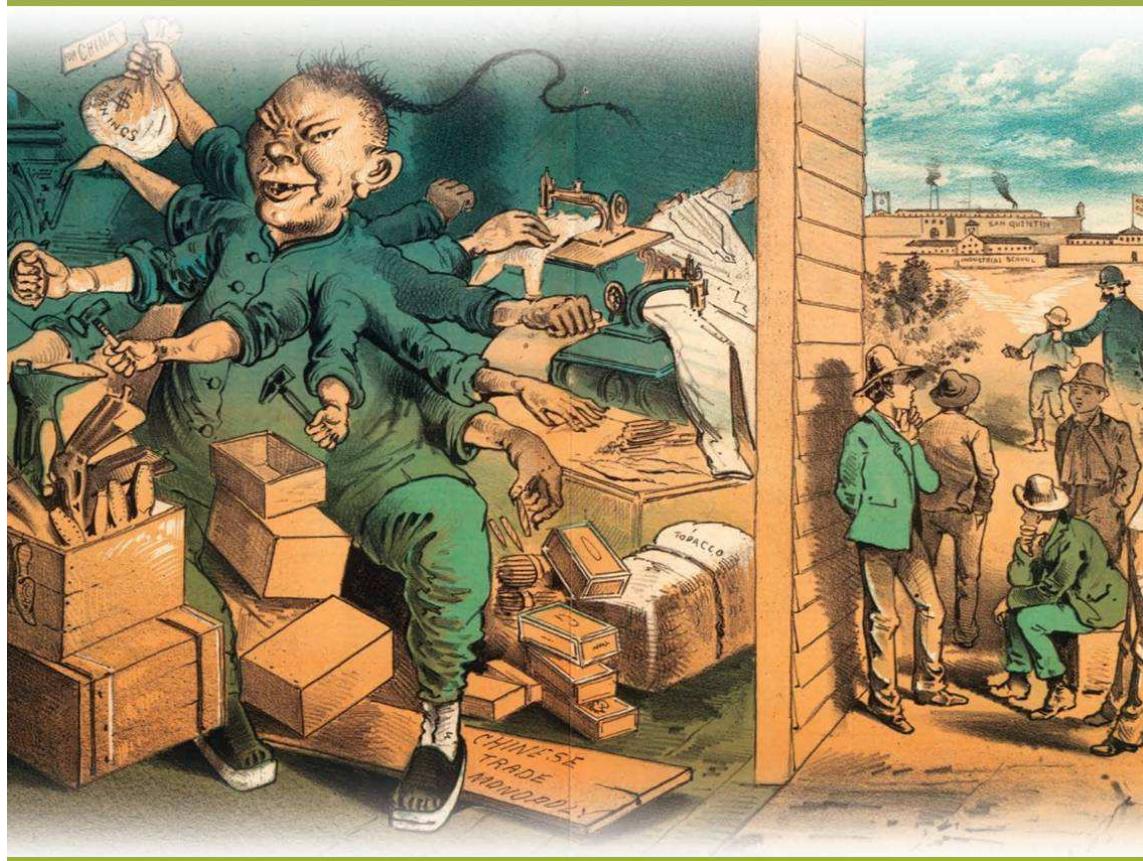


# What Fueled Economic Growth? Immigration

- At turn of century over half of industrial labor force was foreign born
- New “nativism” arose
- Feared anarchy, radicalism, lack of “racial purity”
- Chinese Exclusion Act(1882) – first immigration restriction



Source: *Historical Statistics of the United States*

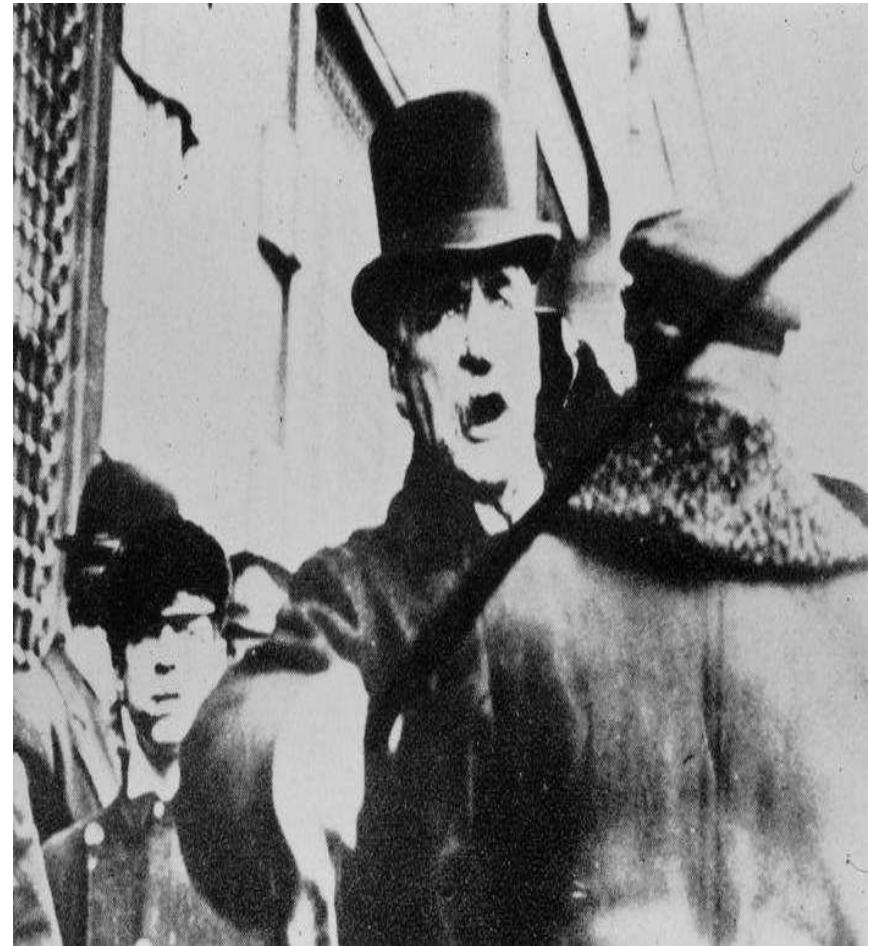


## One view of Chinese workers in America

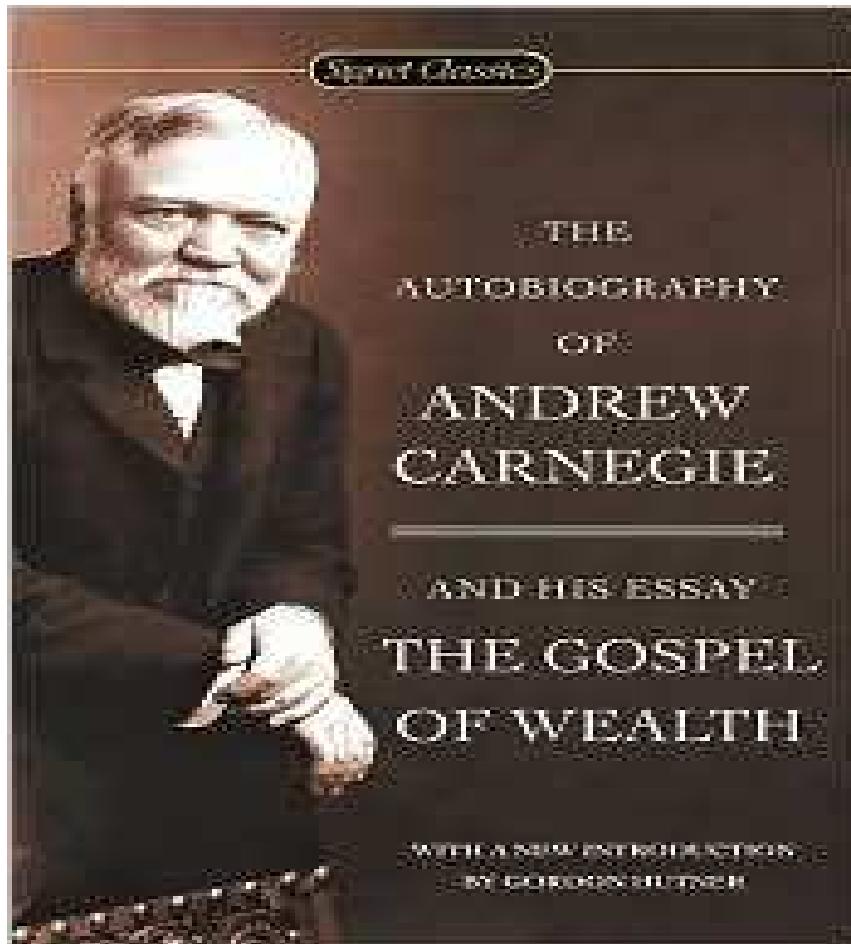
What is the idea the cartoonist is trying to convey in this cartoon?

# ROBBER BARON VS

- Unfair business practices
- Trusts/Monopolies/Consolidation
- Horizontal and Vertical Integration
- Inequalities of Wealth



# CAPTAINS OF INDUSTRY



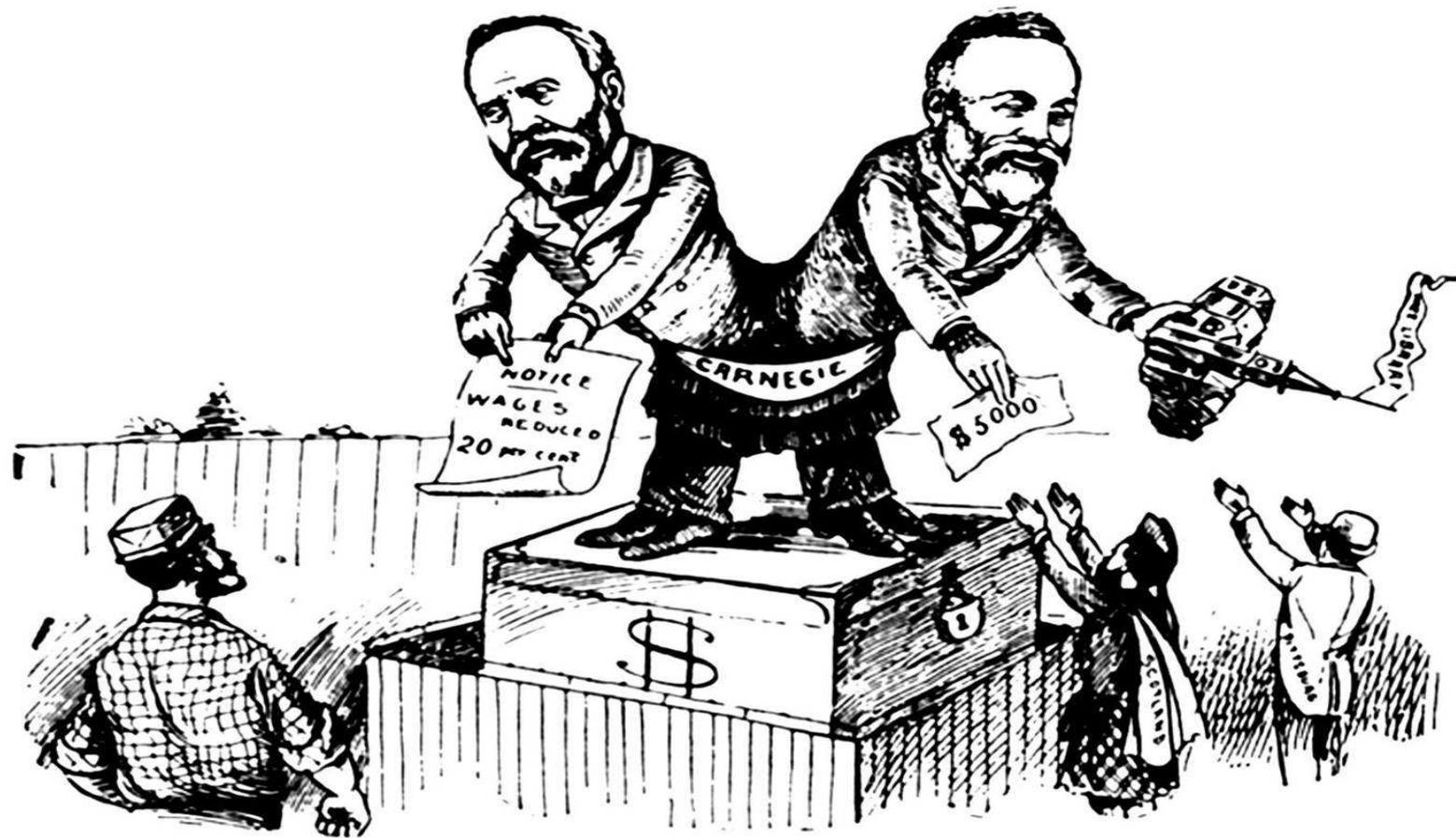
- Business Leaders and Innovators
- Philanthropic activities
- “Company Towns”
- Risk takers

# Henry Ford



- Automotive innovator
    - Assembly line, interchangeable parts
- Pioneer of “Welfare Capitalism”**
- Paid workers \$5 a day
  - Strongly opposed unionization

# Robber Baron or Captain of Industry?



# Robber Barons or Captains of Industry?

**Bill Gates**

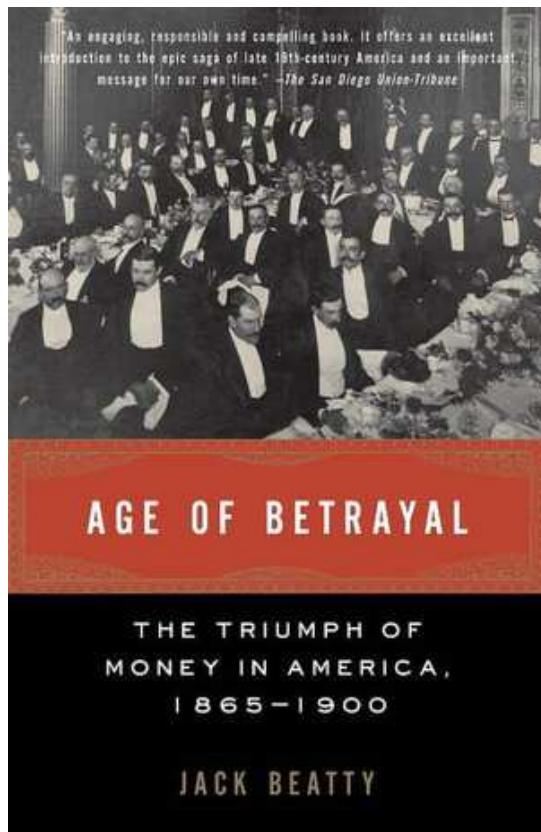


**Mark Zuckerberg**

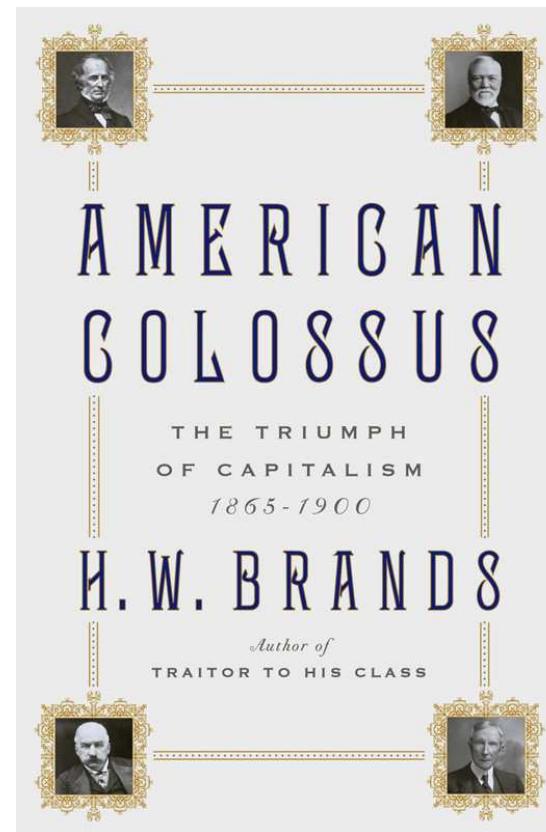


# Readings on Industrial Age

## Age of Betrayal



## American Colossus



# Consumer Demand

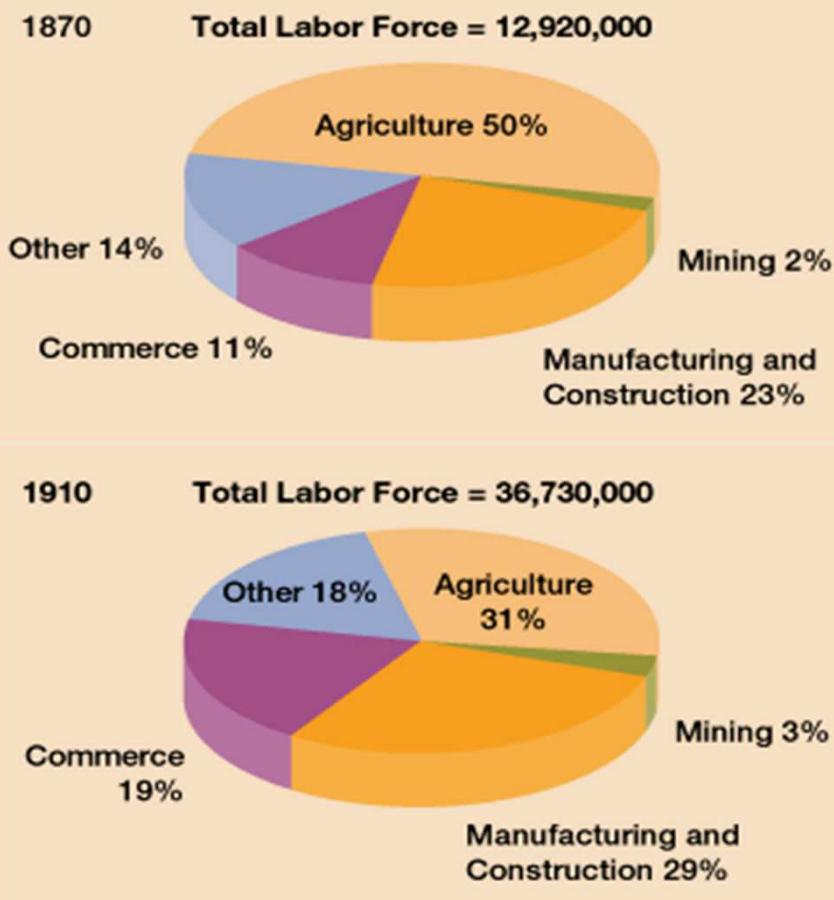


- American population grows from 40 to 60 million by 1890
- Willing to purchase mass-marketed goods
- Growth of mail-order houses such as Sears and chain stores such as Woolworth & Co.

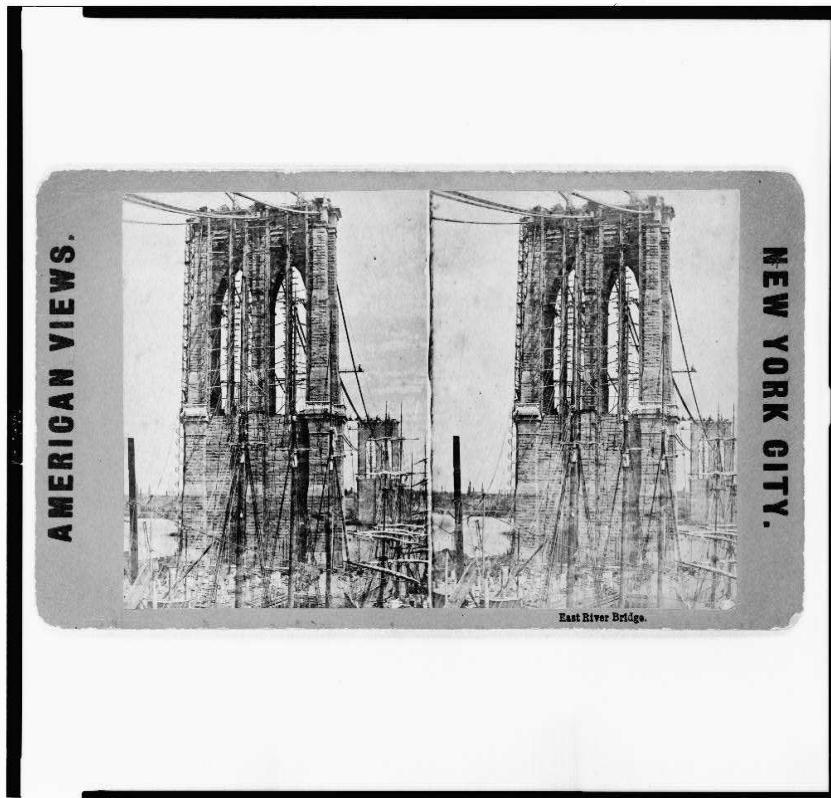
# Change in American Work/Living Patterns

## GROWTH OF MAJOR U.S. CITIES, 1860–1900

City	1860	1880	1900
New York City	1,174,800	1,912,000	3,437,000
Philadelphia	565,500	847,000	1,294,000
Boston	177,800	363,000	561,000
Baltimore	212,400	332,000	509,000
Cincinnati	161,000	255,000	326,000
St. Louis	160,800	350,000	575,000
Chicago	109,300	503,000	1,698,000



# Growth of Cities



# What Rights Did Workers Have?

## Document E

Source: Western Union Telegraph Company employee contract, 1883

I, [name] of [city] in consideration of my present reemployment by the Western Union Telegraph Co. hereby promise and agree to and with the said company that I will forthwith abandon any and all membership, connection or affiliation with any organization or society, whether secret or open, which in anywise attempts to regulate the conditions of my services or the payment thereof while in the employment now undertaken. I hereby further agree that I will, while in the employ of said company, render good and faithful service to the best of my ability, and will not in anywise renew or re-enter upon any relations or membership whatsoever in or with any such organizations or society.

Dated ..... 1883. Signed ..... Address ..... (Seal)

Accepted for the Western Union Telegraph Co. ...., Superintendent

## Document H

Source: United States Supreme Court, *In re Debs*, 1895

The national government, given power by the Constitution to regulate interstate commerce, has by express statute assumed jurisdiction over such commerce when carried upon railroads. It is charged, therefore, with the duty of keeping those highways of interstate commerce free from obstruction, for it has always been recognized as one of the powers and duties of a government to remove obstructions from the highway under its control...

# Labor Unions

- Early attempts at unionization(prior to Civil War) met with limited success
- Knights of Labor
  - Favored 8 hr. work day
  - Worker-owned factories

As union grew, more difficult to control membership

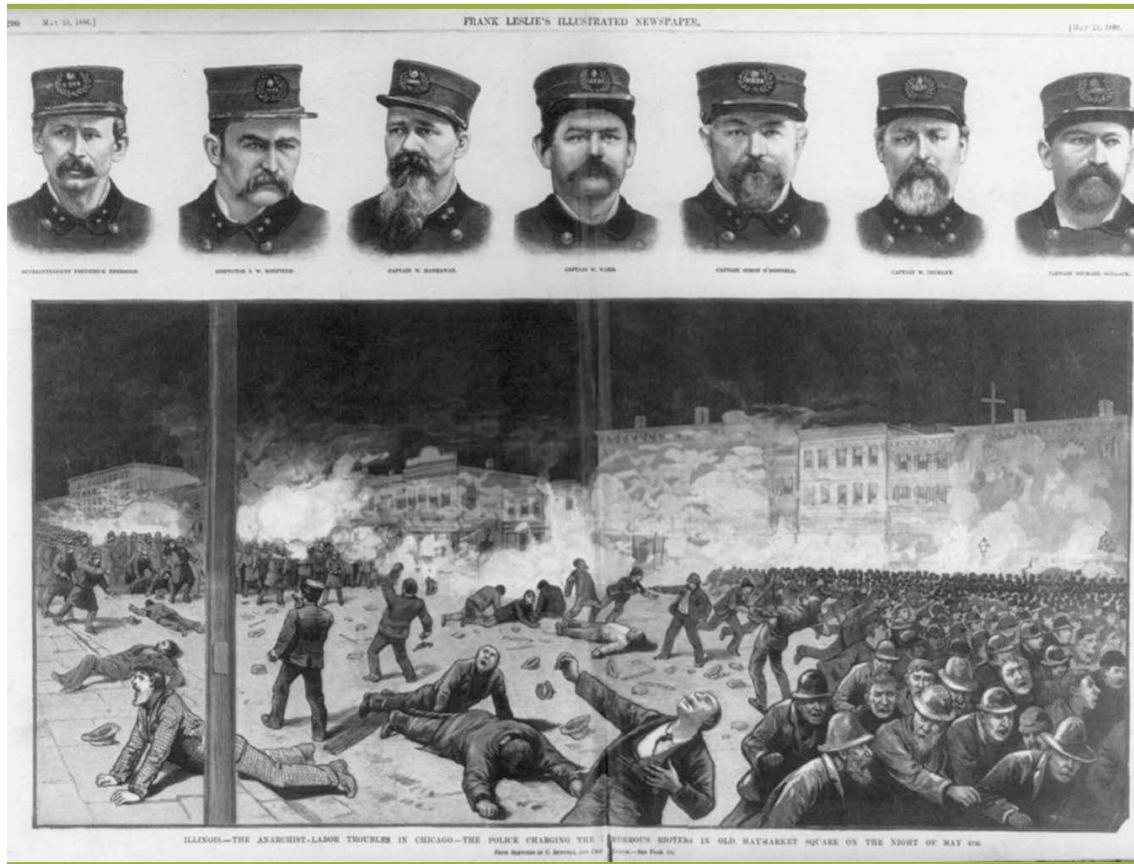
Death of a striker in a fight at McCormick Harvesting Co. led to protest at Haymarket Square



# Haymarket Riot



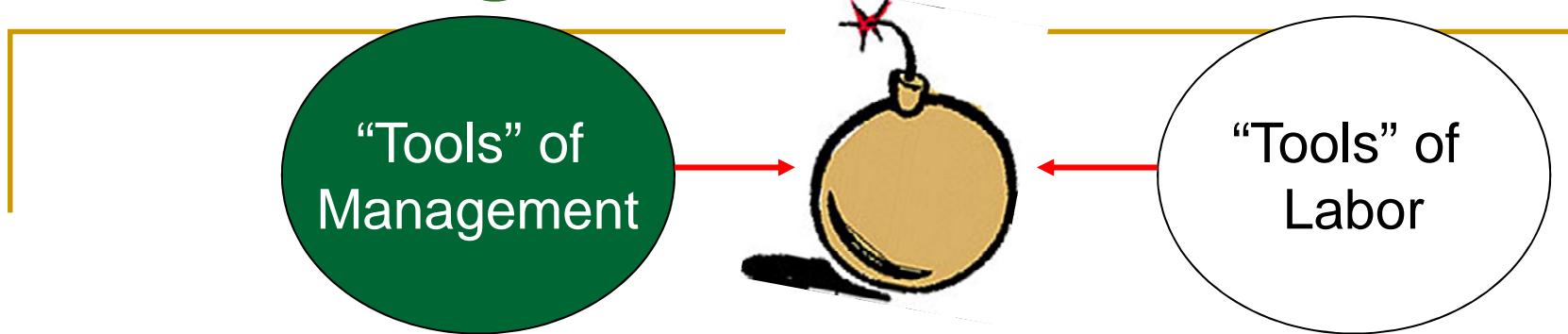
- Police intervene to break up protest
- Unknown person hurls bomb, killing 7 policeman, injuring others
- Although no connection to K of L established, led to its decline



## Newspaper depiction of the Haymarket Incident

How might depictions such as this influence the view of labor unions?

# Management vs Labor



- 💣 "scabs"
- 💣 P. R. campaign
- 💣 Pinkertons
- 💣 lockout
- 💣 blacklisting
- 💣 yellow-dog contracts(denounce union membership)
- 💣 court injunctions
- 💣 open shop
- 💣 boycotts
- 💣 sympathy demonstrations
- 💣 informational picketing
- 💣 closed shops
- 💣 organized strikes
- 💣 "wildcat" strikes

# American Federation of Labor



- Founded by Samuel Gompers
- Combination of craft unions established in 1886
- Focused on “bread and butter issues” – higher wages and shorter hours
- Chief weapon was the strike

# Labor Unrest in the Late 1800's

- About 2/3 of rail lines affected
- Began on Baltimore & Ohio(B&O) system due to wage cut
- 1877 – President Hayes sends troops to put down rail strikes

## Document B

Source: Editorial, *The New York Times*, July 18, 1877

... [T]he strike is apparently hopeless, and must be regarded as nothing more than a rash and spiteful demonstration of resentment by men too ignorant or too reckless to understand their own interests. . . . But if the strike on the Baltimore and Ohio Road is a foolish one, its history up to the present time shows that those who are engaged in it are not only bold and determined, but that they have the sympathy of a large part of the community in which they live. . . .

# Homestead Strike

- Battle between Amalgamated Association of Iron and Steel Workers and Carnegie's steel plant near Pittsburgh
- 300 "Pinkerton" guards brought in to protect strikebreaking workers
- Carnegie wanted to crush union at all cost and succeeded, defeating Amalgamated after a five month walkout
- Attempted assassination of Carnegie's manager turned public against strikers

## Document G

Source: Coroner's list of the killed, Pittsburgh, Pennsylvania, July 7, 1892  
(*The New York Times*, July 8, 1892)

The following are the names of those killed yesterday as furnished by the Coroner:

J. W. KLINE, Pinkerton detective, of Chicago

JOSEPH SOTAK, a striker of Homestead

PETER FERRIS, a laborer at the Homestead plant

SILAS WAIN of Homestead, who was watching the battle from the mill yard

JOHN E. MORRIS, employed in the steel works at Homestead

THOMAS WELDON of Homestead

EDWARD CONNORS, a Pinkerton detective of New York

BORITZ MARKOWISKY of Homestead

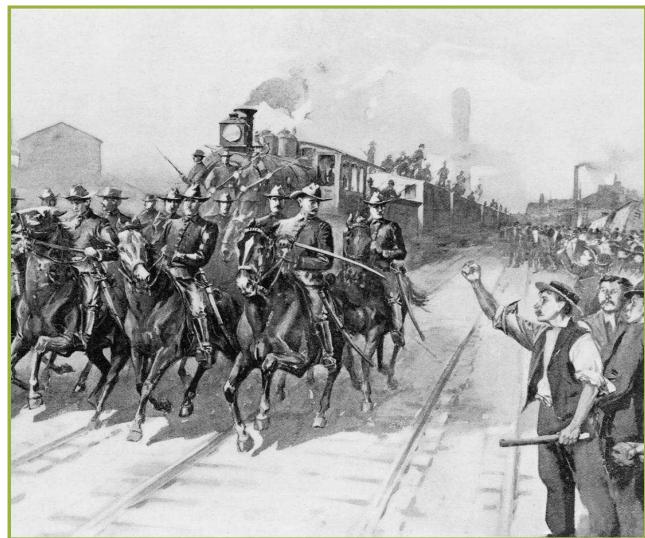
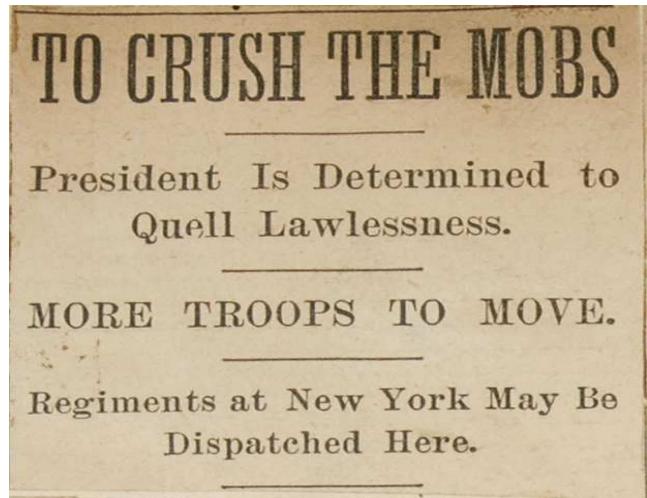
PETER HEISE of Homestead

ROBERT FOSTER of Homestead

WILLIAM JOHNSON of Homestead

A number of others are reported dead, but the Coroner has no official notification of their death.

# Pullman Strike



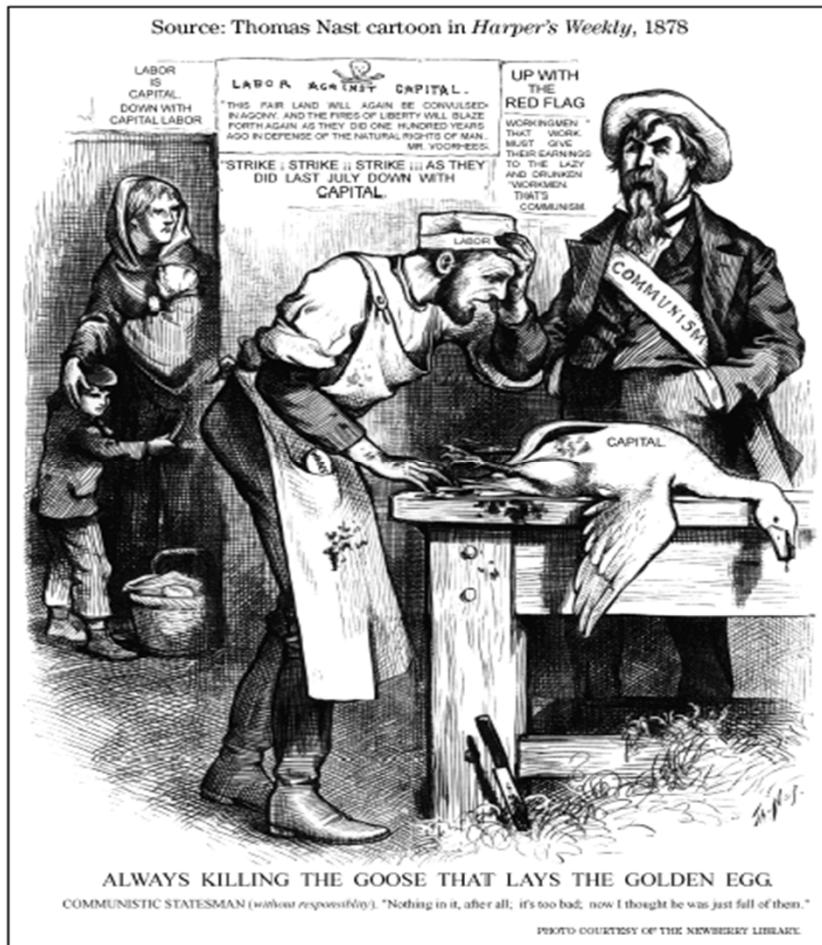
- Pullman Co. manufactured and operated sleeping cars
- Workers go on “wildcat” strike
- Socialist Eugene Debs – head of American Railway Union – wants to avoid use of federal troops
- Federal court grants injunction calling strike illegal
- Debs and others arrested
- Supreme Court upheld injunction (*In Re Debs*, 1895)

# Reasons for Union Struggles

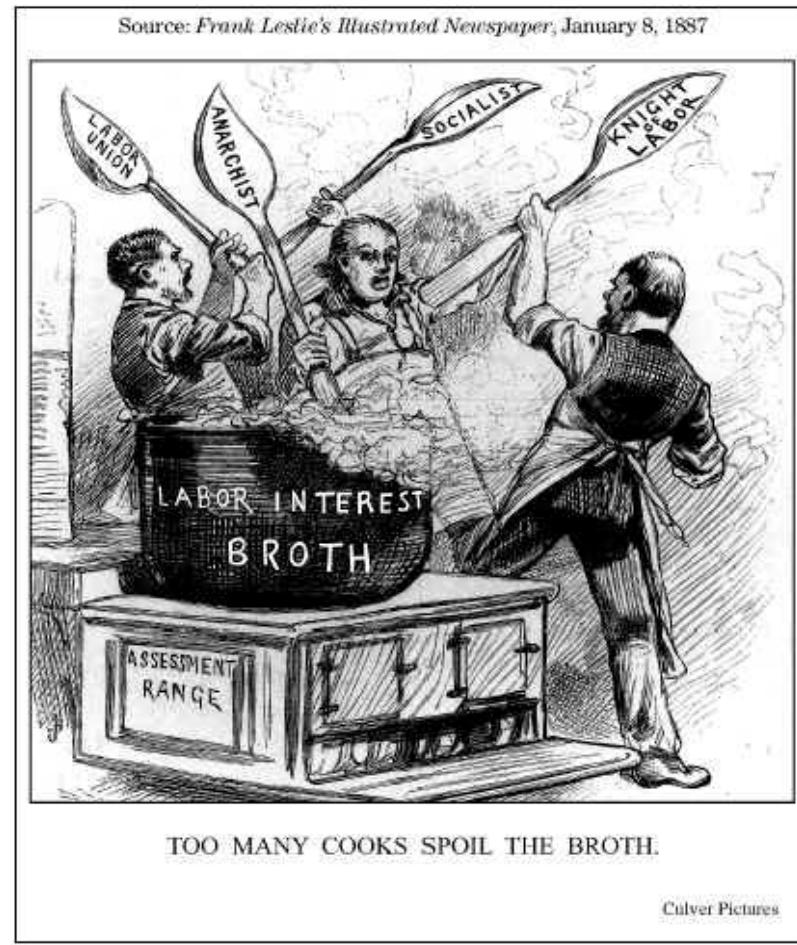
- Association with violence and socialism
- Government tended to side with business
- Supply of workers exceeded demand
- Variety of ethnicities made labor unity difficult
- Differing agendas of labor groups
- Radical groups such as I.W.W. tainted all labor unions in eyes of public

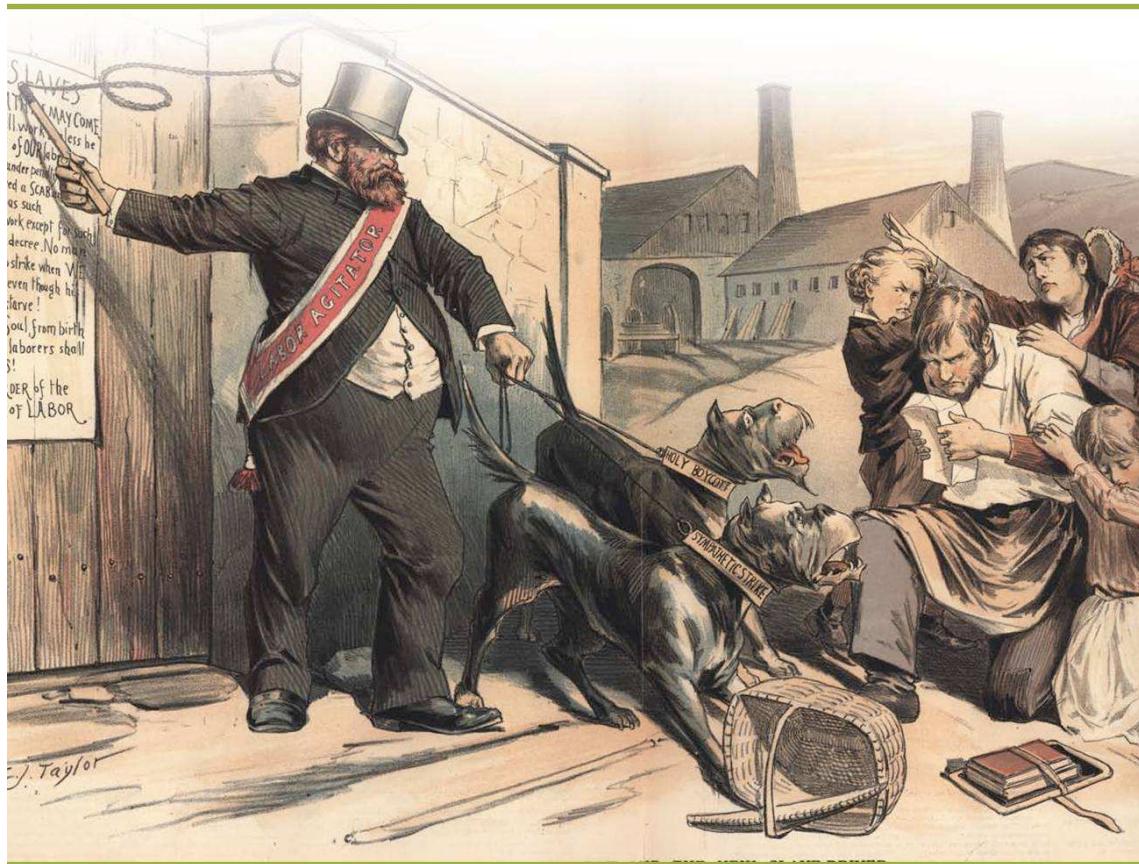
# Views on Organized Labor

Document C



Document F





## 1887 Political C artoon

Is this cartoon pro or anti labor unions?

# Competing Visions

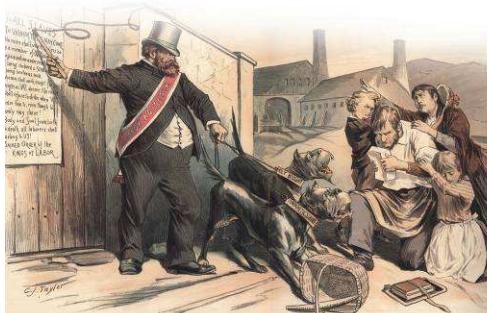
## THE LEGITIMACY OF UNIONS

While conflict between workers and their employers often centered on wages and hours, it also occurred over the legitimacy of labor unions. Many Americans denounced unions as illegal, foolish, and un-American. The editor of *Scribner's Monthly*, writing in the aftermath of the 1877 Great Uprising of railroad workers, reflects this view as does the accompanying image from *Puck*. Workers and their advocates like John Swinton, editor of a pro-labor newspaper in New York, offered a very different vision of labor unions as vital organizations that protected workers from the most extreme forms of exploitation. Why did employers find unions so objectionable, even dangerous? What benefits did workers see in unions?

### *Scribner's Monthly* (October 1877)

And now that it is over, it is a good time to ask once more what good has come from this strike, and what good has come of any strike. The laws of nature which, after all, govern the laws of trade ... can never be overcome or circumvented by a strike. Labor will always command its value—no more, no less. ... Strikes are always mistakes; they are often crimes.

The day of the inauguration of trades unions and labor organizations in this country was a day the blackest and fullest of menace to the popular prosperity and peace that ever dawned upon the nation. They have been an unmitigated curse to employers and employed alike. The nature and purpose of these organizations are simply outrageous. They have been despotic toward their own members, oppressive toward the class in whose interest they pretend to have been established, impudent and intermeddling. They have assumed the right to control property and business in which they had no more right than if they lived in the moon. There should be in the good sense of the great mass of laborers a reaction against this wretched crime, and this stupendous foolishness.



### *John Swinton's Paper* (January 27, 1884)

There are many who cannot understand why Trades Unions exist here. They have heard them described as alien to the American craftsman, causing strikes, and raising ill-feeling generally between... employer and employee[e].

In the present state of industry, Trade Unions are a necessity, recognized as such by the great majority of intelligent workmen, ... and securing for their members a partial degree of protection without which they would sink into depths as yet unfathomed.

There is a hue and cry against the Unions as agencies that provoke strikes. In nine cases out of ten, strikes are made necessary by circumstances over which the Unions have no control whatever; sometimes they are a protest against unendurable reductions in wages ... sometimes by unjust conduct on the part of bosses or corporations. No Union to-day orders a strike that can be avoided by reasonable means; no Union orders a strike without full consideration of the subject and after a fair vote. ...

But we are told that no strike ever brings any advantage to the strikers ... This is a mistake that cannot be made by any one who has observed the results of strikes either in the United States or in any other country. ...

But strikes often fail,—yes, it is true. Capital often triumphs in the conflict with labor,—true again. Yet capital would be even harsher and more exacting than it is, if it were not for the protest of the strike, and the warning that it gives. The wages which, in many industries, are but little above the living point, would be put down and kept down to the starvation point, if the men accepted with submissive spirit every reduction of wages, and all the severe terms that capital tries to enforce.

This Puck magazine cartoon from the mid-1880s portrayed labor union officials as tyrants who hurt the interests of workers

Click [here](#) to view a larger version of this page.

# Why do labor activists argue that unions are defensive in nature?

## SHERMAN ANTITRUST ACT

### Sherman Anti Trust Act 1890

The act declared illegal "every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations."

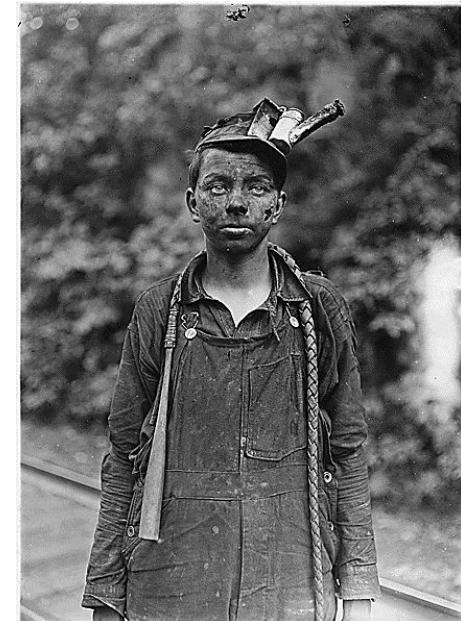
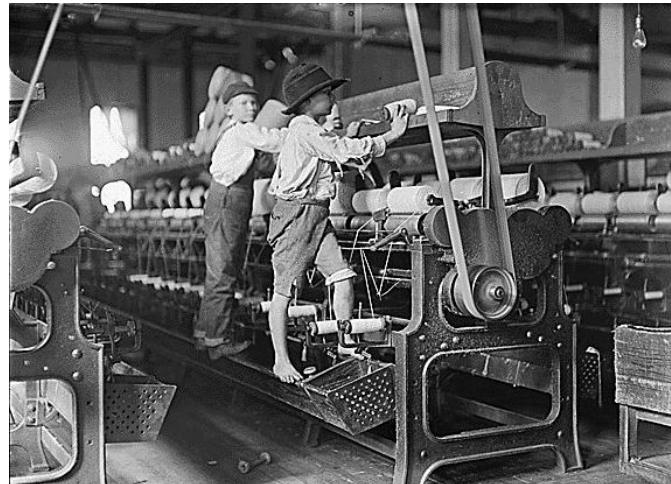
#### ***Used more against unions in early years***

- Injunction that broke Pullman strike was based on Sherman Act

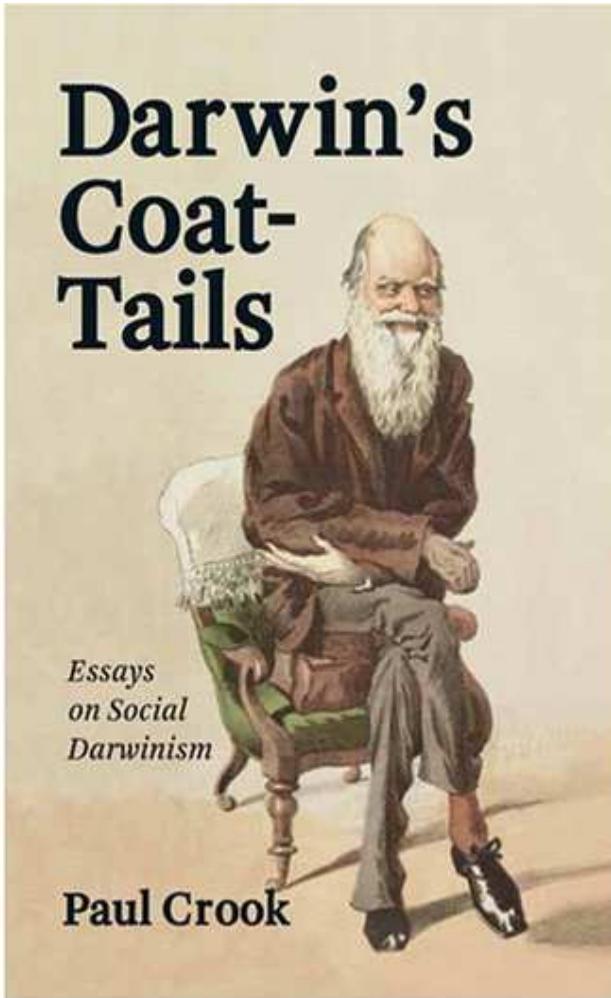


# CHILD LABOR

Photography  
by Lewis Hine  
– was  
instrumental in  
changing laws

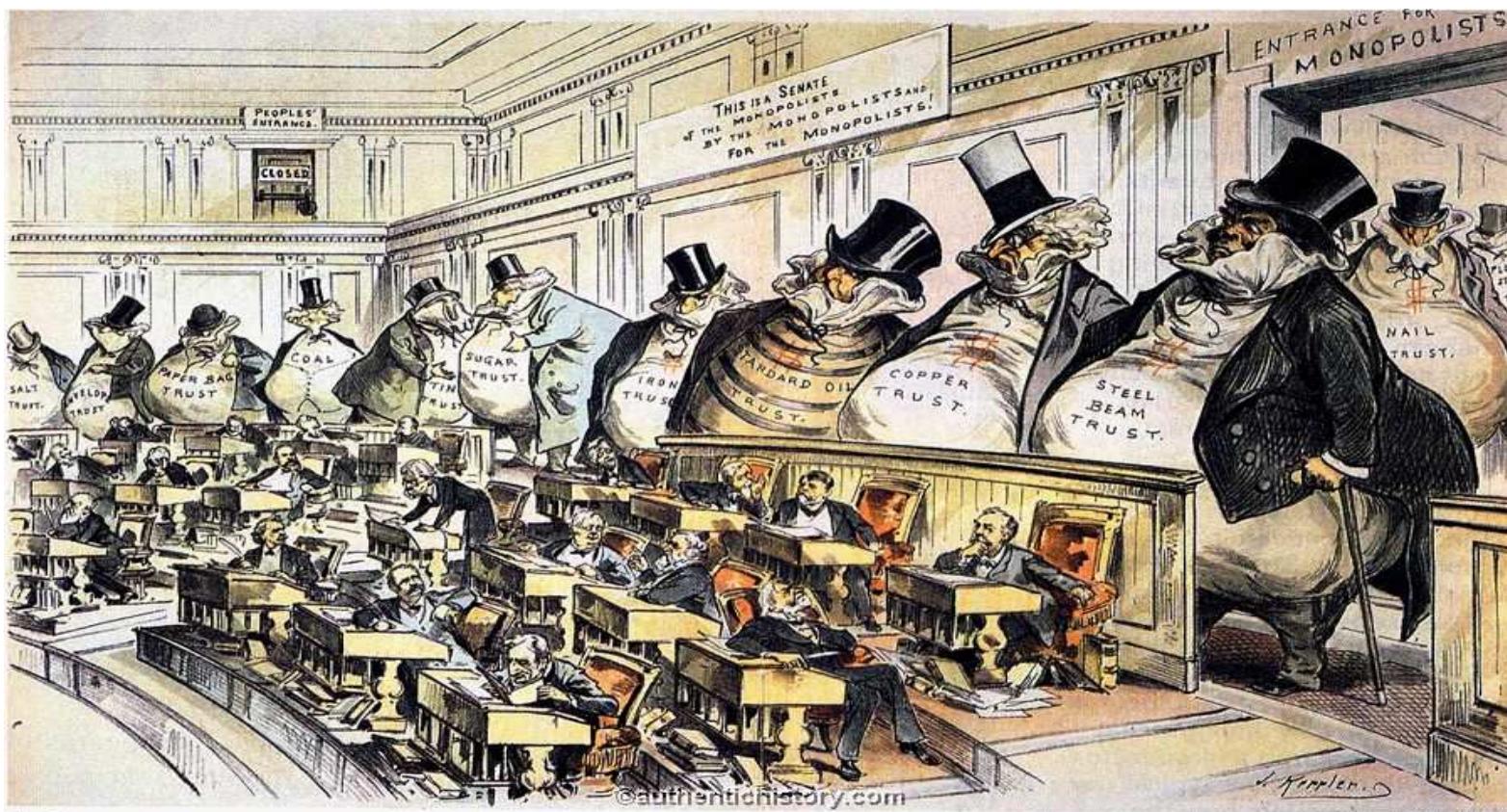


# JUSTIFICATION FOR WEALTH

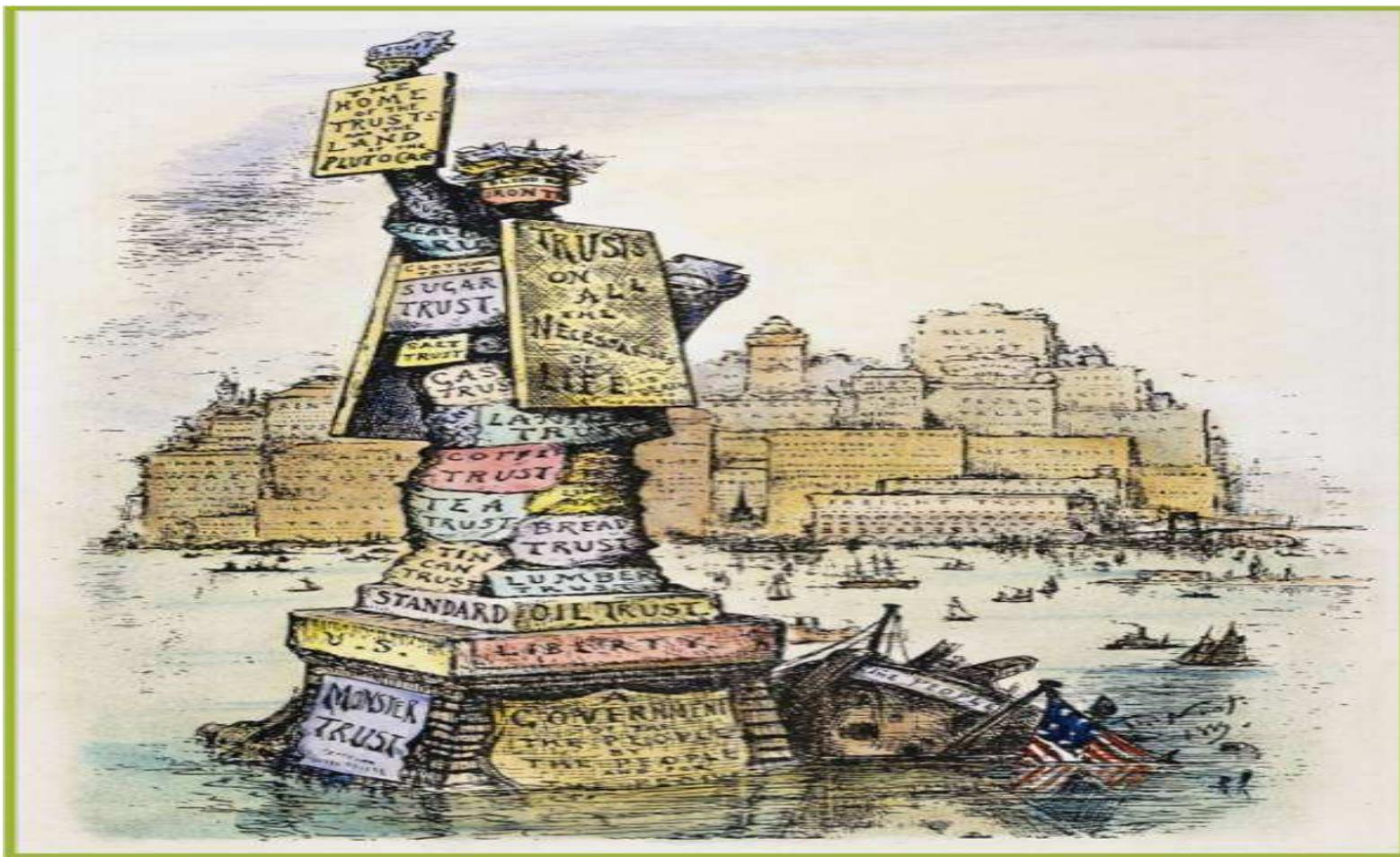


- Social Darwinism
  - Inevitable progress governed by natural selection
- Belief that free competition advanced the common good
- Wealth generated by large corporations could be channeled to charitable contributions
- Horatio Alger stories -  
"Rags to Riches"

# Was the growth of industrial capitalism and business consolidation part of the “American Way”, or did it limit democratic ideals?



# One Cartoonist's View



# GILDED AGE



- Phrase coined by Mark Twain
- Refers to the shiny appearance of society on the outside and the corruption underneath
- Age of the “forgotten presidents”

# Politics of the Status Quo



- Attempt to reform spoils system after Garfield's assassination
- Pendleton act
- Mail delivery – 56% of federal employees worked for post office
- Neither party had strong agenda – every Presidential election close, neither party dominated Congress

# Election Results 1876-1892

Year	Candidate	Party	Popular Vote	Electoral Vote
1876	<b>Rutherford B. Hayes*</b>	Republican	4,036,298 (48%)	185
	Samuel J. Tilden	Democrat	4,300,590 (51%)	184
1880	<b>James Garfield</b>	Republican	4,454,416 (48.5%)	214
	Winfield S. Hancock	Democrat	4,444,952 (48.1%)	155
1884	<b>Grover Cleveland</b>	Democrat	4,874,986 (48.5%)	219
	James G. Blaine	Republican	4,851,334 (48.2%)	182
1888	<b>Benjamin Harrison*</b>	Republican	5,439,853 (47.9%)	233
	Grover Cleveland	Democrat	5,540,309 (48.6%)	168
1892	<b>Grover Cleveland</b>	Democrat	5,556,918 (46%)	277
	Benjamin Harrison	Republican	5,176,108 (43%)	145
	James B. Weaver	People's	1,041,028 (9%)	22
<b>Winner in bold</b> * = winner despite losing popular vote				

# Era of Congressional Government

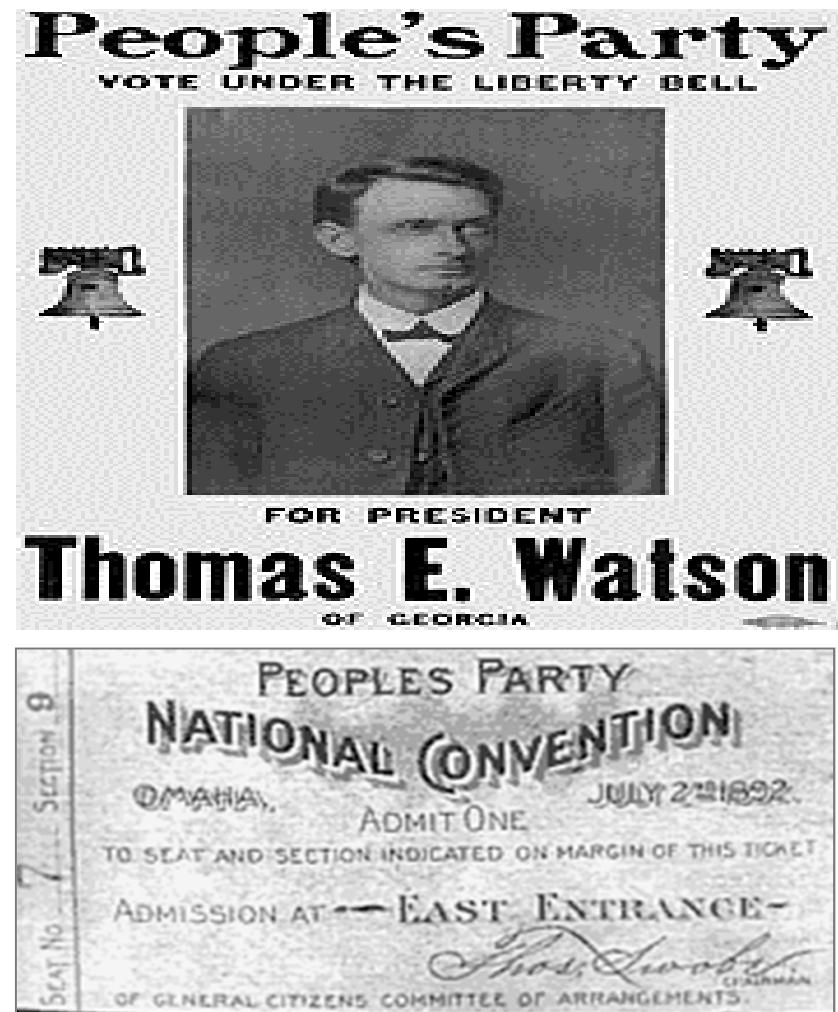
- Congressional leaders considered themselves “co-equals to the President
- Executive branch performed few functions
- Dominant rhetoric celebrated government which governed least
- Supreme Court also limited regulatory power of both state and federal government
- Debate over government surplus



Grover Cleveland

# Problems of the Farmers

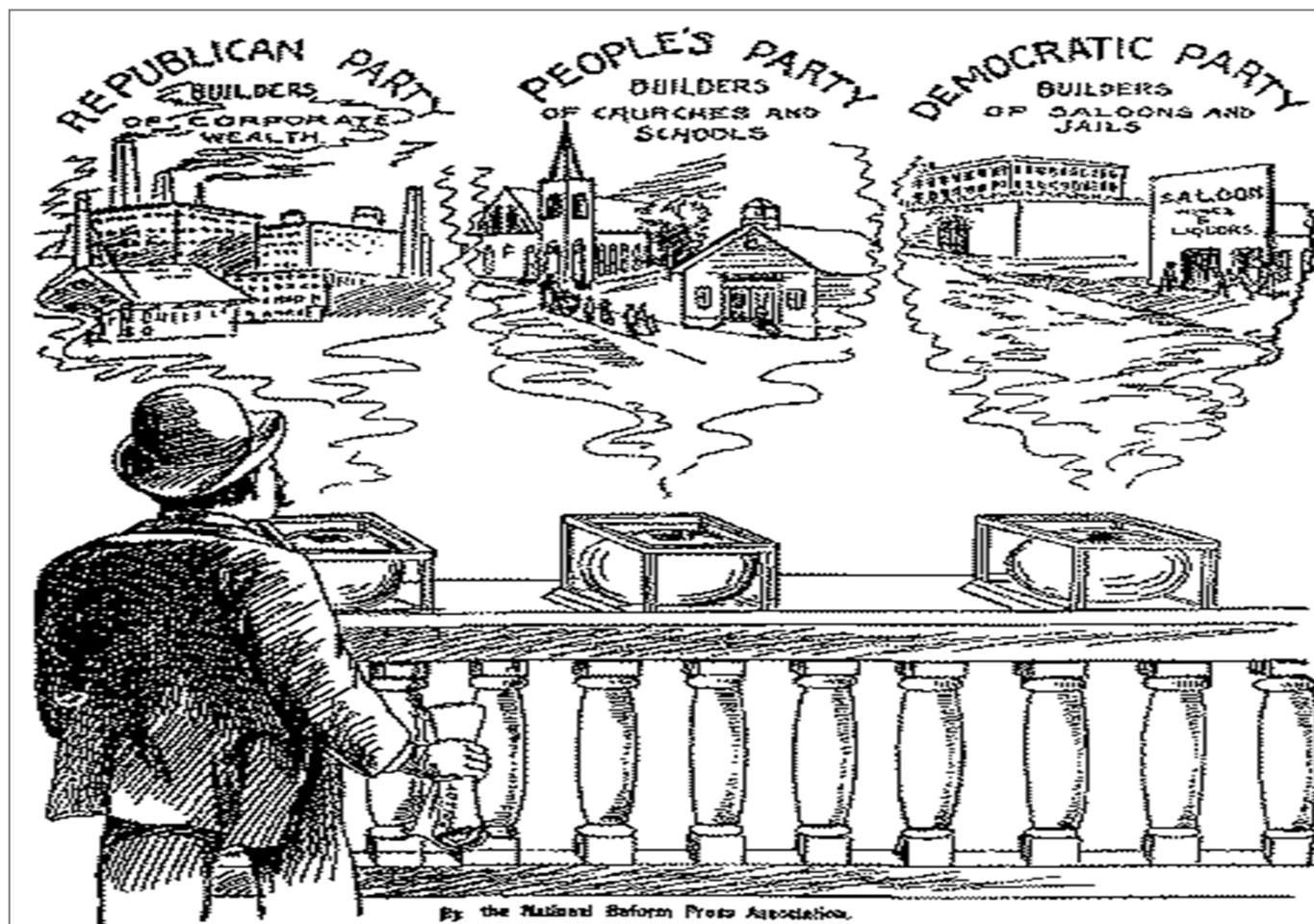
- Suffered a decline in status
- Declining farm prices
- Victimized by railroad shipping rates
- Increasing value of dollar made borrowing more difficult
- Formed Populist (“People’s Party”)
- “Panic of 1893” increased popularity



# Plight of the American Worker



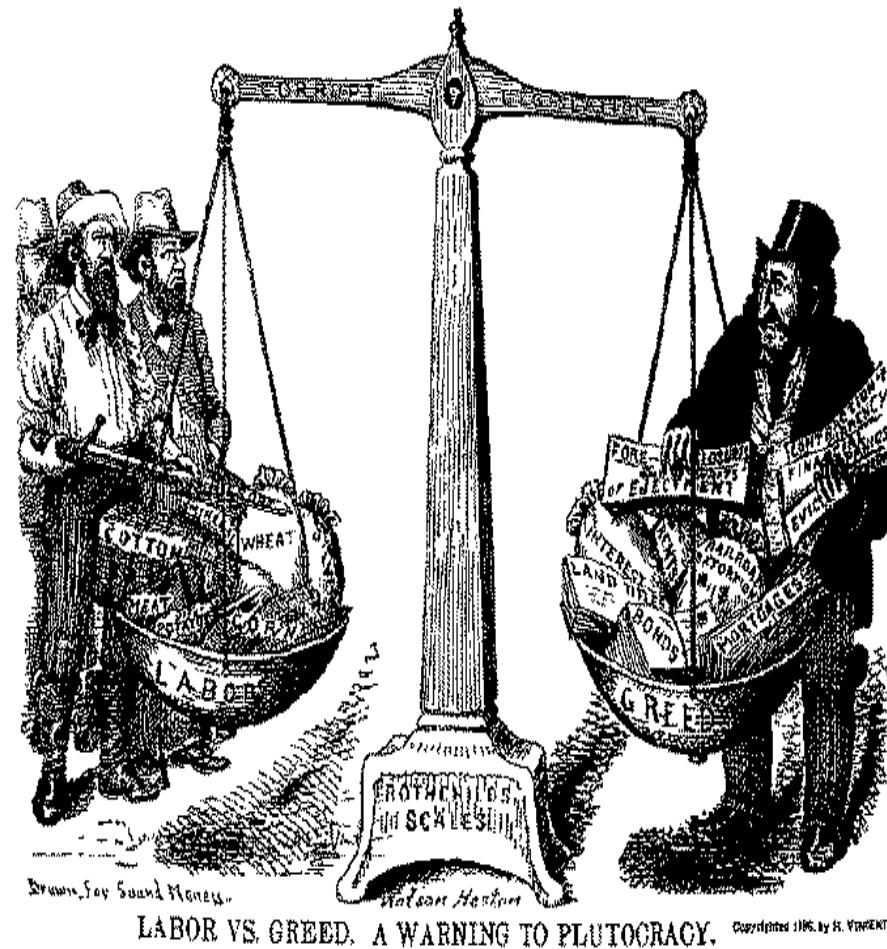
# Appeal of the Populist Party



# Issues Concerning the Populists

- Wanted “free silver” – a return to gold AND silver standard
- Direct election of Senators.
- Govt. ownership of R.R.’s, telephone & telegraph companies.
- Restriction of undesirable immigration.
- Abolition of the Pinkerton detective agency.
- Australian secret ballot.

The PEOPLE to PLUTOCRACY - Better not pile on too much, or we'll try the weight of this thing

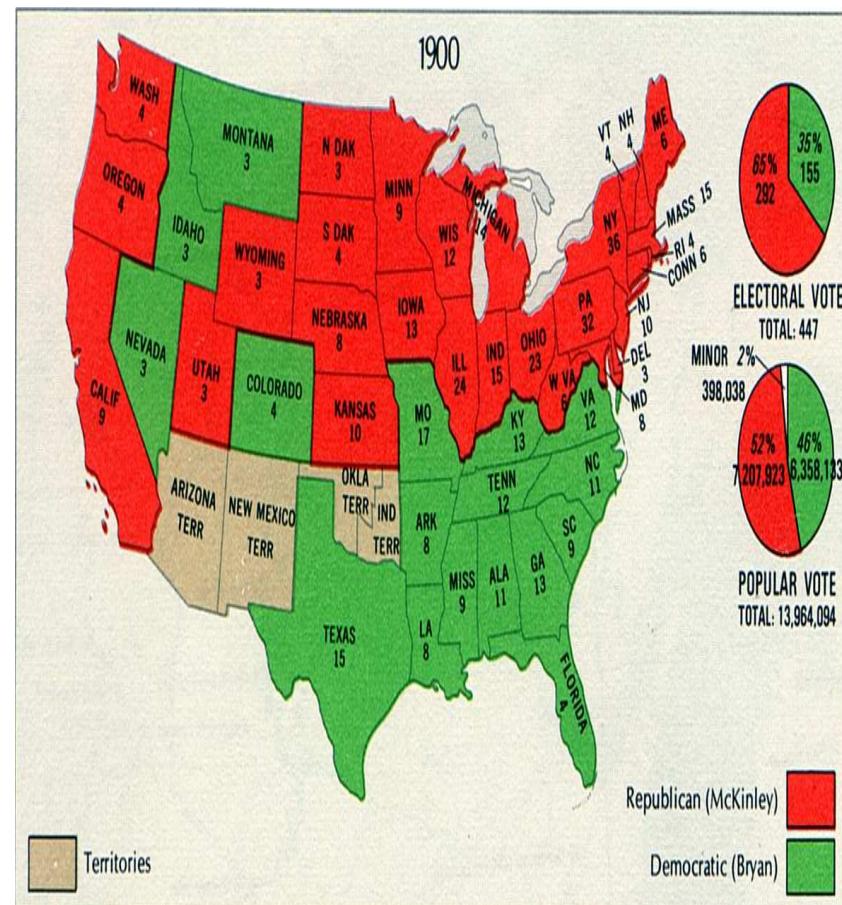
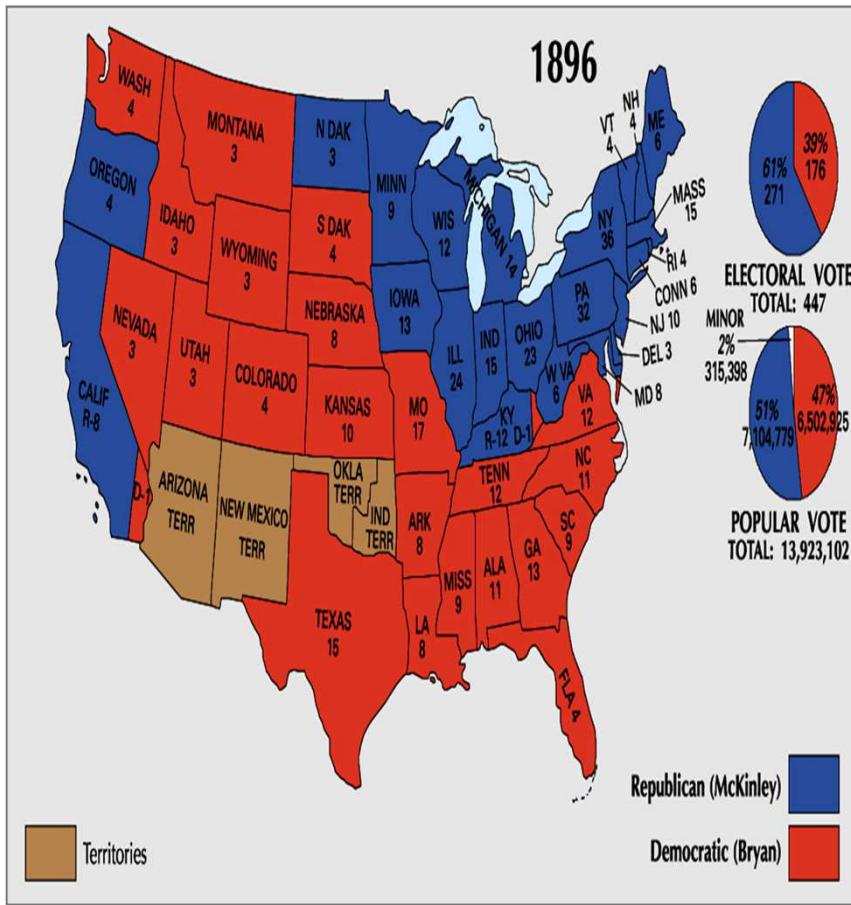


# Election of 1896

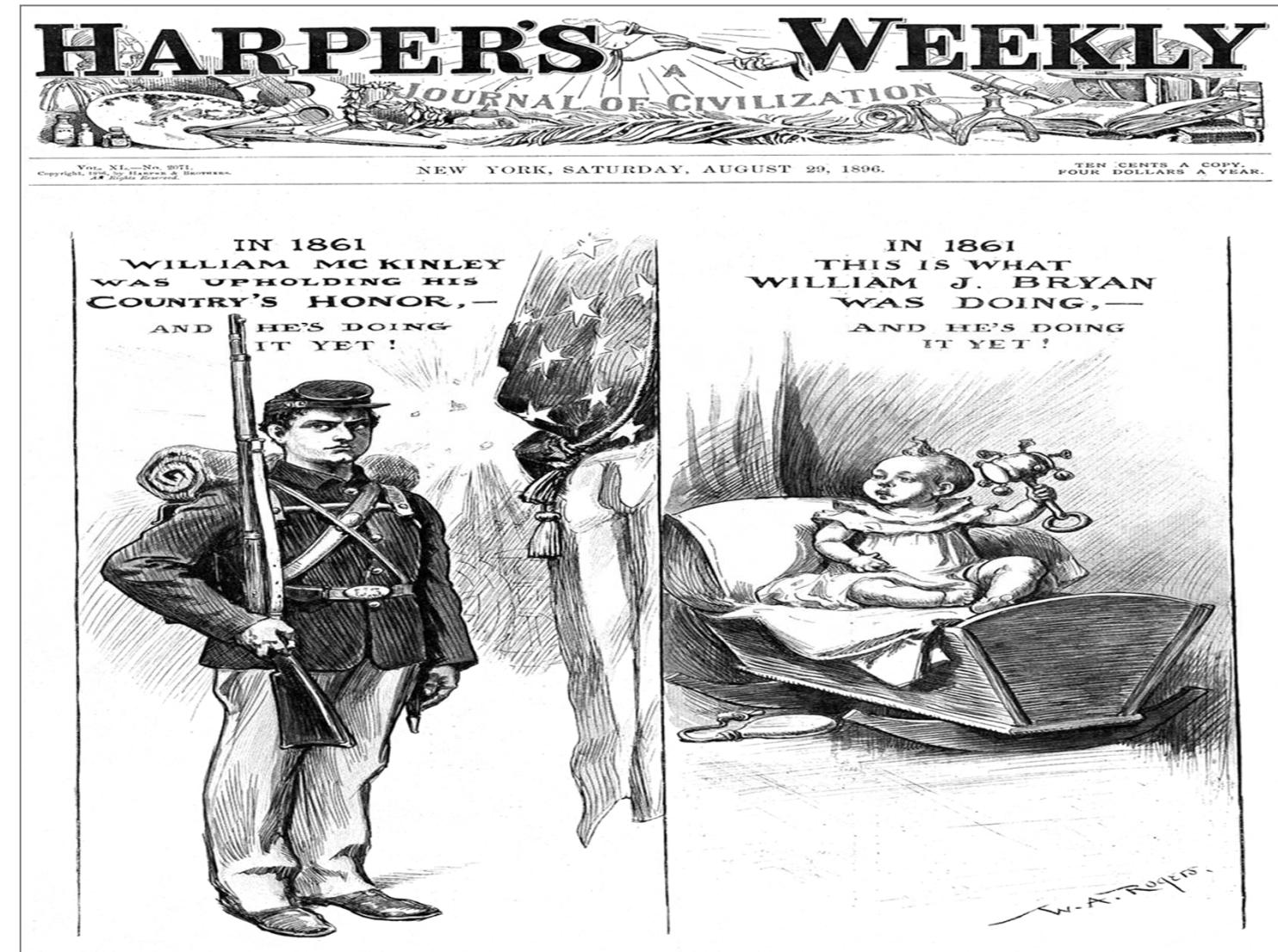


- Democratic Party takes over Populist issues
- William Jennings Bryan “Cross of Gold Speech”
- Ran against William McKinley(R) – seen as candidate of business interests

# McKinley Defeats Bryan in 1896 and 1900



# 1896 Campaign Ad



# The Progressive Answer

What hope existed then for the “have-nots”?

The Progressive Movement

Progressive –  
“Tending toward change”

Considered the period from the end of the 19<sup>th</sup> century up to U.S. entry into W.W. I

A continuation of the response to industrialization



# Characteristics

- Never a single group seeking a single objective – sprung from many sources
- Fought corruption and inefficiency in gov’t
- Attempted to regulate and control big business
- Concern for urban poor
- General prosperity encouraged middle class to support reform measures without feeling “radical”
- Scientific management – looked for scientific analysis of human activity
- NEVER CHALLENGED THE FUNDAMENTAL PRINCIPLES OF CAPITALISM

# Urban Reformers

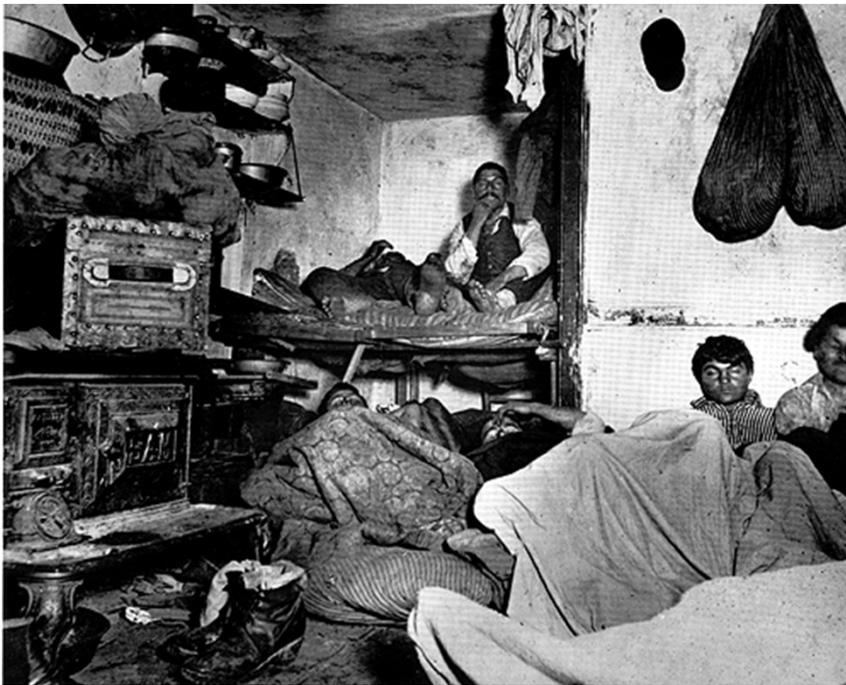


- Well-educated young women and men hoped to relieve the effects of poverty by providing social services for people in the neighborhood.
- Most famous of this experiment was [Hull House](#) in Chicago – opened by [Jane Addams](#) in 1889

# Urban Reformers

## Jacob Riis

Chronicled urban poor in “How the Other Half Lives”



# Muckrakers



- Phrase coined by Teddy Roosevelt
- Investigative journalists
- Ida Tarbell – Standard Oil
- Lincoln Steffens – big city politics
- Upton Sinclair – “The Jungle”
  - Led to Pure Food and Drug Act

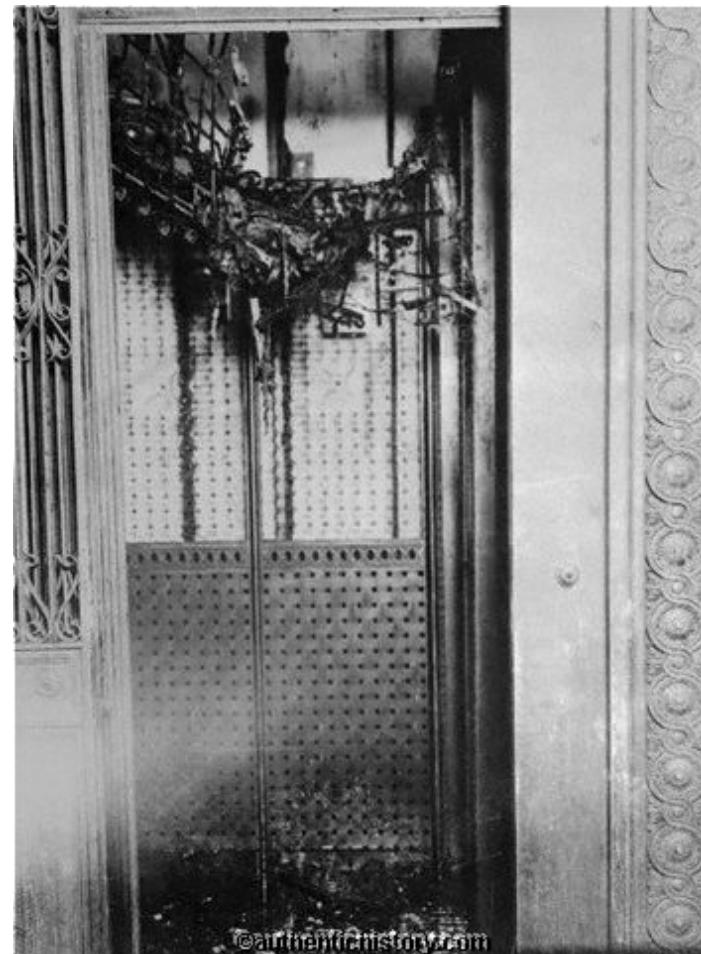
# Triangle Shirtwaist Fire



Photo, page 619  
America's History, Sixth Edition  
Harper's Weekly, May 8, 1915

- March 25, 1911
- 146 died, mostly immigrant women
- Average age =19
- Led to labor reform in New York State
- Also spurred reform of city government

# Triangle Shirtwaist Fire Aftermath



# Constitutional Amendments

- Largest group of amendments in 7 year period since the Bill of Rights was passed
- 16<sup>th</sup> - Income Tax
- 17<sup>th</sup> - Direct election of senators
- 18<sup>th</sup> – Prohibition
- 19<sup>th</sup> – Women's Suffrage

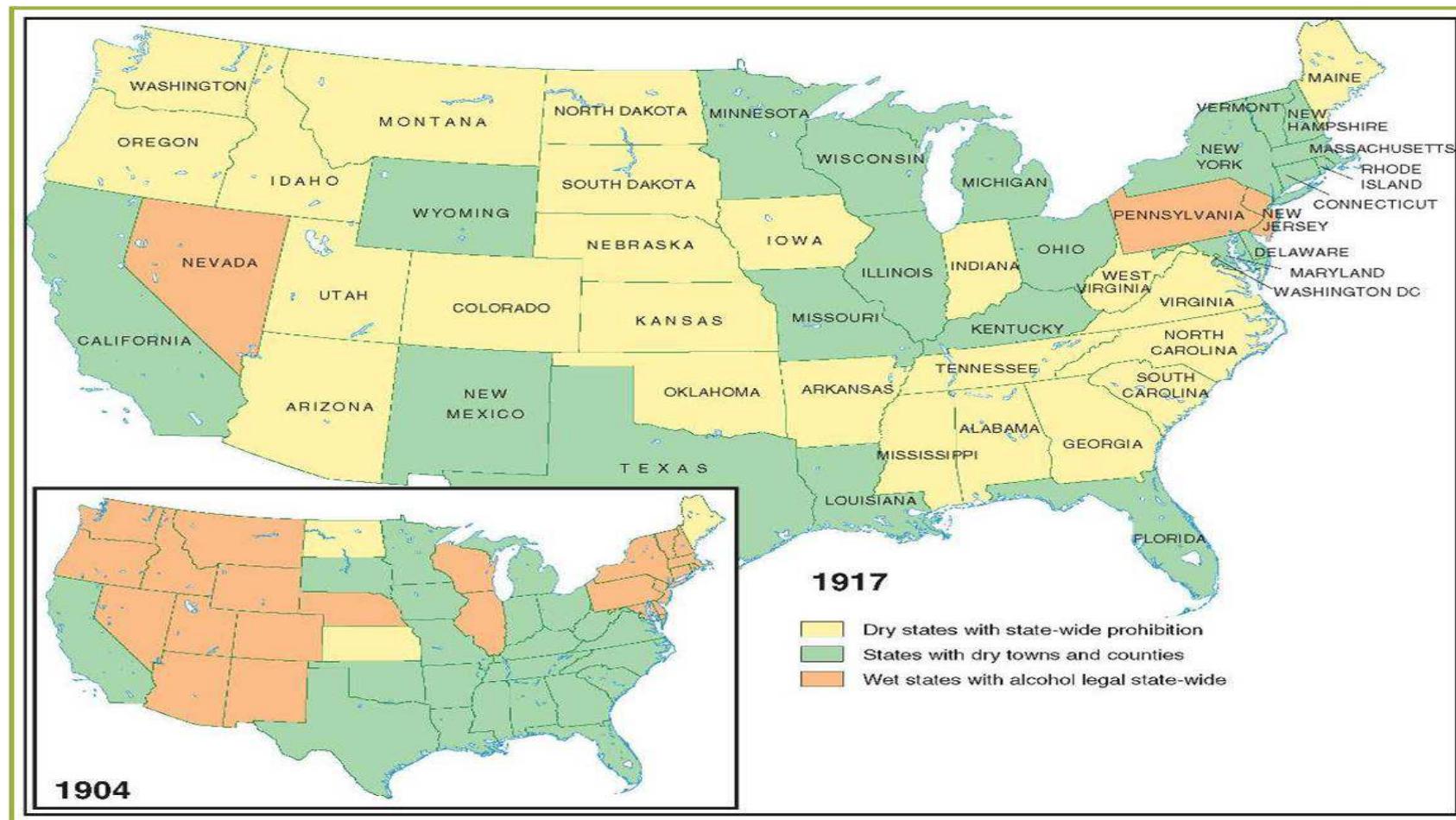


# Prohibition



- Led by Anti-Saloon League and Women's Christian Temperance Union
- Proponents included women's reformers and industrialists
- By 1916 19 states had already banned sale and manufacture of alcohol

# Prohibition Map

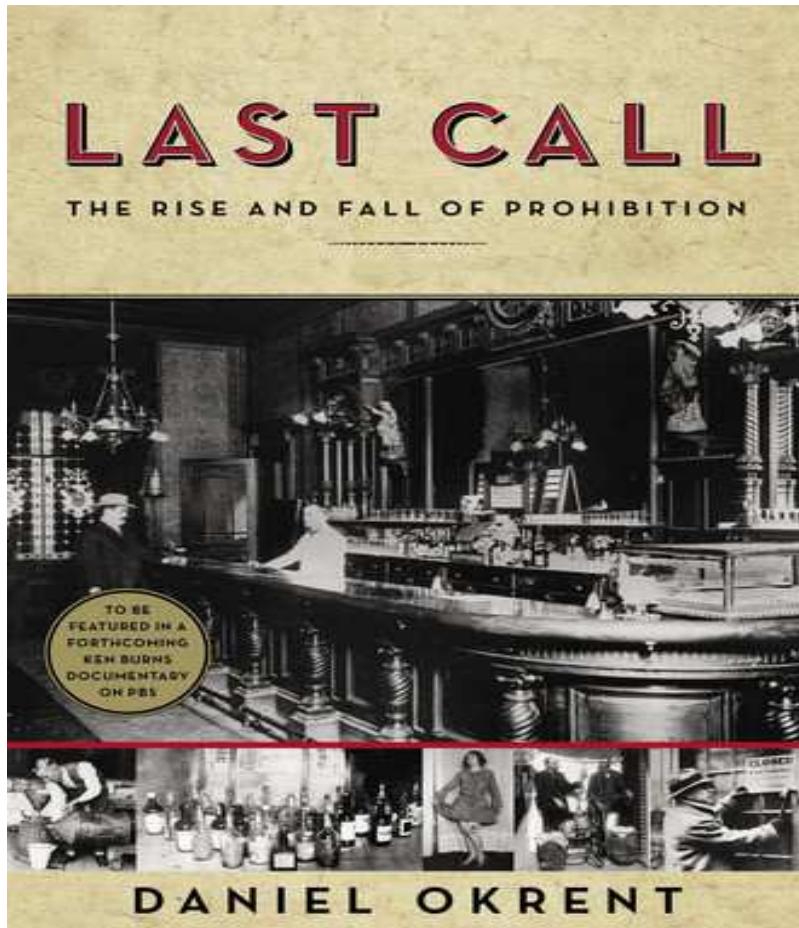


# Prohibition

- Became wartime issue
- Anti-German sentiment – “Kaiser Beer”
- Congress passes Amendment Dec. 1917
- President Wilson institutes partial ban to conserve grain
- Went into effect 1/16/20



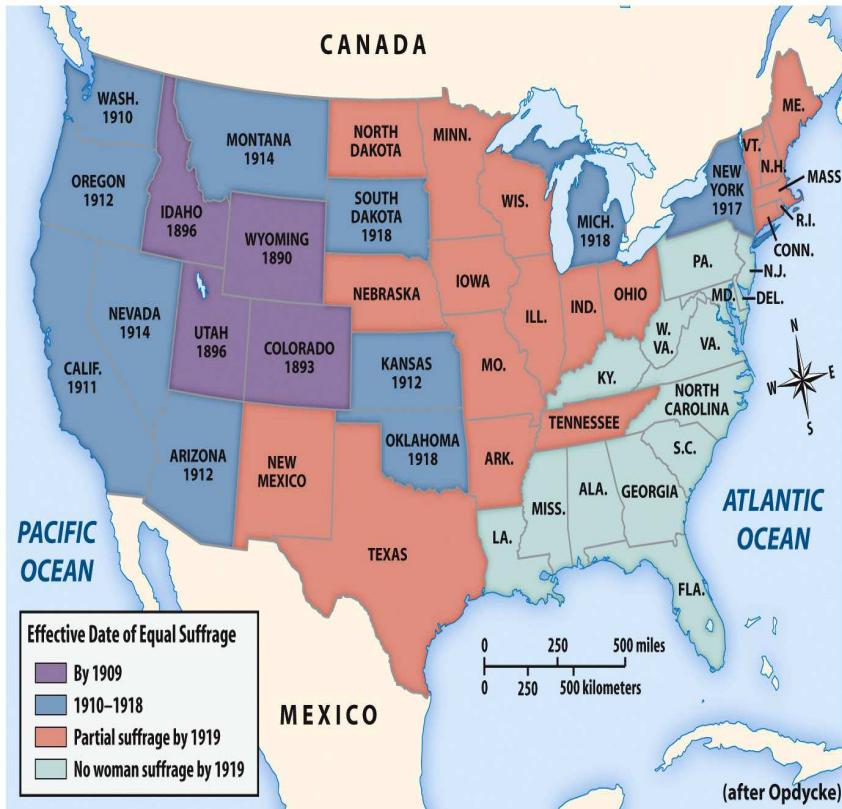
# Prohibition



- Prohibition linked to other progressive amendments
- Income tax would make up for lost revenue from liquor tax
- Women voters would support politicians who voted for 18<sup>th</sup> Amendment

# Revival of Women's Suffrage Movement and Birth of Feminism

## Women's Suffrage



Map 20-1  
*America's History, Sixth Edition*  
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## Protest March

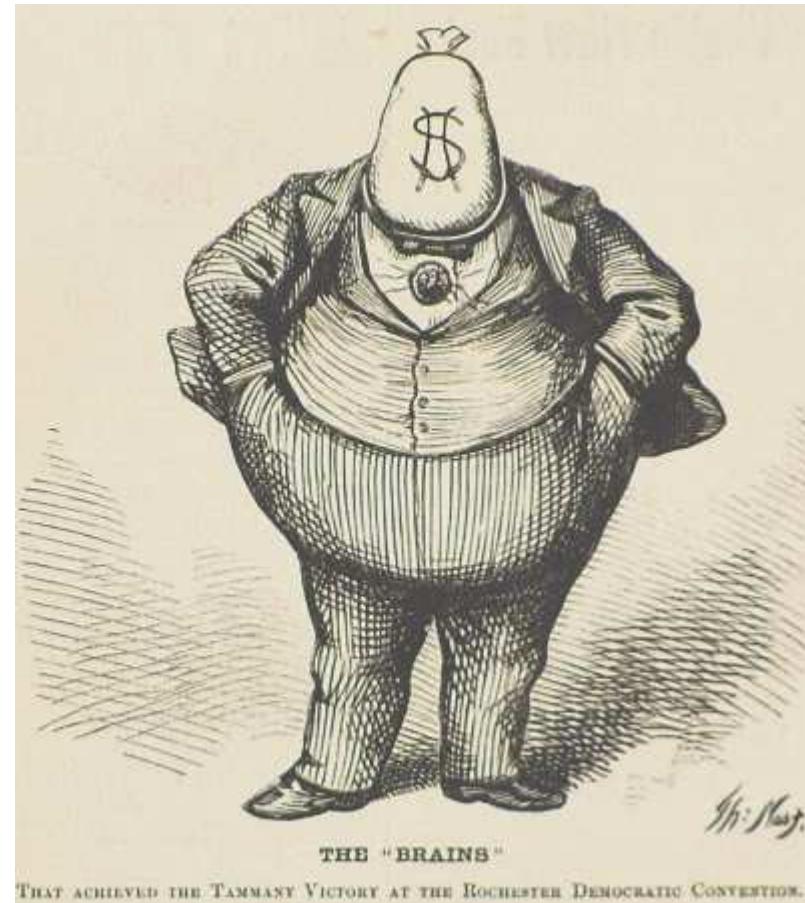


# Anti-19<sup>th</sup> Amendment Propaganda



# Political Reforms – State/Local

- Attempt to reform state and local governments
- Referendum
- Recall
- Initiative
- City Manager System
- Commission government



# The Progressive Presidents – Who was the “Most Progressive”



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# The Progressive Presidents

- TR earns reputation as a “trustbuster”
- Often worked around Congress and expanded Presidential power
- Taft worked within constitutional structure and was seen as less effective
- Wilson “The Professor” – Effective but limited in viewpoint - refused to support women’s vote, low interest loans to farmers, or exempt unions from anti-trust laws

# “Trustbuster”

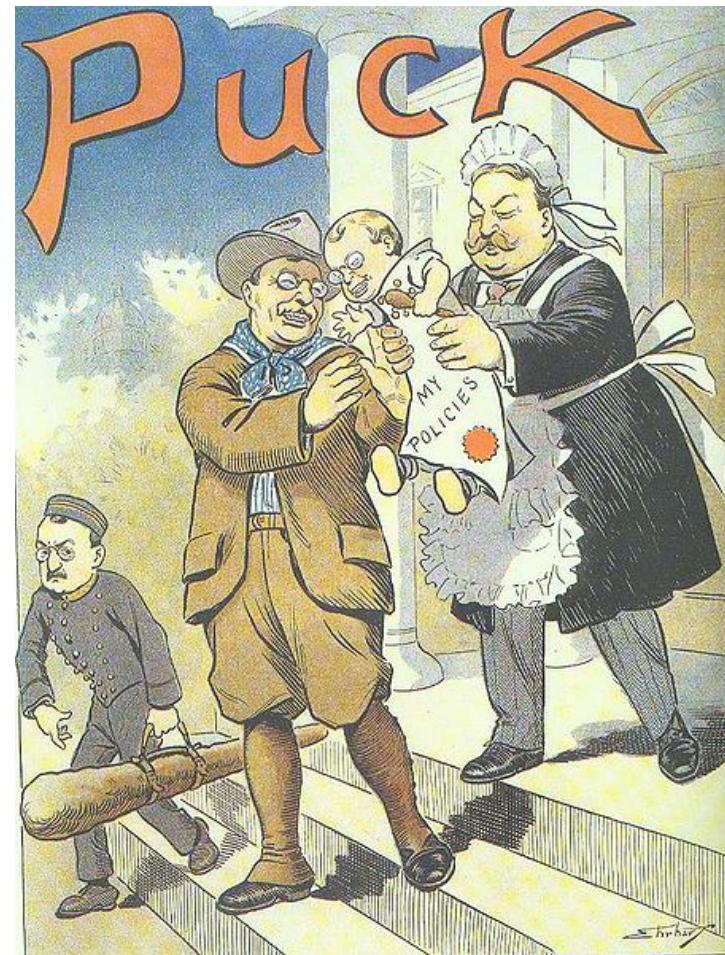
- Took on many firms such as Standard Oil and Dupont
- Regarded large-scale enterprise as natural – punish those that “abuse” power
- “good” vs “bad” trusts
- 1906 – Hepburn Railway Act
- Conservationism
- A “Square Deal”



L. Earl in the Binghamton Press.

# William Howard Taft

- Hand-picked by Roosevelt
- Pushed decisions on trusts back to the courts
- Split with Roosevelt over tariff, trusts and other issues



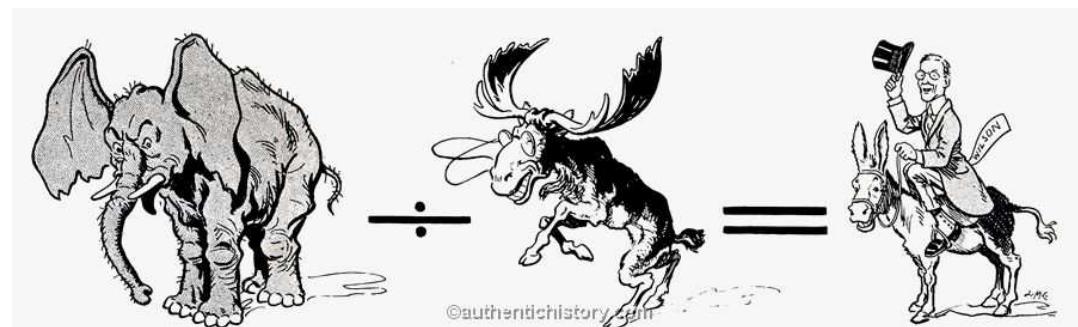
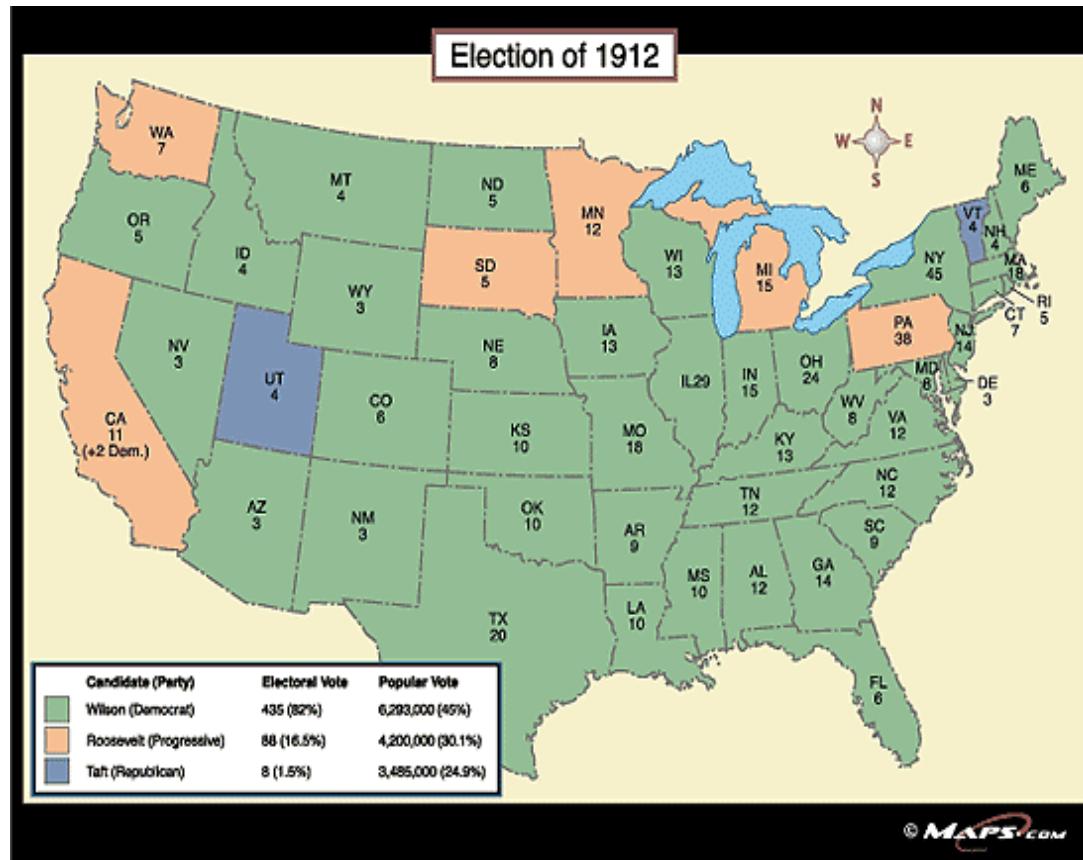
## Election of 1912

Wilson (D), Taft (R)

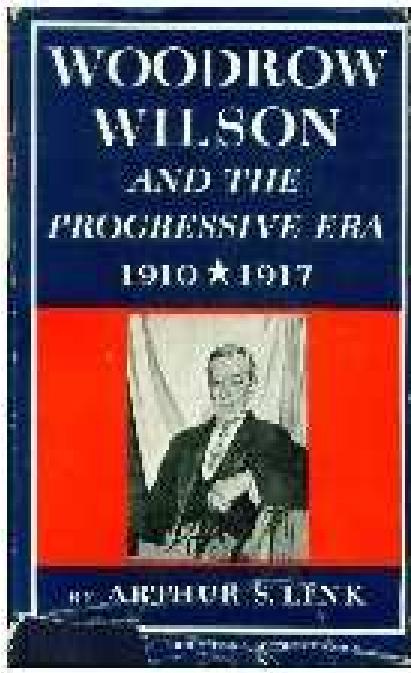
Roosevelt (P) "Bull Moose", Debs (Socialist)

Roosevelt's "New Nationalism" vs Wilson's "New Freedom"

Wilson crushes BUT  
Roosevelt and Taft get a  
million more combined,  
plus Debs got a million  
votes also



# Economic reforms under Wilson



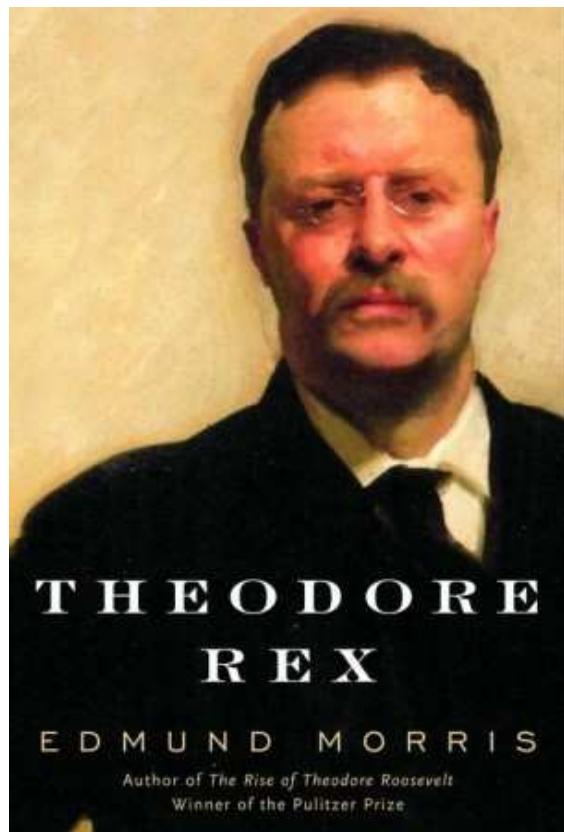
- Underwood Tariff
  - Lowered rates to 25%
- Federal Reserve Act
  - Created central banking system still in use today
- Federal Trade Commission
  - Investigate companies targeting unfair trade practices
- Clayton Anti-Trust Act
  - Did a merger “substantially lessen” competition?

# Clayton Anti-Trust Act

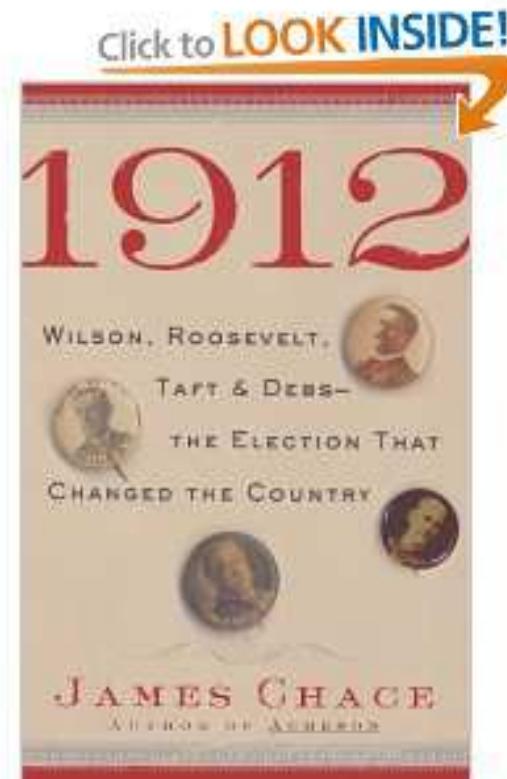
- Clayton Anti-Trust Act - The act prohibited interlocking company directories—the practice of setting up shadow companies that appeared to compete but were actually run by the same board of directors—and exempted trade unions from prosecution under the 1890 Sherman Anti-Trust Act.

# Books on the Progressive Era

TR



Election of 1912



# Effect of Progressive Era

- Very poor record on minority rights
- Created modern banking structure
- Made society more democratic
- Questioned the size and scope of “big business”
- Did not challenge the fundamentals of capitalism
- Precursor to the New Deal