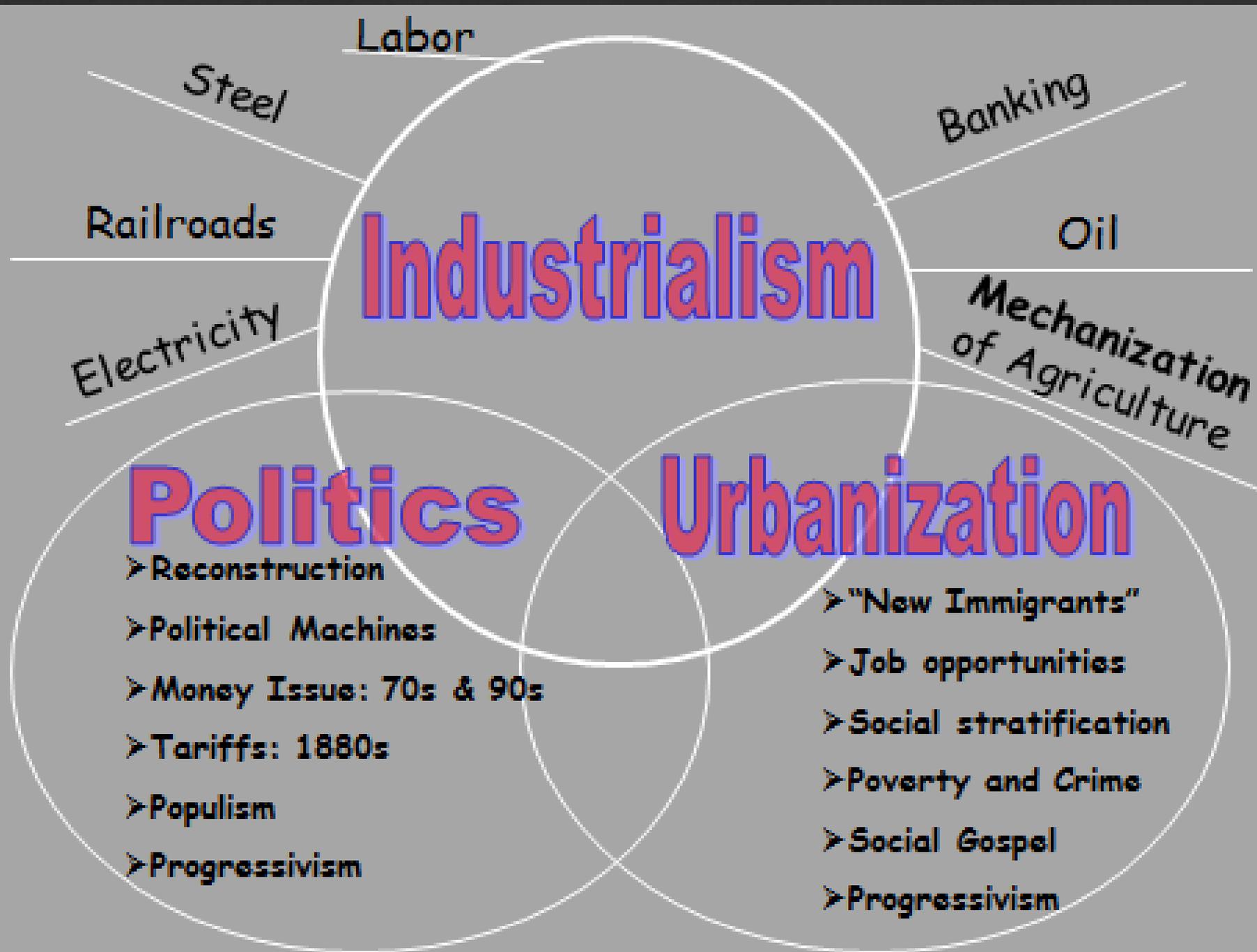


Industrialism in the Gilded Age 1865-1900

Themes of the Gilded age

- **Industrialism: U.S. became the world's most powerful economy by 1890s (exceeding combined output of Britain and Germany; railroads, steel, oil, electricity, banking)**
- **Unions and reform movements sought to curb the injustices of industrialism.**
- **Urbanization: America was transformed from an agrarian nation to an urban nation between 1865 (where 50% of Americans were farmers) and 1920 (where only 25% were farmers). (2% today)**
- **Millions of "New Immigrants" came from Southern and Eastern Europe, mostly to cities to work in factories.**
- **By 1900 society had become more stratified into classes than any time before or since.**
- **The "Great West": farming, mining, & cattle frontiers**
- **Farmers increasingly lost ground in the new industrial economy and eventually organized (Populism). In 1880, 25% of those who farmed did not own their land. 90% of African Americans lived in the South; 75% were tenant farmers or sharecroppers.**
- **Politics: hard vs. soft money ('70s & '90s); tariff ('80s); corruption due to political machines, patronage & trusts (throughout late 19th c.); election of 1896**



The impact of the Civil war on econ.

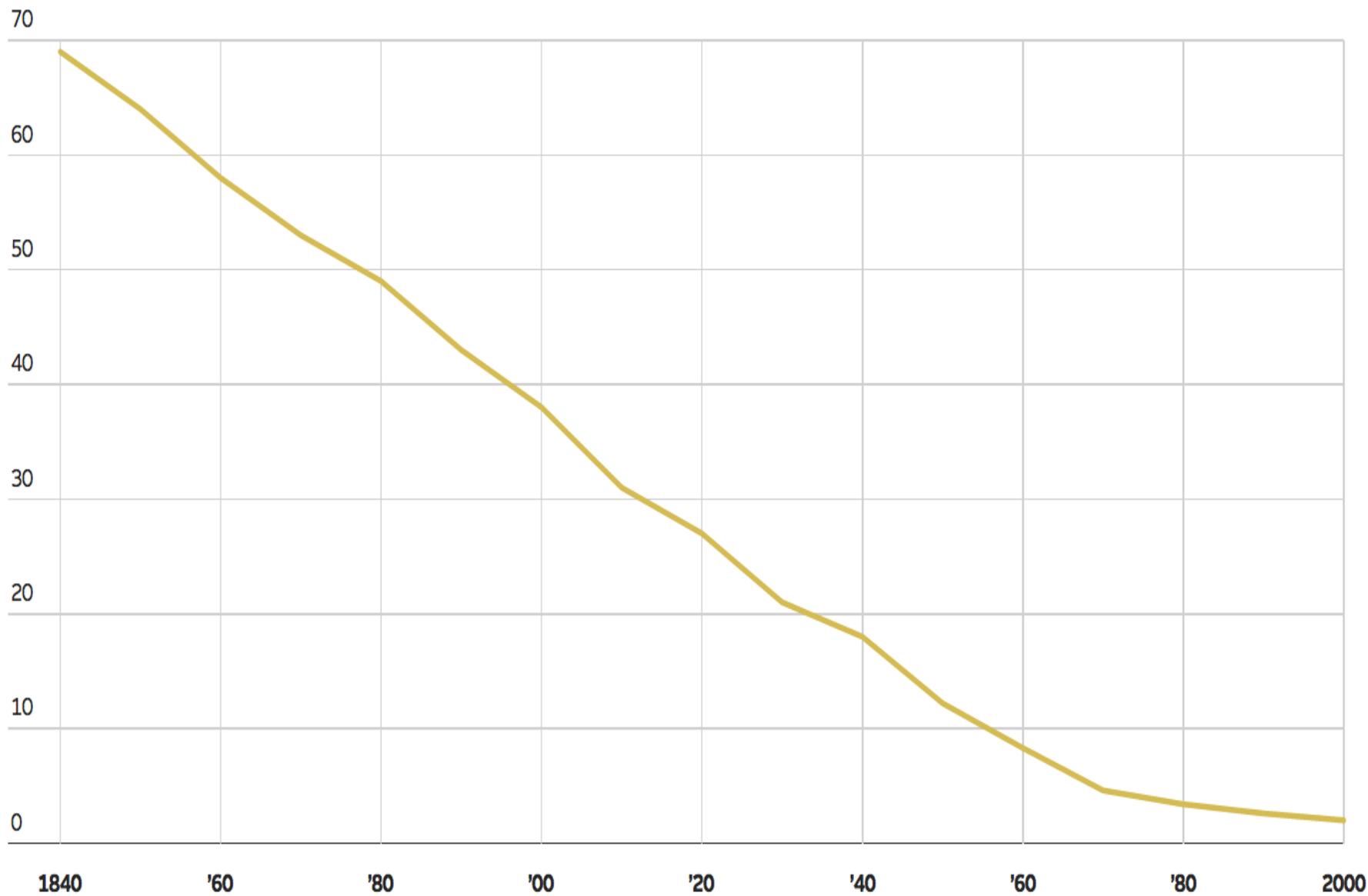
A. Republican legislation

1. The Pacific Railway Act (1862) paved the way for the building of the transcontinental railroad.
2. The National Banking Act (1863) created a modern system that facilitated economic growth.
3. The Morrill Tariff (1862) protected American companies from foreign competition.
4. The Homestead Act (1862) facilitated westward expansion.
5. The Morrill Land Grant Act (1862) provided federal land to create state agricultural colleges (land grant colleges).

B. The Civil War economy foreshadowed the Second Industrial Revolution.

1. Mass production techniques manufactured muskets, bullets, uniforms, etc.
2. A new class of millionaires was created and used their capital after the war to invest in industrial growth.

% of American workforce in agriculture, 1840-2000

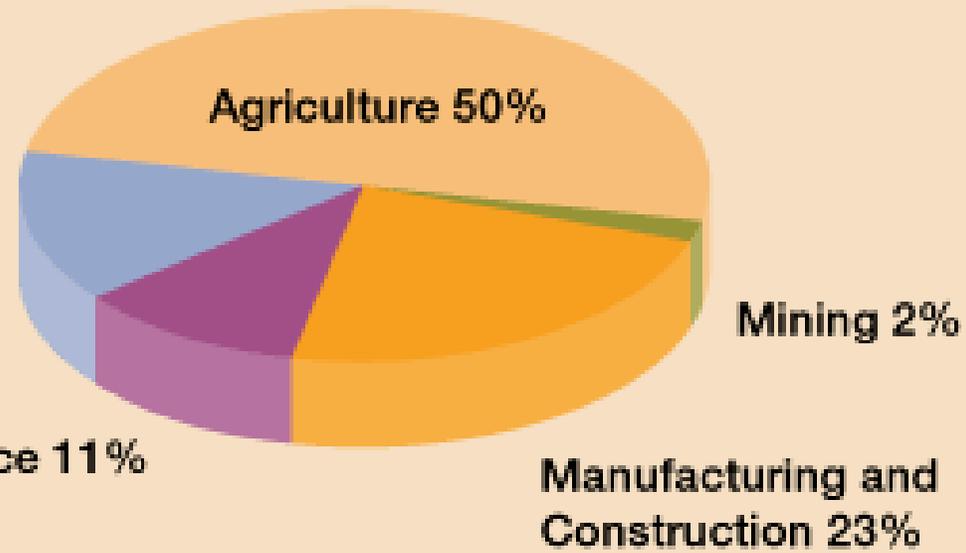


Source: USDA,



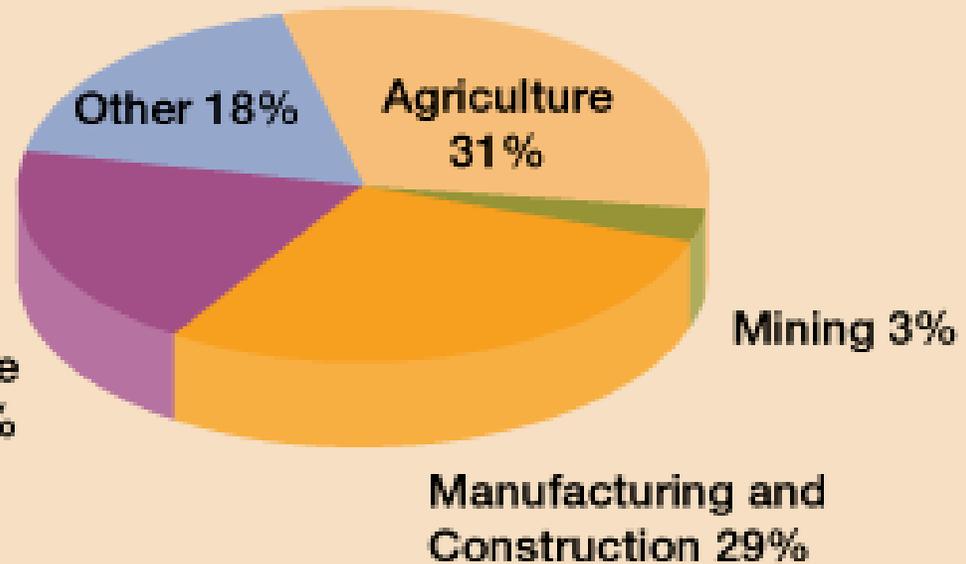
1870

Total Labor Force = 12,920,000



1910

Total Labor Force = 36,730,000



II. Railroad building

- A. 1900: 192,556 miles of rail
 - 1. Government subsidies: 155.5 million acres
 - 2. Ghost towns
 - 3. 2nd industrial revolution: steel and coal
- B. Transcontinental Railroad 1869
 - 1. Pacific Railway act 1862
 - 2. Union Pacific railroad
 - 3. Central Pacific Railroad
 - 4. Promontory point May 1869
 - 5. Significance:
 - a. It linked the entire continent via railroad and telegraph.
 - b. It paved the way for the incredible growth of the Great West.
 - c. It facilitated a burgeoning trade with Asia.
 - d. It was seen by Americans at the time as a monumental achievement along with the *Declaration of Independence* and the freeing of the slaves.
 - 6. Other lines

II. Railroad building

C. Consolidation and corruption

1. Cornelius Vanderbilt 1794-1877
2. Jay Gould and Russell Sage
3. Railroad tycoon became America's most powerful people
4. oligarchy

D. Significance of America's railroad network

1. It spurred the industrialization of the post-Civil War years (especially steel).
2. The continent became united physically.
3. It created a huge domestic market for US raw materials and manufactured goods.
4. It stimulated creation of the 3 Western frontiers: mining, agriculture, and ranching.
5. It led to a great exodus to cities from rural areas in the late 19th century.
6. It facilitated a large influx of immigrants.
7. It spurred investment from abroad
8. It led to the creation of distinct "time zones" from coast to coast.
9. It was a maker of millionaires; a new railroad aristocracy emerged.
10. Native Americans were displaced and herded into ever-shrinking reservations.

III. Government regulation of the railroads

A. Initially, Americans were slow to react to the excesses of the railroad oligarchy.

1. Jeffersonian/Jacksonian ideals were hostile to government interference with business.
2. Americans were dedicated to *laissez faire* (free enterprise) and to the principle that competition fuels trade.

B. Supreme Court decisions

1. Depression in the 1870s spurred farmers to complain about being forced into bankruptcy by unfair railroad policies.
2. Slaughterhouse Cases, 1873: molded the Court's interpretation of the Fourteenth Amendment for decades
3. *Munn v. Illinois*, 1877
4. *Wabash case*, 1886

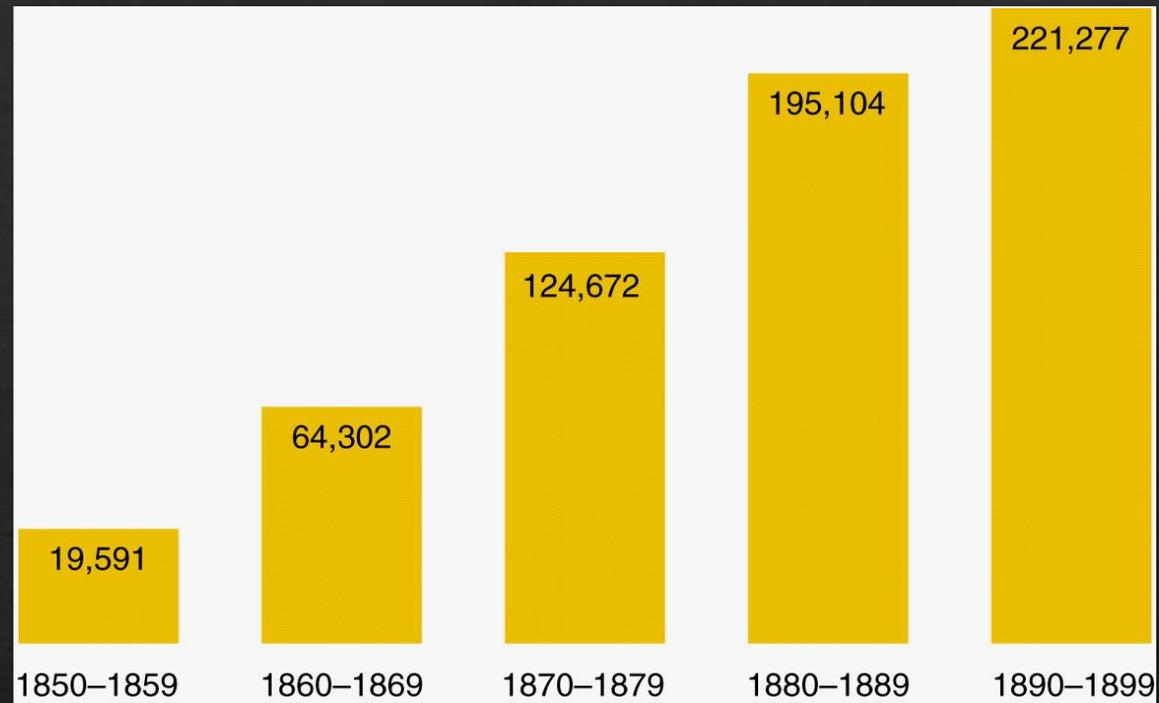
Significance: The Supreme Court ruled that individual states had no power to regulate interstate commerce; responsibility rested with the federal gov't.

5. In 1886, the Court ruled that a corporation was a "person" under the Fourteenth Amendment.

C. Interstate Commerce Act (1887)

1. It was the first large-scale legislation passed by the federal government to regulate corporations in the interest of society.
2. It set up the Interstate Commerce Commission (ICC), its most important provision, to enforce and administer the act.
3. It prohibited rebates and pools and required railroads to publish their rates openly.
4. It forbade unfair discrimination against shippers and outlawed charging more for short haul than long haul over the same line.
5. Positive result: It provided an orderly forum where competing business interests could resolve conflicts in peaceful ways.
6. Yet, the ICC didn't effectively regulate the railroads as it was more of a panacea to placate the public.

U. S. Patents Granted

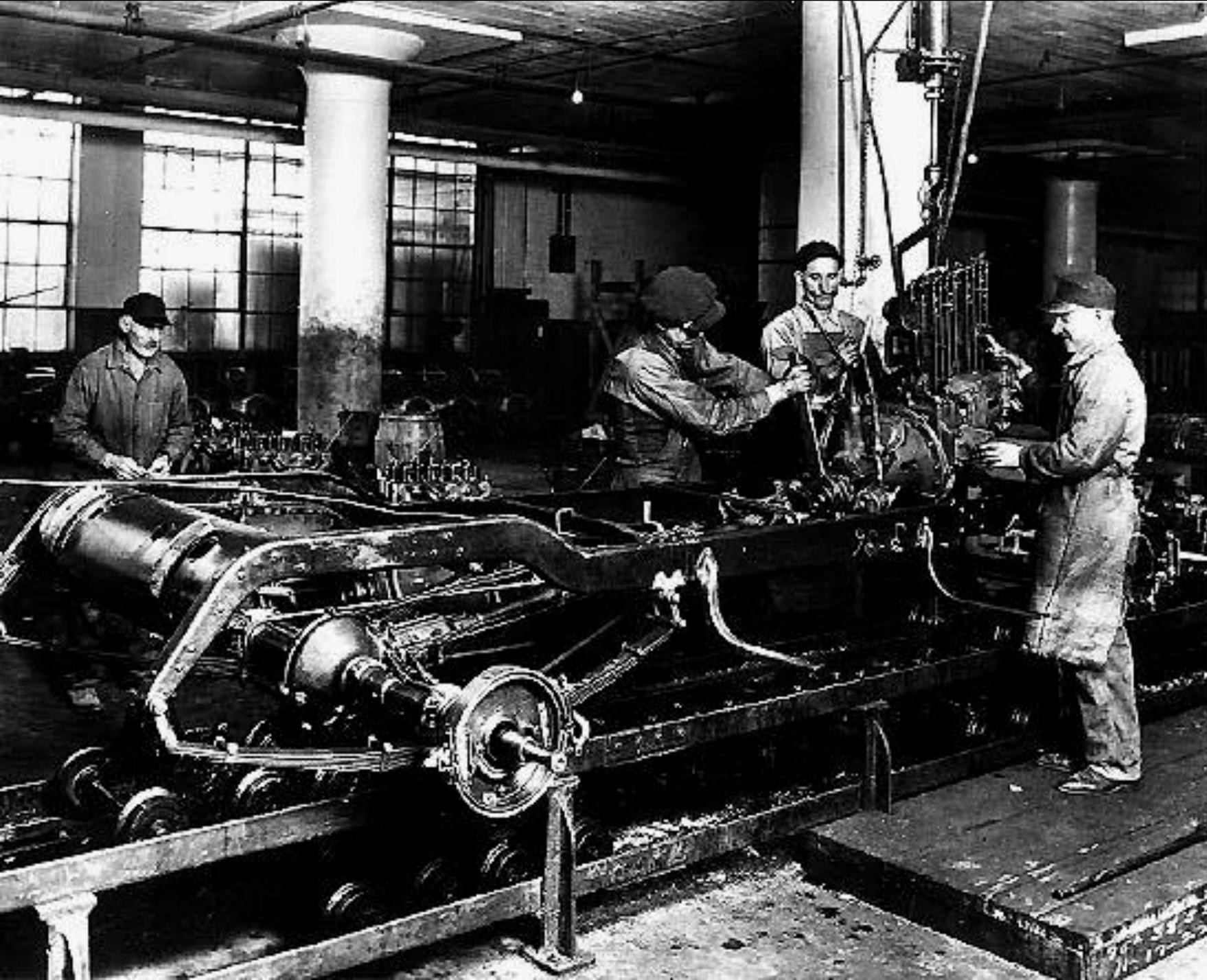


1790s → 276 patents issued.

1990s → 1,119,220 patents issued.

Why were these three inventions important?

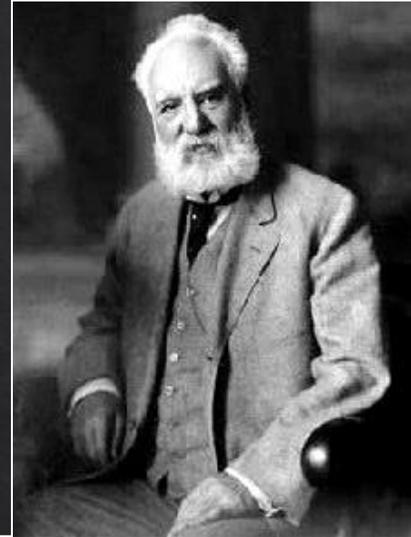


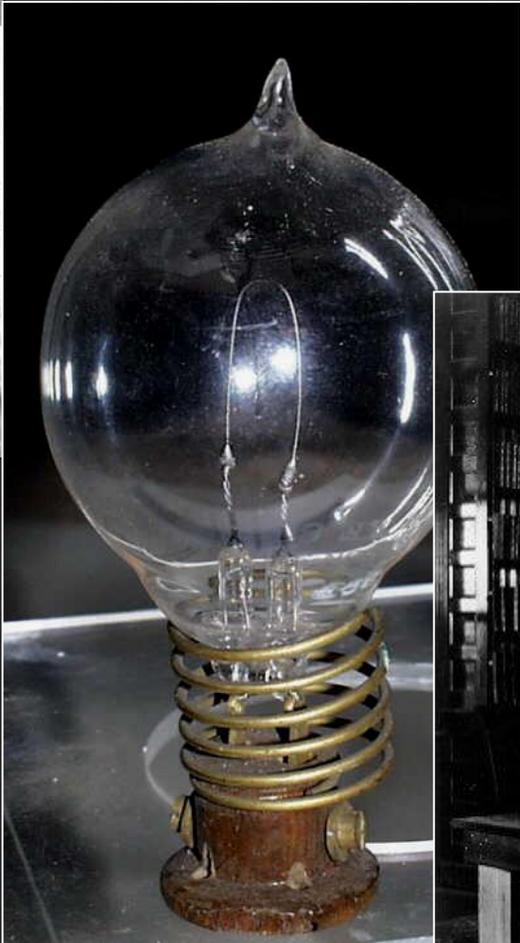
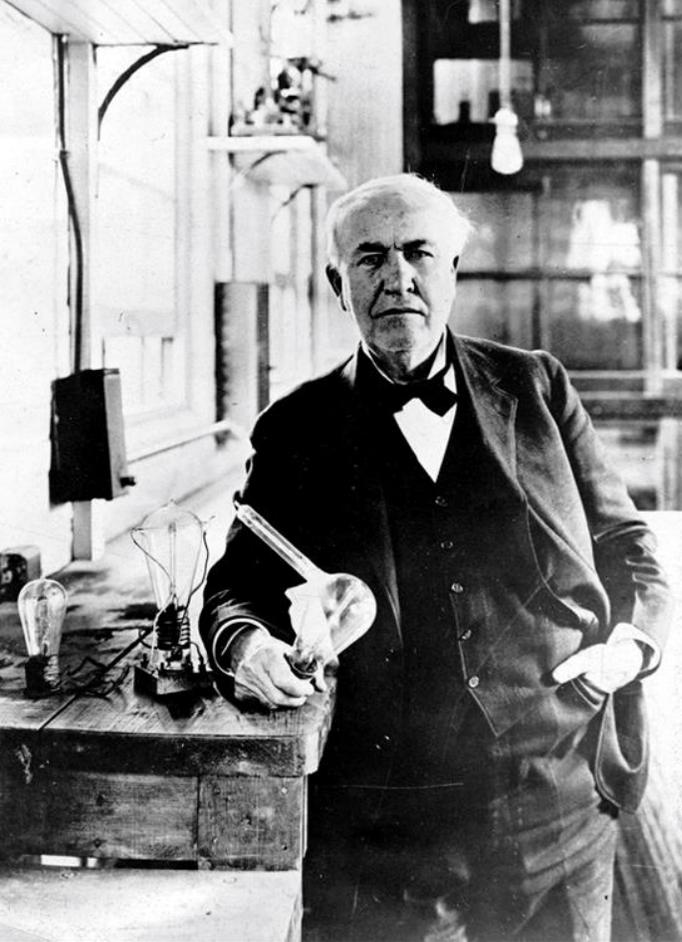


How is this in
innovation?

IV. Industrialism and Mechanization

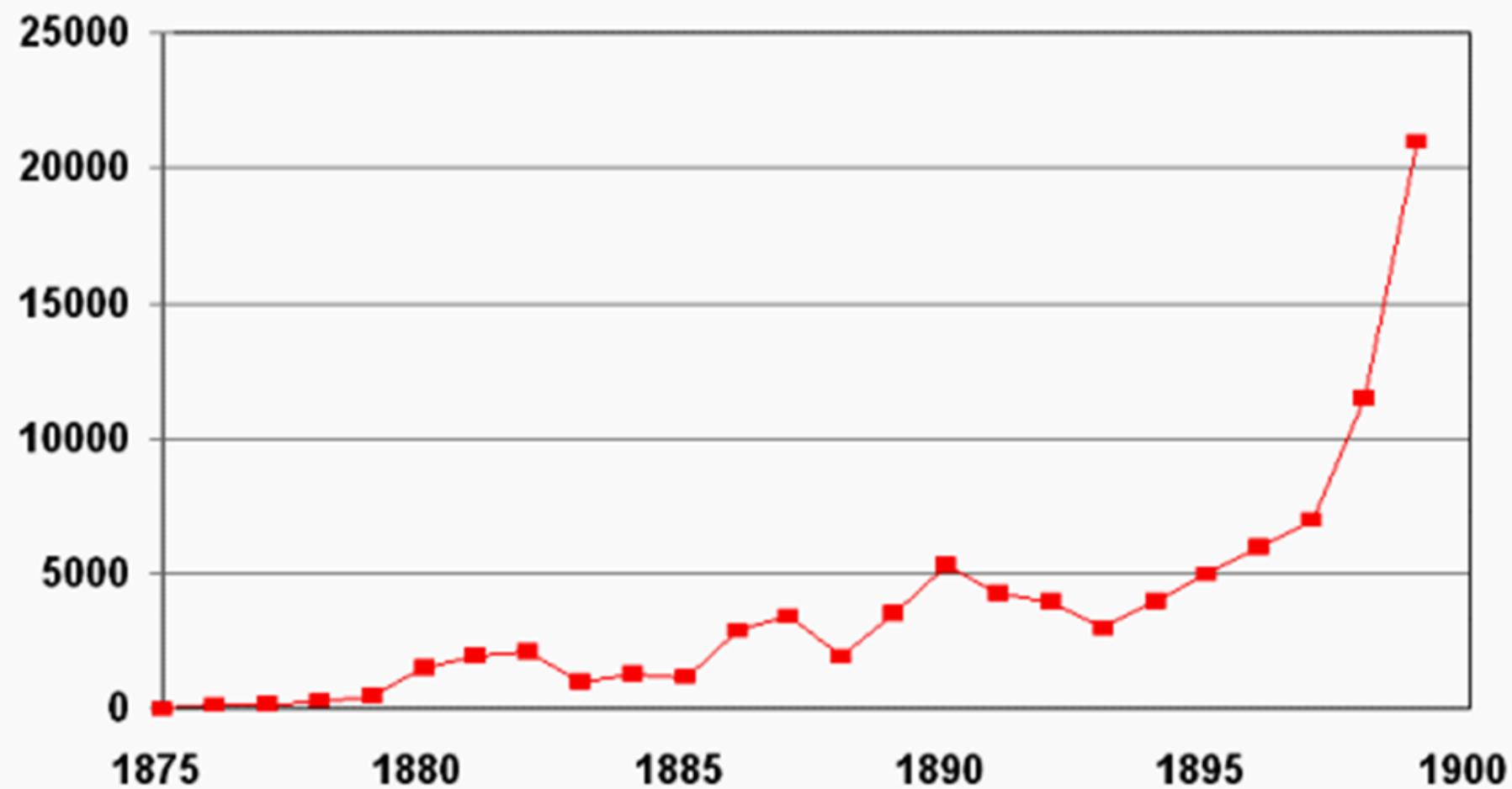
- A. Civil war created wealth
- B. Natural resources fed growth
- C. New technologies:
 - 1. patents, interchangeable parts,
 - 2. cash register, typewriter, stock ticker
 - 3. Urbanization spurred electric dynamo, refrigeration, electric streetcar
 - 4. Alexander Graham Bell
 - 5. Thomas Edison.
 - lightbulb, phonograph, mimeograph, Dictaphone, film
 - Electricity!!!





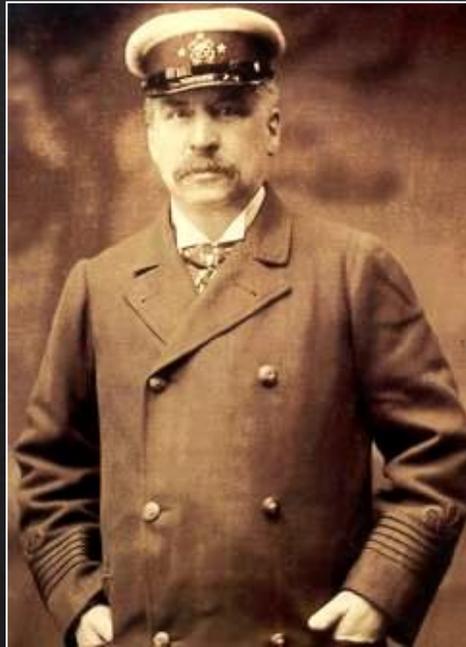
Thousands

Net Profits Carnegie Associates



V. Trusts

- A. Vertical integration- A business controls every aspect of the production process
 - Andrew Carnegie, John D. Rockefeller
- A. Horizontal integration- A business buys out competitors to monopolize a given market.
 - Rockefeller- “Trust”, Standard Oil company, Monopoly
- B. Interlocking directorates
 - JP Morgan
 - Holding companies



Retail



Shipping



Manufacture Manufacture Manufacture Manufacture Manufacture Manufacture Manufacture Manufacture



Processed



Raw

5 Sale to consumer



4 Transportation
(finished products go to retail stores)



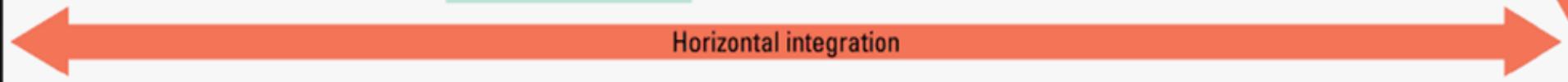
3 Processing
(refineries transform crude oil into kerosene, lubricating oil and paraffin)



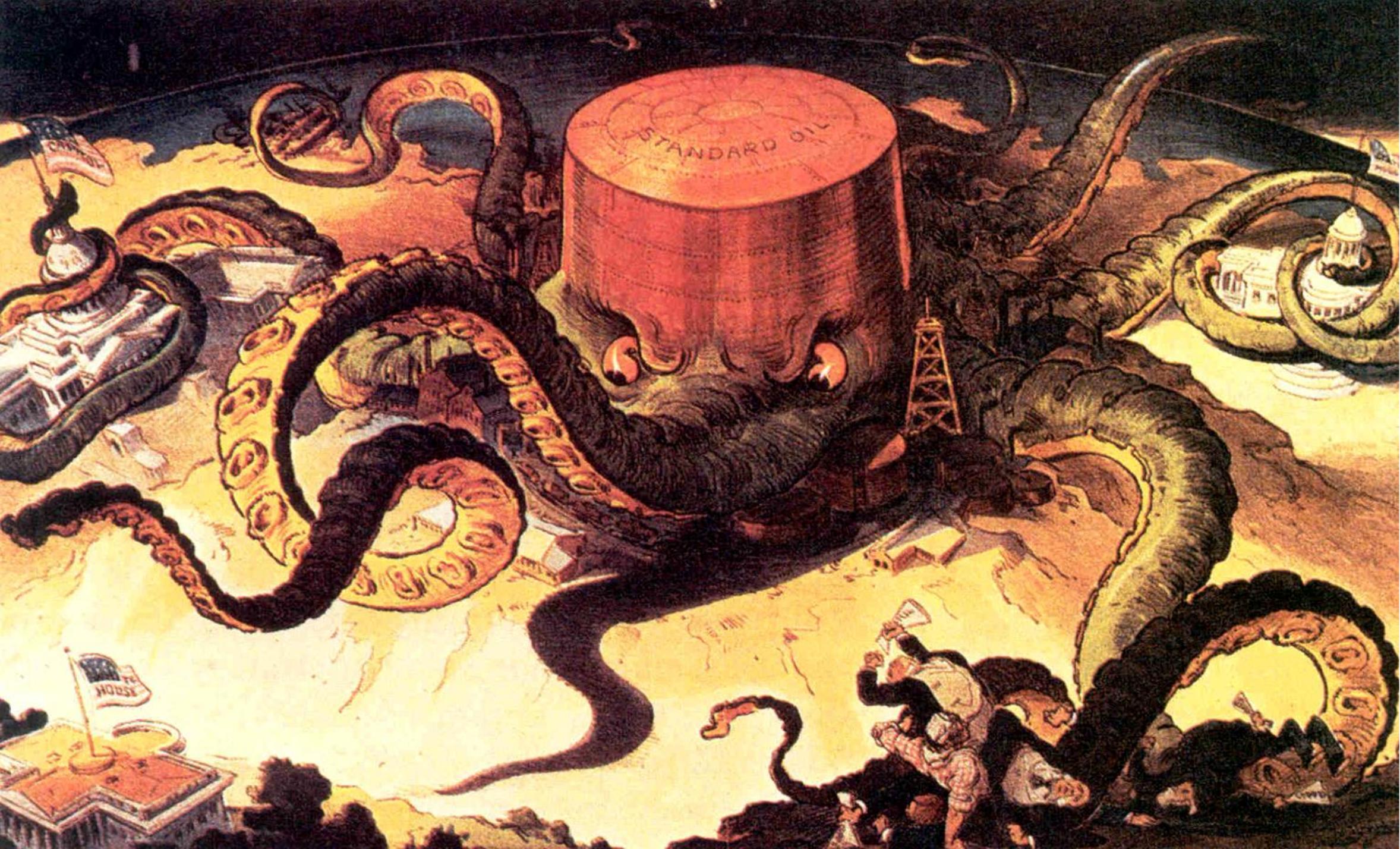
2 Transportation of raw materials
(crude oil moves to refineries)



1 Production of raw materials
(oil is pumped out of the ground)

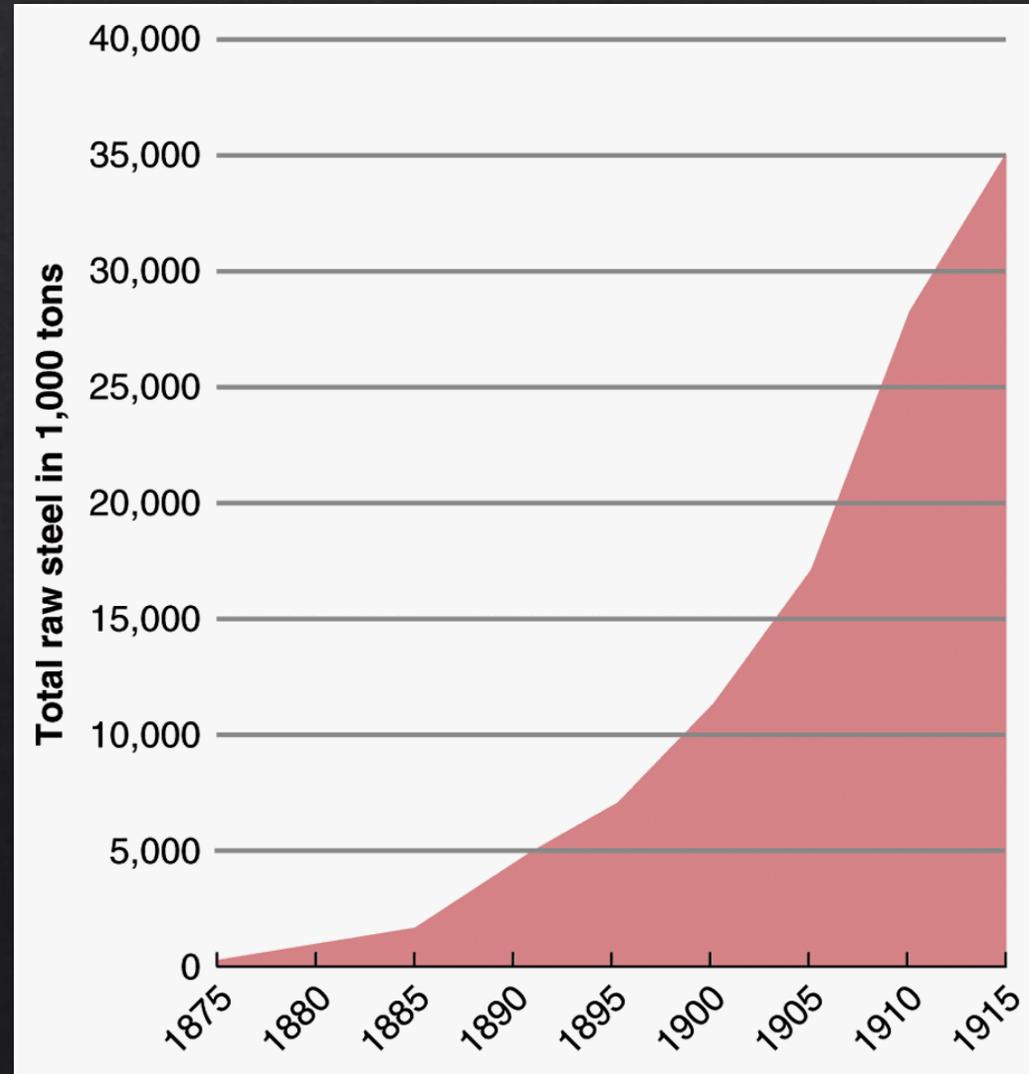


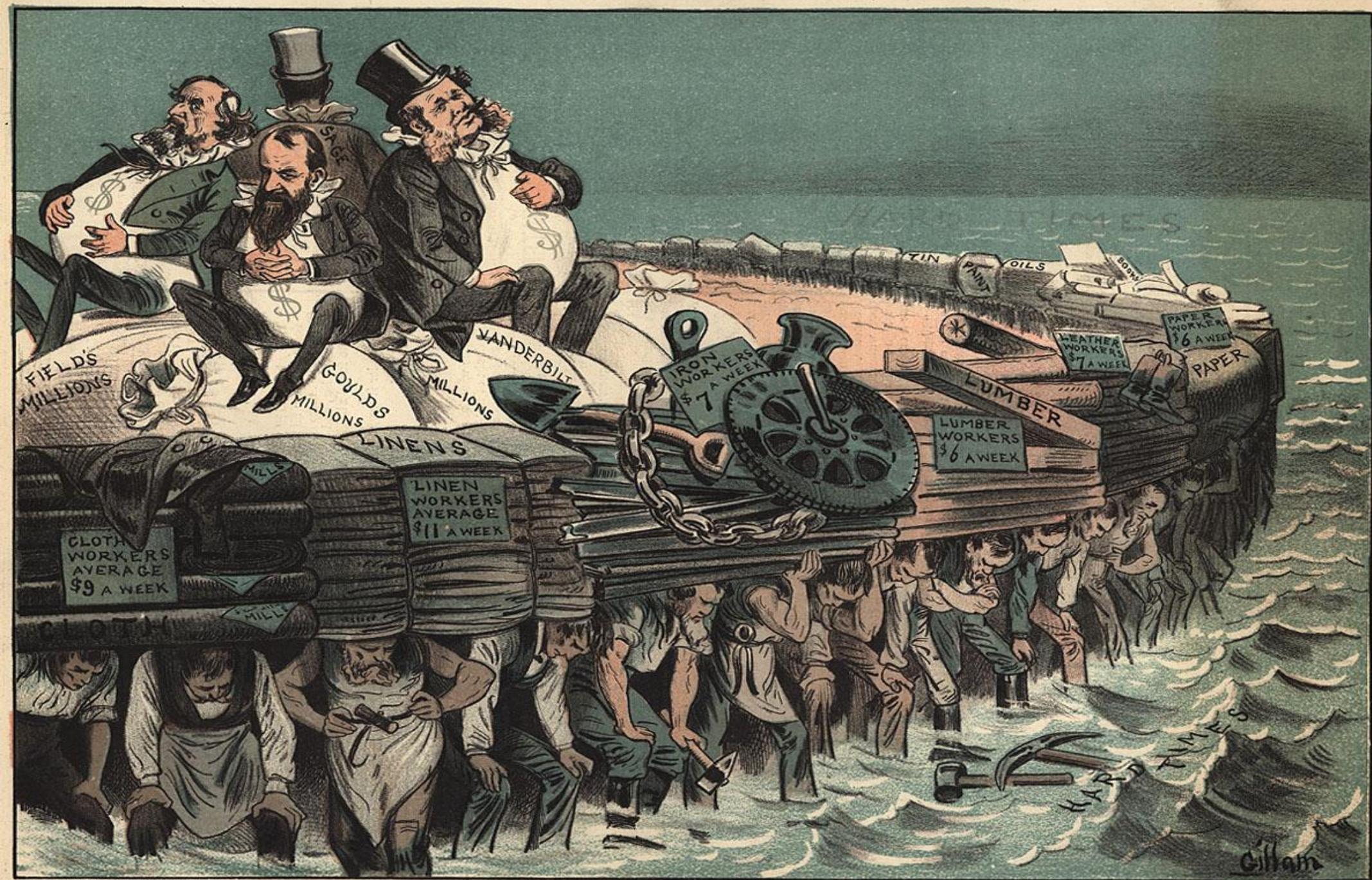
Steps in petroleum production/distribution



VI. The Steel Industry

- A. Steel!!!
- B. Andrew Carnegie
 - Bessemer process
- A. JP morgan
 - United states steel coorporation
 - first billion dollar company





OFFICE OF 'PUCK' 23 WARREN ST. NEW YORK.

MAYER WERKEL & OTTMANN LITH. 23-25 WARREN ST. N.Y.

THE PROTECTORS OF OUR INDUSTRIES.

VII. The “Nouveau Riche”

- A. arrogant super rich, “rober barons”
- B. older american aristocracy was resentful
- C. despite plutocracy, standard of living improved
- D. Social Darwinism
 - Herbert Spencer “survival of the Fittest”
 - A. Some argued that God chose winners and losers in society.
 - B. “Gospel of Wealth” Carnegie



VIII. Government regulation

- A. Sherman Antitrust act 1890
 - forbid combinations in restraint of trade
 - largely ineffective
- A. Public V. Private interests

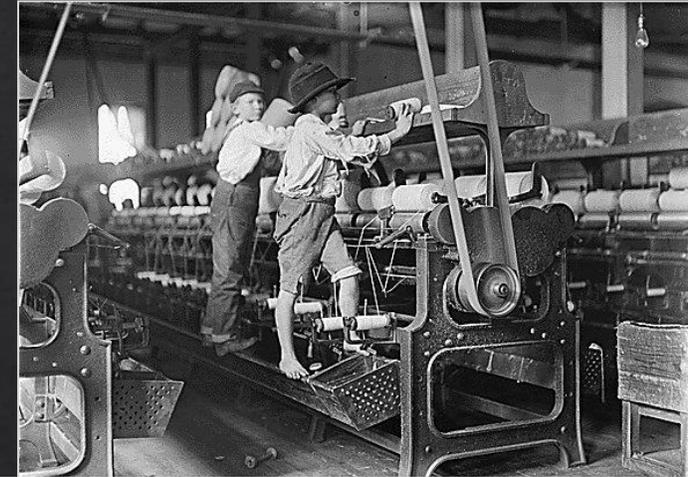


X. Impact of the Second Industrial Revolution on America

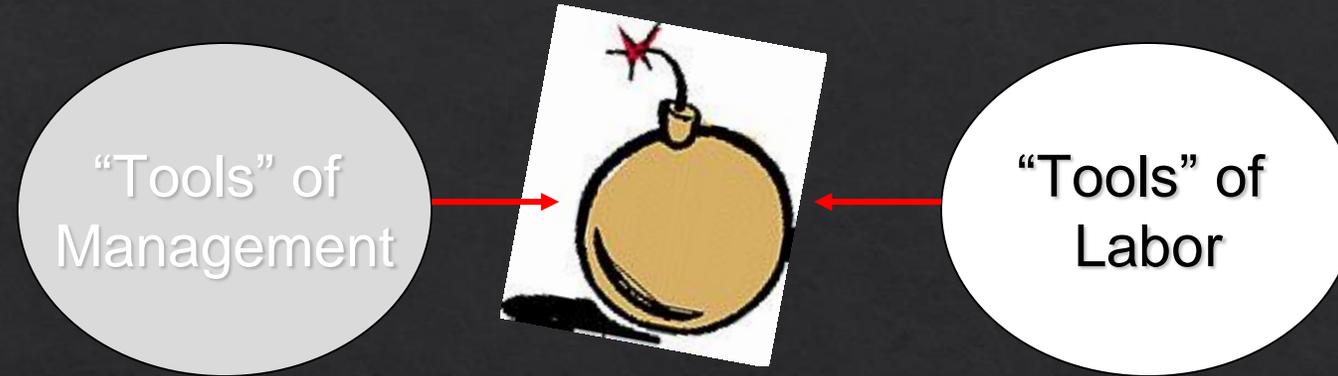
- A. Standard of living rose sharply and remained the highest in the world
- B. Urban centers mushroomed as factories increasingly demanded more labor.
- C. U.S. agriculture was eclipsed by industrialism: railroads, steel, oil, electricity
- D. Free-enterprise was eclipsed by monopoly.
- E. The work-place became regimented and impersonal.
- F. Women achieved social and economic independence in new careers as typing, stenography, and switchboard operating.
- G. Social stratification was the most pronounced in U.S. history.
- H. Foreign trade developed as high U.S. productivity resulted in

XI. Rise of Labor movements

- A. working conditions difficult
- B. The Civil war boost unions- collective bargaining
- C. National Labor Union 1866-1873
- D. Great Railroad Strike of 1877
 - wage cut leads to 100,000 person strike
 - President Hayes uses troops to end it
- A. Knights of labor
 - started as a secret society, “one big union”
 - worked for economic and social change
 - Hay market square bombing
 - 700,000 at its height
 - skilled v. unskilled



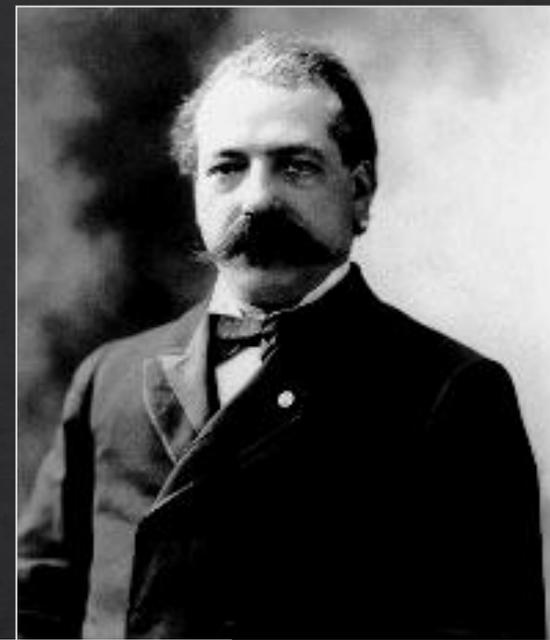
Management vs. Labor



- 💣 "scabs"
- 💣 P. R. campaign
- 💣 Pinkertons
- 💣 lockout
- 💣 blacklisting
- 💣 yellow-dog contracts
- 💣 court injunctions
- 💣 open shop

- 💣 boycotts
- 💣 sympathy demonstrations
- 💣 informational picketing
- 💣 closed shops
- 💣 organized strikes
- 💣 "wildcat" strikes

XI. Rise of Labor movements



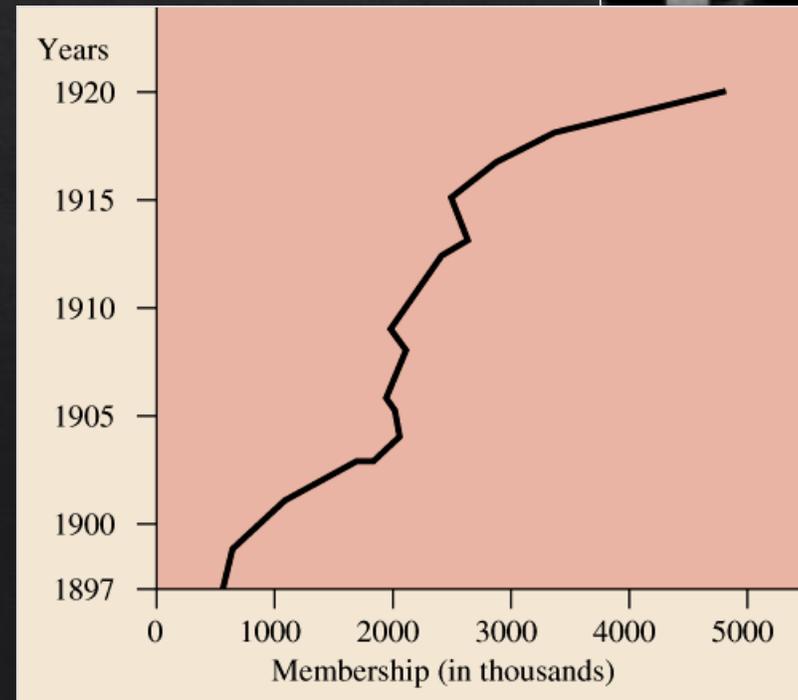
F. American Federation of Labor (AF of L)

- Samuel Gompers
- more focused on labor's issues, closed shop, Walkout and boycott

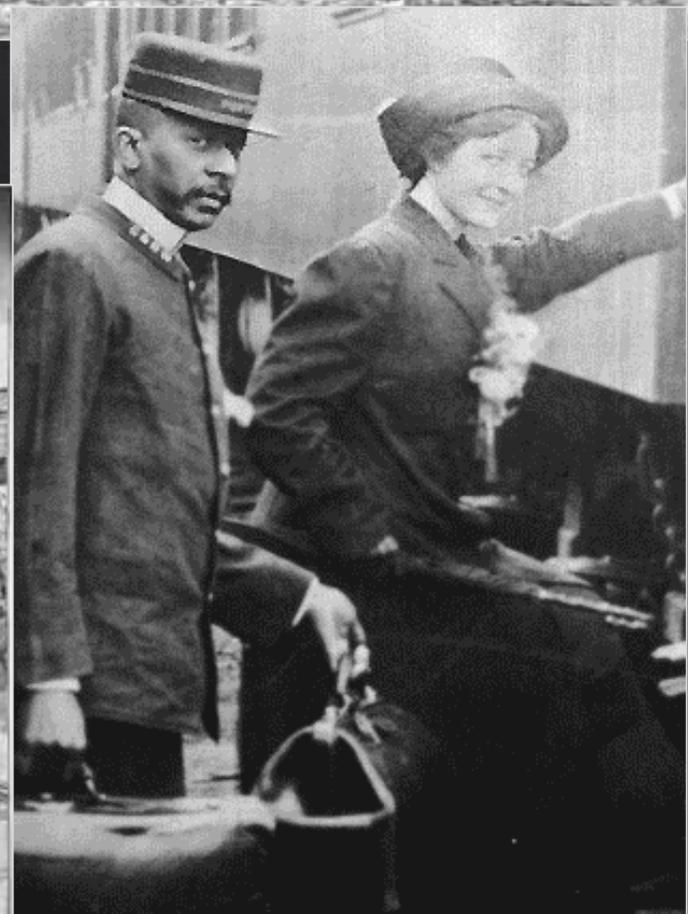
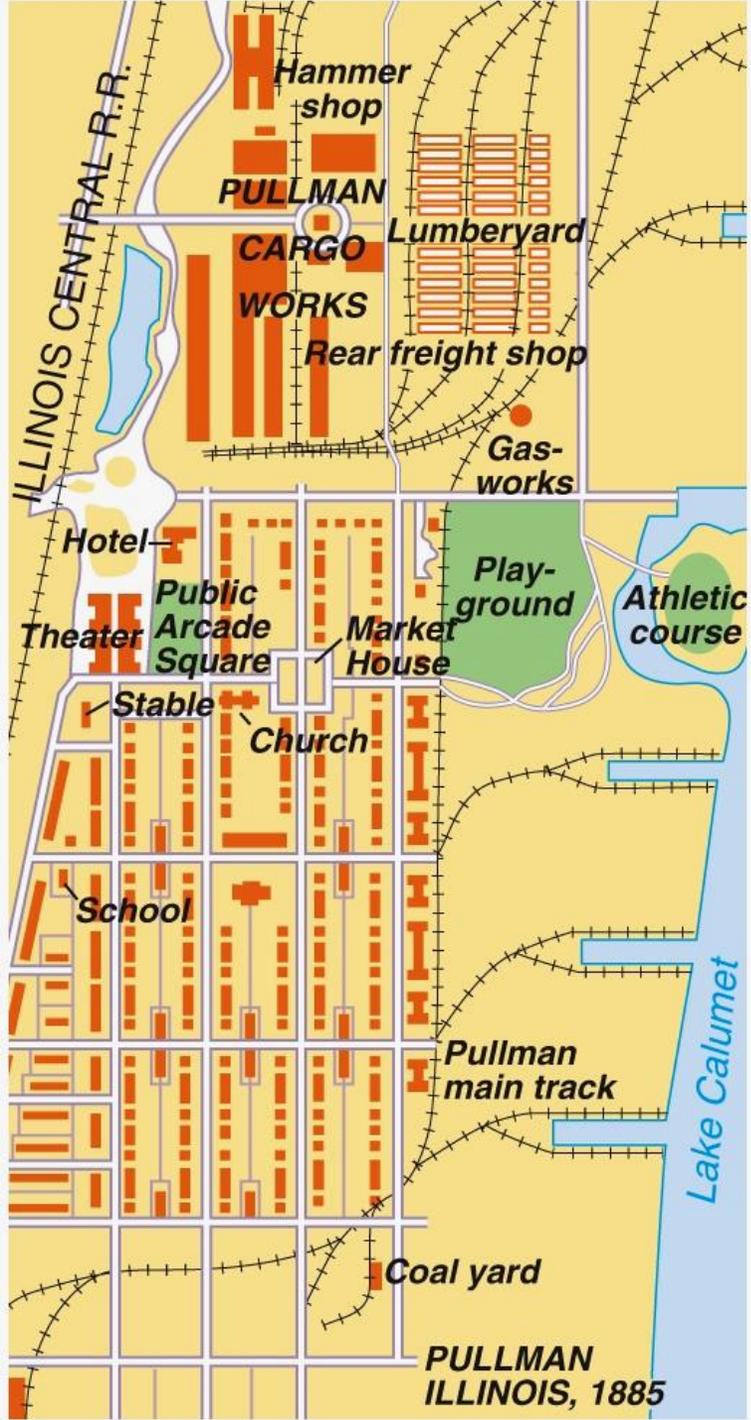
G. Major Strikes in the 1890's

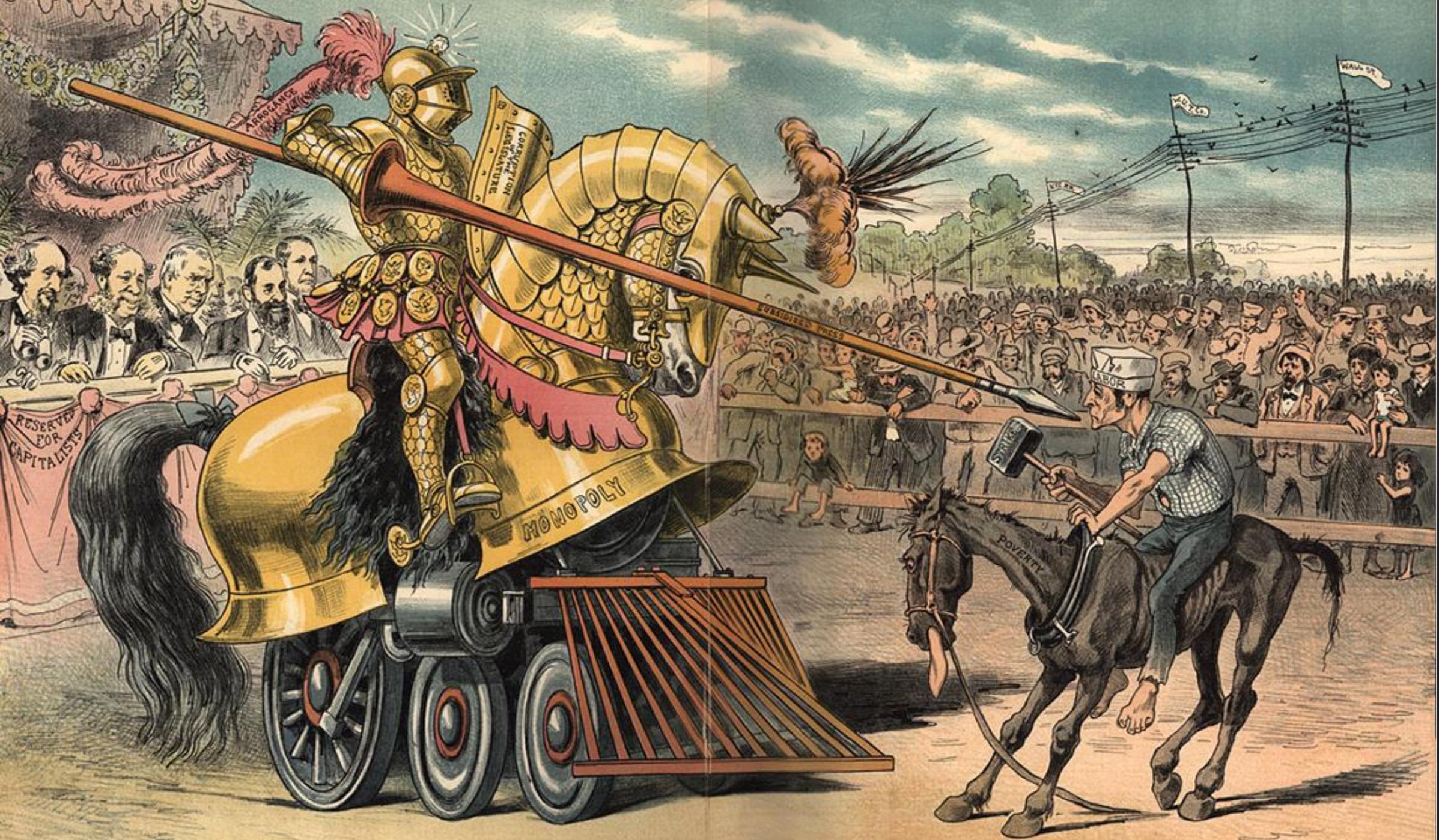
- homestead strike 1892
- Pullman strike 1894
- 1881-1900: 23,000 strikes, 6.6 million workers

H. by 1900 unions had largely failed



Source: U.S. Bureau of the Census, Statistical Abstract of the United States: 1982-83 (103rd edition) Washington, D.C., 1982.





RESERVED FOR CAPITALISTS

MONOPOLY

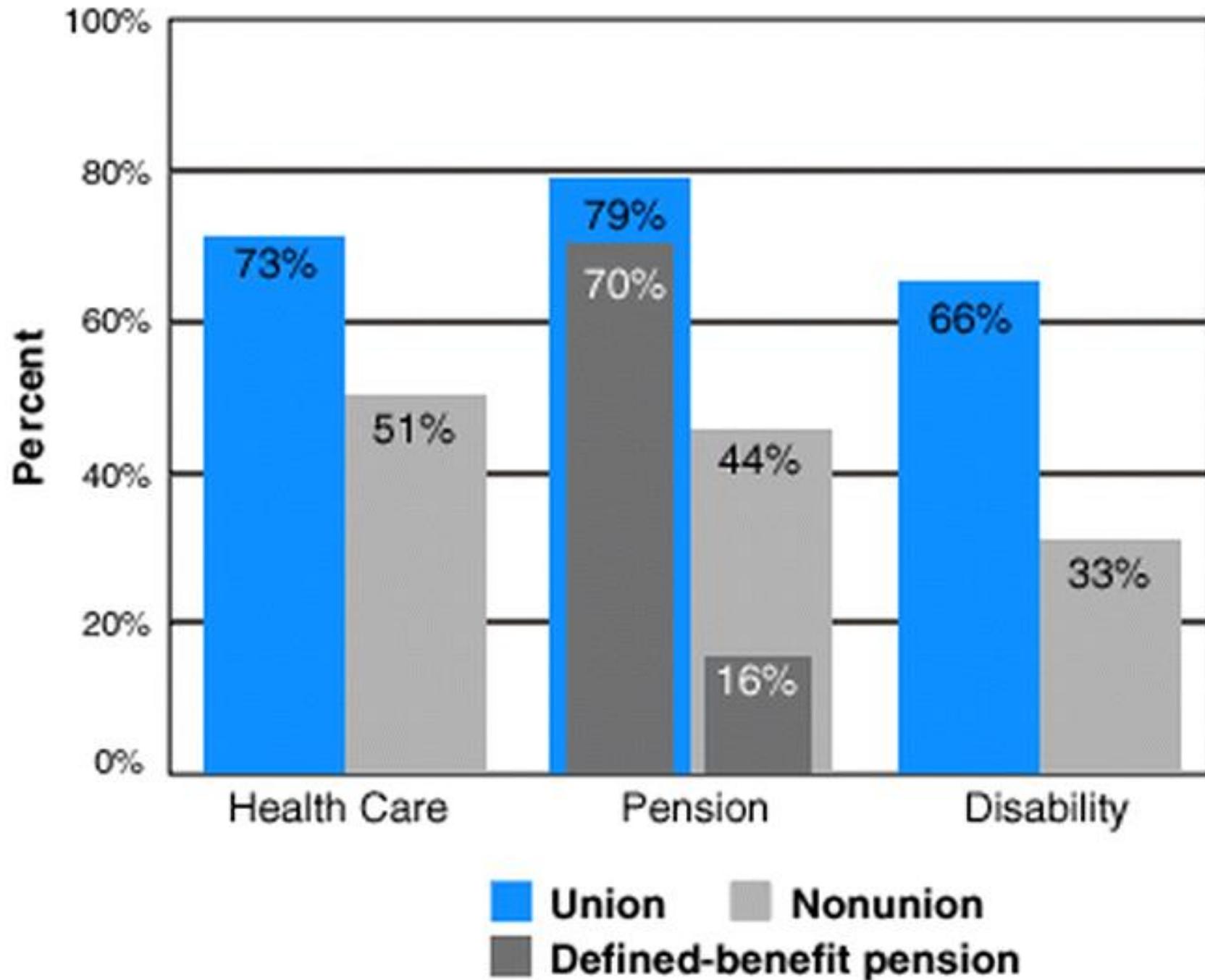
LABOR

STRIKE

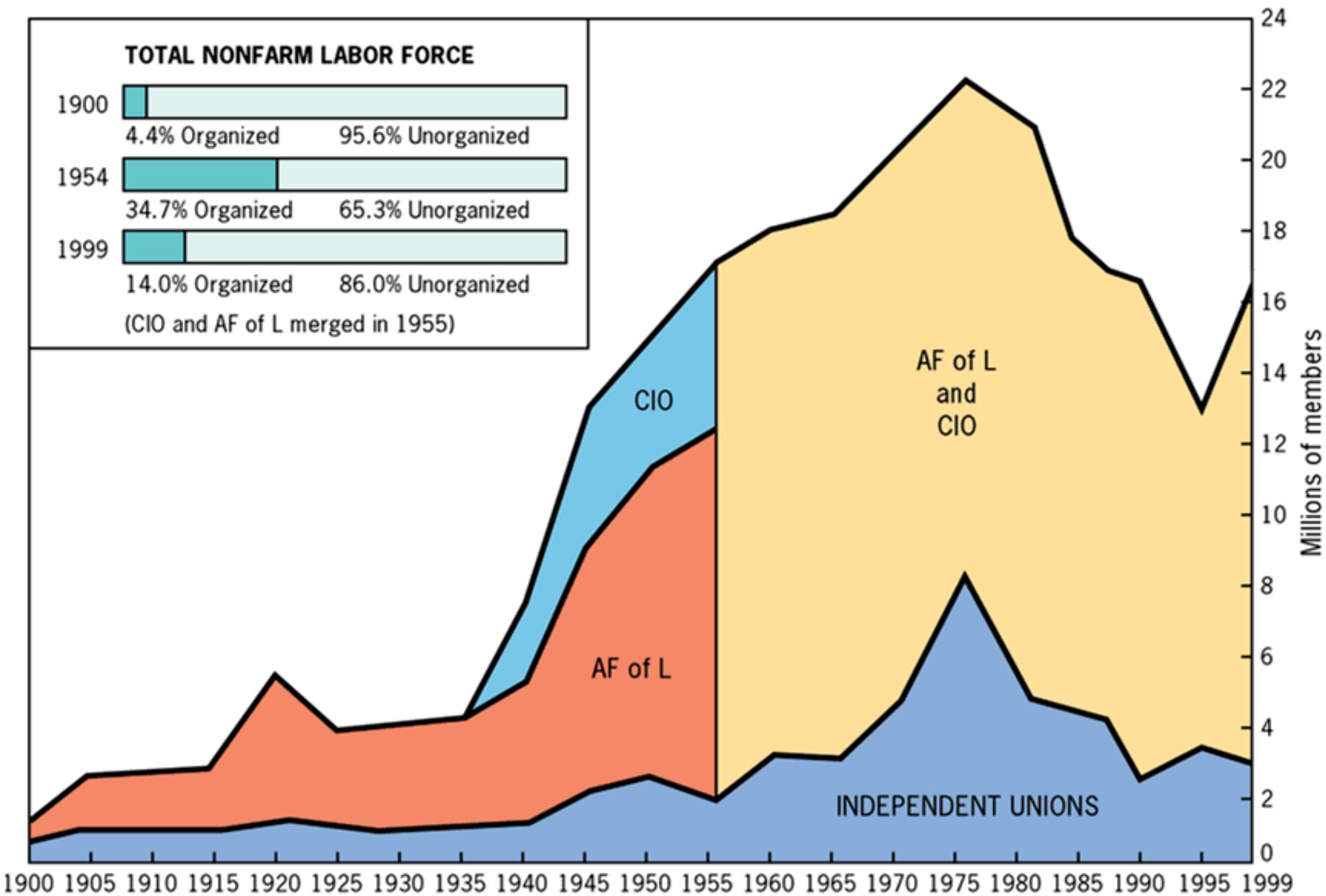
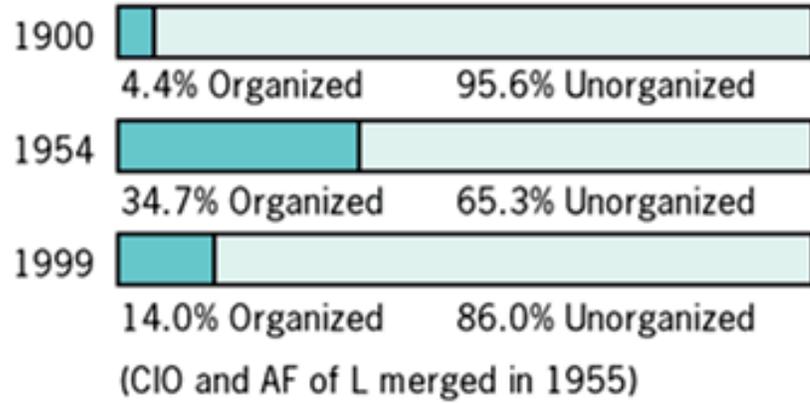
POVERTY

F. Grant

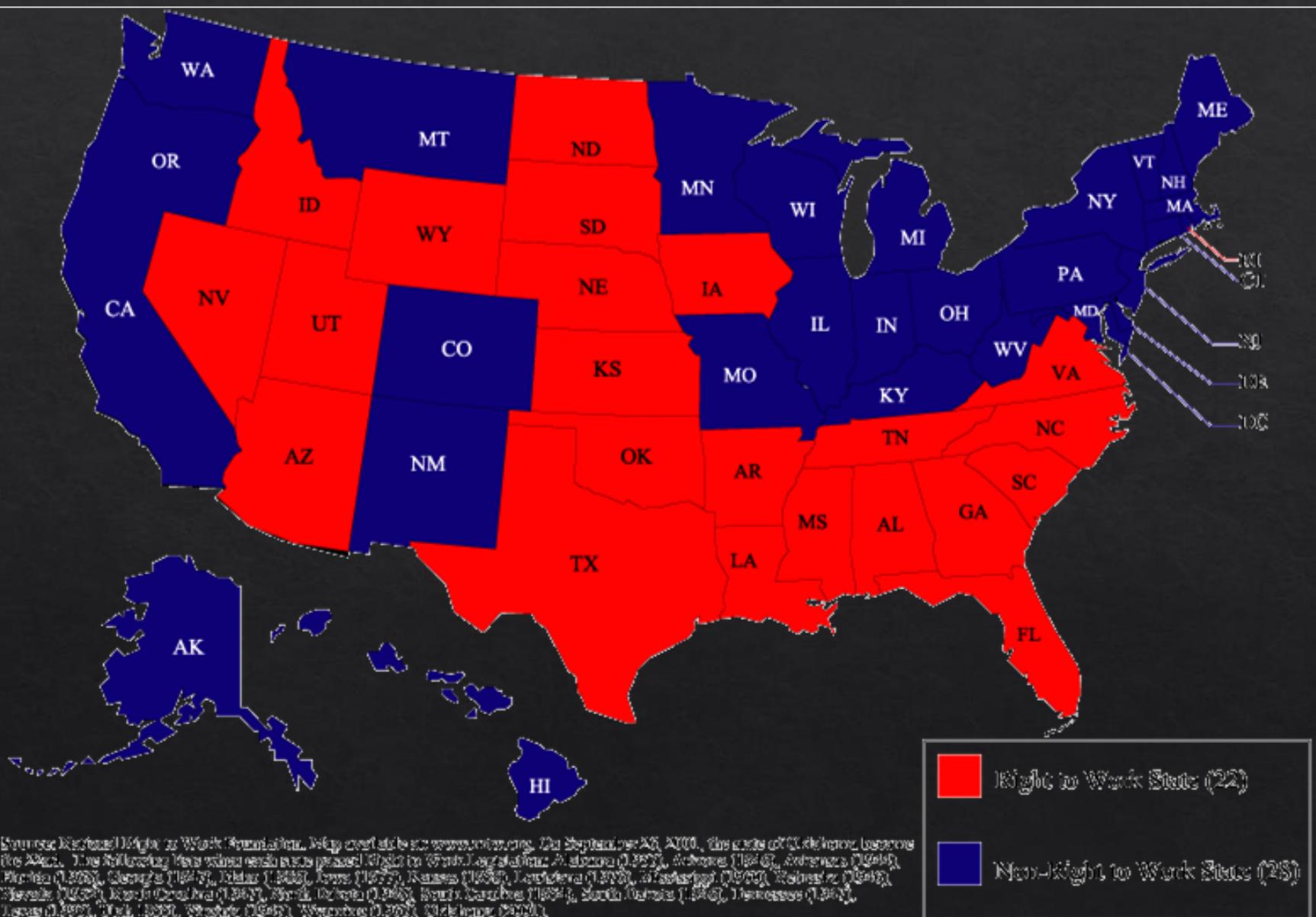
Workers Benefits Today



TOTAL NONFARM LABOR FORCE

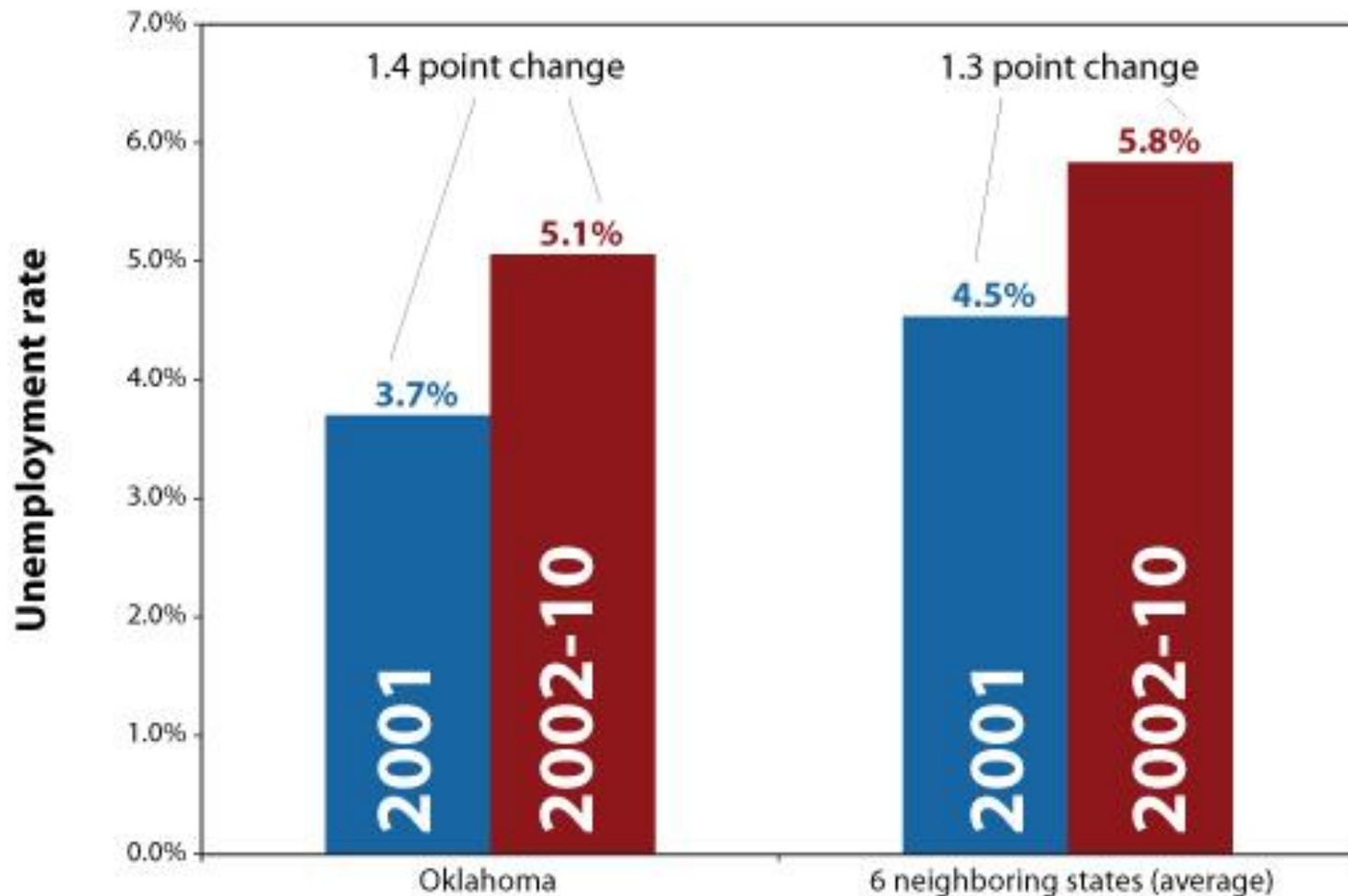


Right-to-Work States Today



Did Right to Work help Oklahoma?

Unemployment rates in Oklahoma and six neighboring states



Source: EPI analysis of Bureau of Labor Statistics data.

