

Wrongdoing in Railroading

- Corruption plagued the railroad industry
- Jay Gould made millions embezzling stocks in various railroad companies
- “Stock Watering” was popular- technique in which railroad companies grossly over-inflated the worth of their stock and sold them at huge profits.
- Railroad owners bribed judges and legislatures, employed lobbyists, gave rebates and free passes to those they favored (press)
- Railroad giants entered into defensive alliances to show profits, and began the first of what would be called trusts, although at that time they were called “pools.” A pool (AKA, a “cartel”) is a group of supposed competitors who agree to work together, usually to set prices.

Government Bridles the Iron Horse

- ⦿ The Grange was formed by farmers to combat railroad corruption
- ⦿ Many states attempted to pass laws to regulate the railroads. Declared unconstitutional in the *Wabash V. Illinois* Supreme Court case
- ⦿ Congress issues Interstate Commerce Act 1887-
 - Banned rebates and pools
 - Required railroads to publish their rates openly
 - Forbade unfair discrimination among shippers
 - Banned charging more for a short haul than a long one
 - Set up the ICC- Interstate Commerce Commission to enforce this law!

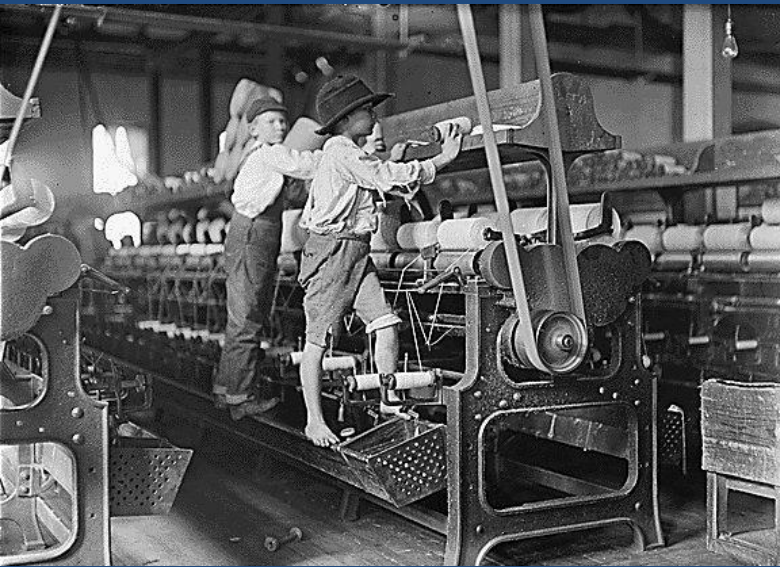
Government supervision of the railroads was nominal (in name only)

Considered a red-letter law- first scale attempt by federal gov't to regulate business in the interest of the public.

Government Tackles the Trust Evil

- ◉ John D. Rockefeller, ruthless and merciless, organized the Standard Oil Company of Ohio in 1882 (five years earlier, he had already controlled 95% of all the oil refineries in the country).
- ◉ Rockefeller crushed weaker competitors—part of the natural process according to him—but his company did produce superior oil at a cheaper price.
- ◉ Many of the newly rich had worked from poverty to wealth, and thus felt that some people in the world were destined to become rich and then help society with their money. This was the “Gospel of Wealth.”
- ◉ “Social Darwinism” applied Charles Darwin’s survival-of-the-fittest theories to business. It said the reason a Carnegie was at the top of the steel industry was that he was most fit to run such a business.
- ◉ Corporate lawyers used the 14th Amendment to defend trusts, the judges agreed, saying that corporations were legal people and thus entitled to their property, and plutocracy ruled.
- ◉ In 1890, the Sherman Anti-Trust Act was signed into law; it forbade combinations (trusts, pools, interlocking directorates, holding companies) in restraint of trade, without any distinction between “good” and “bad” trusts.
 - It proved ineffective, however, because it couldn’t be enforced.
 - Not until 1914 was it properly enforced and those prosecuted for violating the law were actually punished.

THE AMERICAN LABOR MOVEMENT



CHILD LABOR



PULLMAN STRIKE

Attention Workingmen!

----- GREAT -----

MASS MEETING

TO-NIGHT, at 7.30 o'clock,

----- AT THE -----

HAYMARKET, Randolph St. Bet. Desplaines and Halsted.

Good Speakers will be present to denounce the latest
atrocious act of the police, the shooting of our
fellow-workmen yesterday afternoon.

CHICAGO
HISTORICAL
SOCIETY

THE EXECUTIVE COMMITTEE.

Achtung Arbeiter!

Große

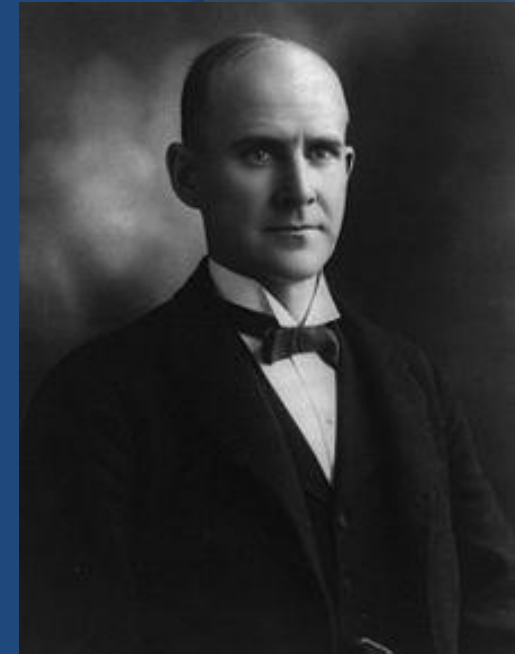
Massen-Versammlung

Heute Abend, halb 8 Uhr, auf dem
Heumarkt, Randolph-Strasse, zwischen
Desplaines- u. Halsted-Str.

Gute Redner werden den neuesten Schurkenstreich der Polizei,
indem sie gestern Nachmittag unsere Brüder erschossen, geißeln.

Das Executiv-Comite.

HAYMARKET RIOT



EUGENE V. DEBS



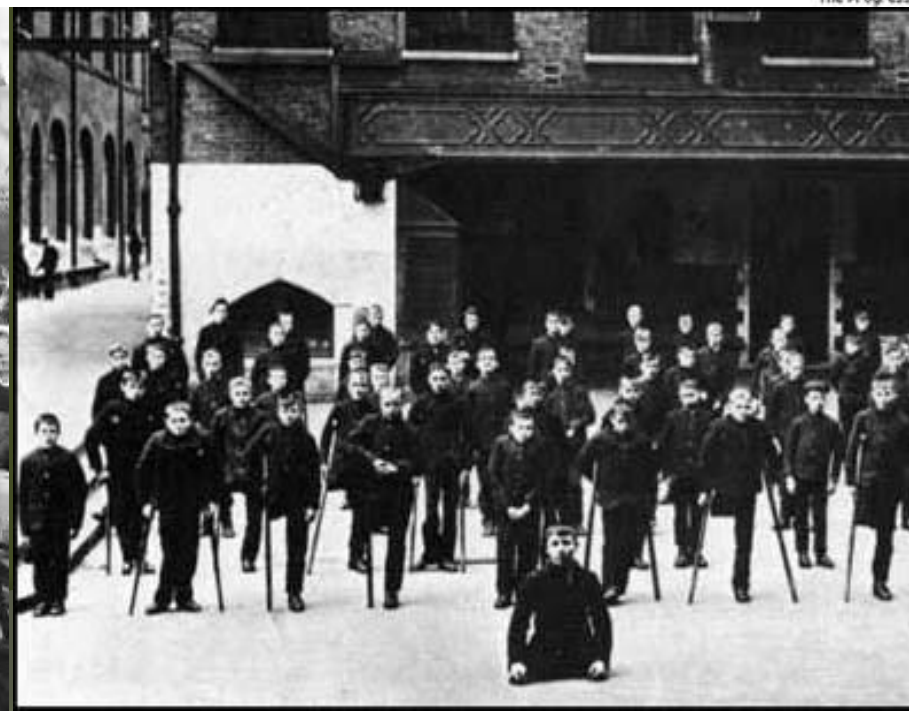
A.F.L.

Workers Endure Hardships

- ◎ Workers worked for low wages and long hours (12 hour days, 6 days a week)
- ◎ Immigrants made up large workforce
- ◎ Factory work was dangerous- Sweatshops were dark dirty and dangerous
- ◎ Many factories were poorly lit, overheated, poor ventilation, and accidents happened often
- ◎ Women and children worked as laborers
- ◎ Formation of Company Towns- towns owned by the business and rented out to employees.
- ◎ Company Store-changed high rates of interest on goods



NATIONAL A
The Progress



Impact of Socialism

- ⦿ Socialism is the economic philosophy of public, not private, control of property and income
- ⦿ Becomes popular throughout Europe and spreads to America
- ⦿ Many labor activists like Eugene V. Debs borrow socialist ideas to support reform and workers rights
- ⦿ The link below should help give you some insight on the ideals of “American Socialism” according to 2016 presidential hopeful Bernie Sanders.
- ⦿ <https://www.youtube.com/watch?v=wKvKYYtIDEQ>

Collective Bargaining

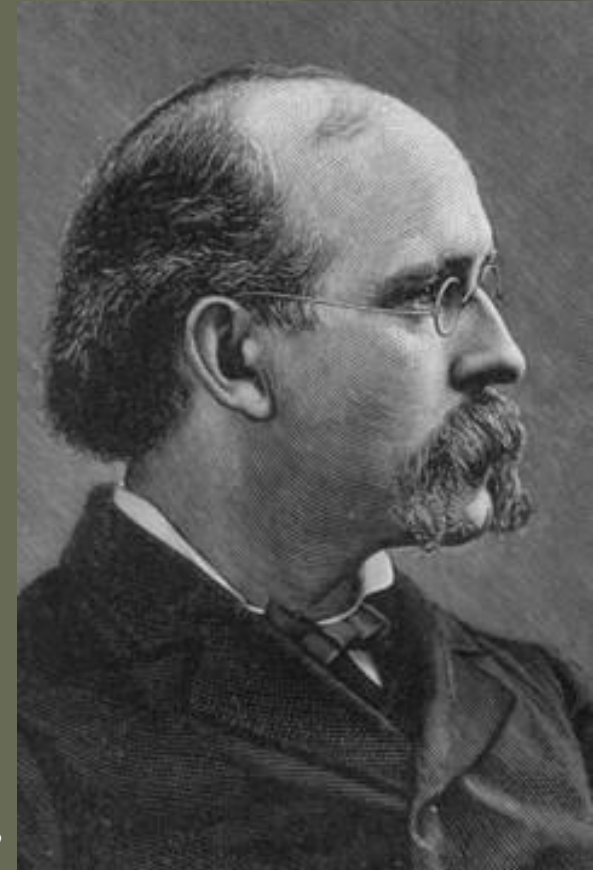
- ⦿ Attempts by workers to negotiate as a group for higher wages or better working conditions
- ⦿ One tactic was the “strike”- in which workers refuse to do work until demands are met

Labor Limps Along

- ◎ The National Labor Union, formed in 1866, represented a giant boot stride by workers and attracted an impressive total of 600,000 members, but it only lasted six years.
- Included skilled, unskilled and farmers but it excluded Chinese and didn't really try to get Blacks and women to join.
- It worked for the arbitration of industrial disputes and the eight-hour workday, and won the latter for government workers, but the depression of 1873 knocked it out.

Knights of Labor

- Founded in 1869 by Uriah S. Stephens (originally a secret society) and then headed by Terrance V. Powderly in 1879.
- First national union in the U.S.
- Sought to include skilled and unskilled workers in “one big union” and barred only “non-producers”- liquor dealers, gamblers, lawyers, bankers and stockbrokers
- Included women and blacks
- Advocated an 8 hour workday, encouraged boycotts and negotiations with employers over strikes
- By 1886 the Knights of Labor had 800,000 members
- Led by Terence V. Powderly, the Knights won a number of strikes for the eight-hour day, and when they staged a successful strike against Jay Gould’s Wabash Railroad in 1885, membership mushroomed to $\frac{3}{4}$ of a million workers.
- In 5 short years (1890) membership virtually disappeared after several failed strikes, and their utopian efforts to replace the wage-labor system of competitive free enterprise with a “cooperative” philosophy
- Displaced by the American Federation of Labor founded 1886



Haymarket Riot

- In Chicago, home to about 80,000 Knights and a few hundred anarchists that advocated a violent overthrow of the American government
- Tensions had been building, and on May 4, 1886, Chicago police were advancing on a meeting that had been called to protest brutalities by authorities when a dynamite bomb was thrown, killing or injuring several dozen people.
- The Knights of Labor lost membership as people shied away from radicalism
- Union activism was associated with violence, radicalism, and anarchism
- The desertion of skilled craft unionists into the AF of L also contributed to the breakup of the K of L. By the 1890's the Knights had 100,000 members

American Federal of Labor

- Founded by Samuel Gompers in 1886
- Was a craft union made up of workers from 100 local unions
- The AF of L established itself on solid but narrow foundations, since it tried to speak for all workers but fell far short of that. Composed of skilled laborers, it was willing to let unskilled laborers fend for themselves. (Many were women and blacks) Critics called it “the labor trust.”
- Focused on specific issues for workers such as wages, working hours, and working conditions
- Called for the closed shop-workplaces for “union members” only
- Chief weapons were the walkout (strike) and the boycott
- By 1900 membership was 500,000



Homestead Strike

- ① 1892 steelworkers strike in Pennsylvania occurs when a Carnegie steel plant cuts wages
- ② Violence and protest lasted weeks and was part of an epidemic of steelworkers and miners strikes that spread across the country
- ③ Company officials call 300 armed Pinkerton detectives in July to suppress the strike.
- ④ Strikers armed with rifles and dynamite forced the detectives to surrender leaving 10 dead and 60 wounded.
- ⑤ Federal troops were eventually summoned and both the strike and union were broken.

Pullman Strike

- ◎ 1893-1894- Workers from the Pullman Palace Car Company are fired and have wages cut 25%
- ◎ They send delegates to negotiate with Pullman but he shuts down the plant
- ◎ Workers turn to the American Railway Union and Eugene V. Debs.
- ◎ The A.R.U. called for a nationwide strike and by June 1894 300,000 rail workers walked off their jobs
- ◎ Railroad owners cited the Sherman Antitrust Act of 1890 and argued the strike and union was illegally disrupting free trade
- ◎ President Grover Cleveland sends federal troops to end the strike
- ◎ Eugene V. Debs is imprisoned for refusal to end the strike
- ◎ Supreme Court upholds the presidents actions in case “In re Debs” (1895)

Impact of Organized Labor

- ◎ After the Pullman strike the trend of business leaders appealing to court orders and the federal government to end strikes had been set
- ◎ The federal government continually sided with the owners of business over the demands of labor unions throughout the late 19th century (late 1800s)
- ◎ From 1881 to 1900, there were over 23,000 strikes involving 6,610,000 workers with a total loss to both employers and employees of about \$450 million.
- ◎ However, by 1900, the public was starting to concede the rights of workers and beginning to give them some or most of what they wanted. In 1894, Labor Day was made a legal holiday.
- ◎ Unions would not be legally recognized and protected organizations for another 30 years!!