

**APUSH**  
**1865-1900**  
**INDUSTRIAL REVOLUTION:**  
**INDUSTRY COMES OF AGE**  
**REVIEWED!**

American Pageant (Kennedy) Chapter 24  
 American History (Brinkley) Chapters 17, 18  
 America's History (Henretta) Chapters 17, 19

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**INDUSTRIAL REVOLUTION**

- By 1900 America would become the leading industrial power in the world.
- Rapid economic transformation of American society
  - Impacts the country economically, socially, politically
- Manufacturing replaces agriculture as the primary source of economic growth
- Rise of big business encouraged massive migrations and urbanization

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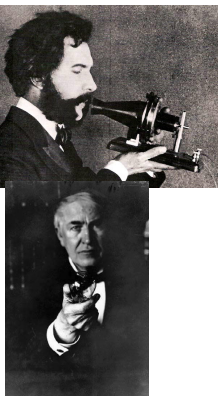
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**INVENTIONS & INNOVATIONS**

- Large number of new inventions developed during this period
  - High rate of patents issued
  - Examples:
    - Alexander Graham Bell: Telephone
    - Thomas Edison: Electric light
- These inventions and innovations will change daily lives, create new jobs, and have social consequences




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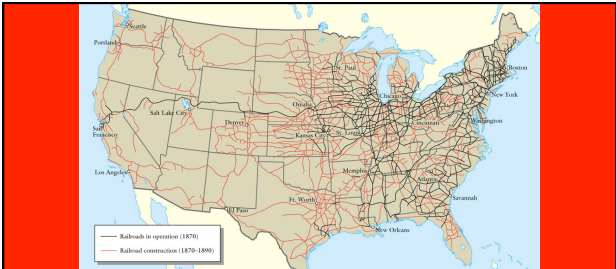
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- **Land and loan subsidies** given by the **federal government** to the railroad companies
- New **business practices** introduced by RR companies such as establishing the modern stockholder corporation, business management strategies, financing, and regulation of competition
- **Consolidation** leads to **standardization** of the industry: steel rail, standard gauges

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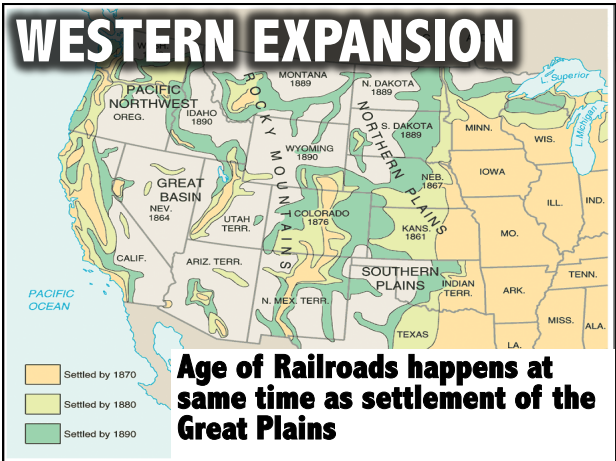
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**Age of Railroads happens at same time as settlement of the Great Plains**

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### First Transcontinental Railroad

- **Pacific Railroad Act (1862)**
- **Union Pacific:** Built from Omaha, Nebraska to the West
  - Irish workers
- **Central Pacific:** Sacramento to Sierra Nevada
  - Chinese laborers
- **Two come together at Promontory Point**  
May 10 1869




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## IMPACT OF THE RAILROAD

- **Unified the domestic market- created a national market for goods**
- **Allowed for mass distribution of raw materials and manufactured goods**
- **Encouraged mass production, mass consumption, and economic specialization**
- **Helped promote the growth of other industries (coal, steel, etc) and lead to growth of new cities**
- **Facilitated immigration both internally and externally**
- **Changes daily life: American Railroad Association divided the country into 4 time zone in 1883**

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## America, We've got a Problem!

- **Railroad Tycoons** became extremely powerful
- Federal land grants and friendly loans led the rampant **corruption within the government**
- Frequent **speculative** bubbles would burst
  - Speculators attempt to sell **overvalued stock** to the public
  - Overbuilding was common
  - Mismanagement and fraud plagued the industry
- **Rebates** (discounts) were oftentimes given to favored shippers
  - **Small farmers** were often charged much higher rates
- **"Pools"**- secret agreements between companies to fix rates and share profits

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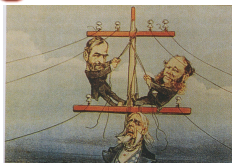
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## Government Regulation?

- Demands for the government to intervene
- Dominate philosophy of the time period: **Laissez Faire**
  - Leave alone, no regulation
- **Farmers** most vocal group calling for reform- **Grange** Movement
- **Munn v. Illinois** (1877) State could regulate business
- **Wabash case:** states **could NOT** regulate **interstate** commerce
- **Interstate Commerce Act**
  - Set up Interstate Commerce Commission
  - Federal government would oversee
  - Banned pooling, rebates, and rate fixing
  - Companies had to publish rates




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**First large scale attempt by Federal Government to regulate business in the interest of society at large**

**The ICC was initially not very effective**

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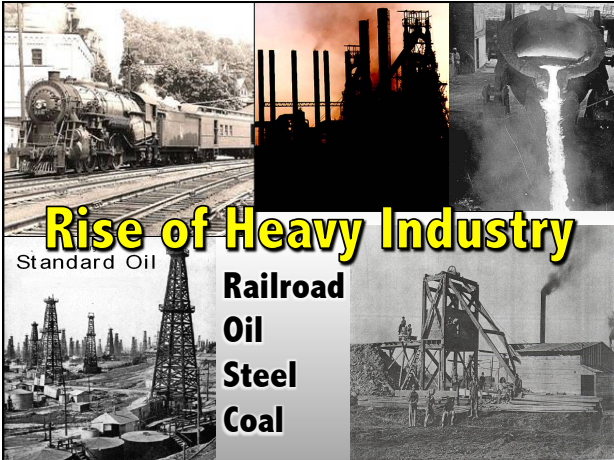
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**Rise of Heavy Industry**

Standard Oil

Railroad  
Oil  
Steel  
Coal

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**Captains of Industry or Robber Barons?**



**John D. Rockefeller**  
Standard Oil



**Andrew Carnegie**  
Steel Industry

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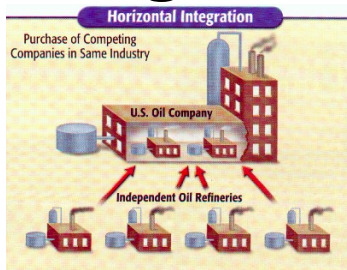
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# Horizontal Integration

- **Controlling all competition in a particular industry.**
- **Merging competing oil companies into one giant corporation.**
- **Consolidating all competitors to monopolize a market.**




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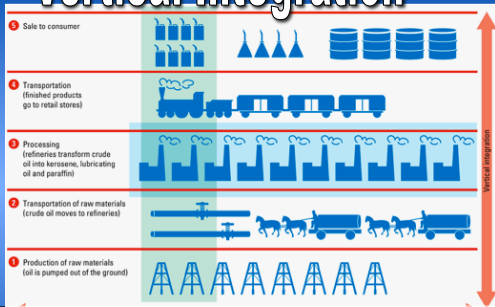
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# Vertical Integration



Control **all aspects of manufacturing**- from extracting raw materials to selling the finished product

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# IDEAS OF THE INDUSTRIAL REVOLUTION

- **Laissez Faire** (“leave alone”) believed that government should not attempt to control or regulate business
- **“Survival of the fittest”**: Charles Darwin’s ideas about the natural world were applied to the business world.
  - Advocates of “laissez faire”
- **Gospel of Wealth**: Belief that the wealthy had a moral obligation to help out those less fortunate
  - Andrew Carnegie’s article **“Wealth”**




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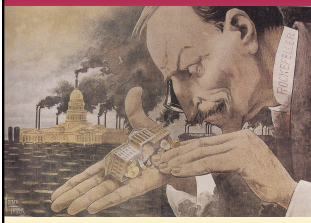
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**Public outcry of growing corporate power**

**Sherman Anti-Trust Act 1890**

**Outlawed trusts & other monopolies that fix prices & restrained trade**

**Ineffective at regulating corporations: Used to attack labor unions**

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## LABOR UNIONS

**Challenges for Unions**

- Division between skilled vs. unskilled workers
- Ethnic and racial divisions
- Hostility from corporations, no protection by government
  - Scabs- replacement workers
  - Court injunctions
  - Yellow-dog contracts: could not join a union
  - Blacklist- banned from working
  - Public opinion- unions viewed as radical

- **National Labor Union (1866):**
  - First attempt to organize workers in all states
  - Demand for higher wages & 8 hour work day
- **Knights of Labor (1869):**
  - Terence Powderly opened the union to all workers (skilled & unskilled workers; women & African Americas)
  - Decline following Haymarket Riot in 1886
- **American Federation of Labor (1886)**
  - Under the leadership of Samuel Gompers focused on skilled workers
  - Focus on "bread & butter" issues- wages, working conditions
  - By 1900 it was the largest union

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## LABOR UNREST



- **Great Railroad Strike of 1877:** Rutherford B Hayes uses federal troops to end labor unrest
- **Haymarket Bombing 1886:** Bomb explodes during a public meeting in Haymarket Square
  - Public views labor union movement as radical and violent
- **Homestead Strike 1892:** Henry Clay Frick uses a lockout, private guards, and scabs to defeat steelworkers at Carnegie's factory.
- **Pullman Strike 1894**

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