Industry, Urbanization, Immigration, and the Gilded Age

The Beginning of the Modern Age
Understanding ISMS
The Challenge to Traditions
The Rise of Corporations
Travel & Communications
17. Industrialization and Corporate Consolidation
- Industrial growth: railroads, iron, coal, electricity, steel, oil, banks
- Laissez-faire conservatism
  - Gospel of Wealth
  - Myth of the "self-made man"
  - Social Darwinism; survival of the fittest
- Social critics and dissenters
- Effects of technological development on worker/work-place
- Union movement
  - Knights of Labor and American Federation of Labor
  - Haymarket, Homestead, and Pullman

18. Urban Society
- Lure of the city
- Immigration
- City problems
  - Slums
  - Machine politics
- Awakening conscience; reforms
  - Social legislation
  - Settlement houses: Jane Addams and Lillian Wald
  - Structural reforms in government

20. National Politics, 1877-1896: The Gilded Age
- A conservative presidency
- Issues
  - Tariff controversy
  - Railroad regulation
  - Trusts
- Agrarian discontent
- Crisis of 1890s
  - Populism
  - Silver question
  - Election of 1896: McKinley versus Bryan
Essay Choices

1. Which do you feel were the most influential factors in the 19th century transformation of the American economy? What were the consequences of this transformation?

2. How was the late-19th century American working class both a beneficiary and victim of the growth of industrial capitalism?

3. Analyze the way in which the size and membership, organization, and effectiveness of the labor movement changed in the late 19th century. What were the advantages and disadvantages of belonging to a union? (Adapted from the 1985 U.S. AP History free-response question.)
Why do they call it the Gilded Age?

- The term Gilded Age refers to the political and economic situation 1876 to 1900.
- The term "Gilded Age" was coined by Mark Twain.
- A period of ruthless profit, government corruption, mass consumption, and vulgarity in taste and manners.
“With a stride that astonished statisticians, the conquering hosts of business enterprise swept over the continent;

25 years after the death of Lincoln, America had become, in the quantity and value of her production, the first manufacturing nation of the world.

What England accomplished in a hundred years, the United States had achieved in half the time.”
What is the Industrial Revolution about?

- Production
- Transportation
- Immigration
- Rise of Cities
- Decline in pop from rural areas
- Corruption
- Union Activism
- Racism/Nativism
- Reform- (Progressives- Fix the problems of industrial society)

= The Transformation of the US national Economy
When does the Industrial Revolution take place?

- Various periods of American History
- 1st Industrial Revolution 1800-1860 begins in early 1800’s with textile manufacturing and iron production
- 2nd IR really takes off in the latter part of 1800’s, ca 1870-1915
The development of factory production has consequences for virtually every portion of society.

- **Industrialization brings** positives effects:
  - **Inventions are created** → More products → produced faster → produced cheaper
  - **Jobs are created** → people have money to buy more goods → economy gets better for everyone
  - **Rich people get richer** → create more factories or businesses → create more jobs → economy gets better for everyone
  - **Immigration** → when jobs are available → people move to the location of jobs → industrialization causes immigration →
  - **Factories are built where people live** → cities grow
The development of factory production has consequences for virtually every portion of society.

- Industrialization brings **negative effects:**
  - Industrialization causes pollution - air, water
  - Industrialization causes poverty - government doesn’t protect workers at first - workers compete with other workers for low skill jobs - workers work long hours - get low pay - unsafe working conditions

- Poverty is so bad - children need to work
- Massive wealth is created by factory owners - causes corruption - business owners use money to influence government officials
Changes due to Industrialization

- **Technology**: New products and inventions consumer and business
- **Business Organizations**: Corporation, Trusts
- **Cities Grow**: rural to urban migration and immigration, etc.
- **Labor Protections**: unions, working conditions, benefits, safety
- **Reform Movements**: the Progressives will react to the changes brought by industrialization, pollution, food and drug regulations, political reforms
Sources of Industrial Growth

1. Raw materials
2. Large Labor Supply
3. Technological Innovation
4. Entrepreneurs
5. Federal Gov = eager to support business
6. Domestic Markets for goods
7. Business Organization
Iron and Steel

- 1870-1880s Iron Production soared
- Then Steel = 40,000 miles of track

- Aided by the Bessemer Process
  - Blowing air and secret ingredients through molten iron to burn out impurities
  - Blast Furnace
  - Open Hearth Furnace
- I Beam allowed sky scrappers
- New Furnaces 500 tons per week
- Western Pennsylvania, Pittsburgh,
- Steel towns- Cleveland, Detroit, Chicago, Birmingham
- Michigan, Minnesota, Birmingham AL (Iron Ore)
Rail Roads: B and O, Pennsylvania, Reading, Short Line, Southern Pacific, Central Pacific

- Railroad Industry spurs development
- Iron for Engines, and rails, later steel
- Farms, lumber, Buffalo Hunters
- Employment- Chinese in West, and Irish in East
- Aids transportation, access to raw materials and markets, spurs construction

- Land is granted to RR companies in exchange for building the RR- esp Transcontinental RR
- Later RR will own tremendous amount of land and sell it to people moving WEST
- By 1880s there are 150,000 miles of Rail creating an national economy.
Rail Roads continued

- Standard Time (4 zones)

- Growth of Track
  - 1860 - 52,000 miles
  - 1870 - 93,000 miles
  - 1890 - 163,000 miles
  - 1900 - 193,000 miles

- Chicago is a major rail hub

- Government paid subsidies, $ to RR in order to complete and aid in Western railroad development

- The Big 4 Famous RR executives: Stanford, Huntington, Vanderbilt, Crocker
Farmers will be angry with RR for price fixing and monopoly

Grangers— or farmer groups push state regulations on railroads—these laws are negated by the Interstate Commerce Act 1887, removing any jurisdiction over railroads by states, only the Federal Government can regulate trade between states.
Other Industries

- Oil: begins in Western Pennsylvania
  - Refining, Fuel oil, lamps, kerosene
  - John D. Rockefeller
  - Standard Oil

- Auto Industry
  - Ford
  - Assembly Line

1895 = 4 automobiles in America
1917 = 5 million
1914 - 12 ½ hours to make 1 car
After 1915 - 1 ½ 1 car
Prices = 1914 - $950
Prices = 1929 - $290
• Airplane-
  • Wright Bros
  • Orville and Wilbur
  • 1903 Kitty Hawk, NC
Taylorism = Scientific Management

- Production process should be
- Divided into specialized tasks
- Each task speeds up production
- Train all workers to do unskilled jobs
- “Makes workers interchangeable”
Free Enterprise: Capitalism

“Business and Government don’t mix.” In the United States this statement has been argued for over for many years. Do they Mix? What do you think?

Adam Smith: *The Wealth of Nations* (1776)

Laissez-faire Capitalism: “Let it Be”

The Market System:

Laws of supply and demand determine prices (The Invisible Hand)

According to Smith’s ideas:

Business should be free of government interference.

Smith understood that:

Business owners or Entrepreneurs, as a rule, want to make as much money or profit as possible.

They don’t want to pay taxes.

They want to provide goods or services at the lowest possible price and creating the most profit.

According to Smith a Pure Market Economic System would achieve the maximum good for society:

Characteristics

- No government control
- Freedom of choice
- Private Property
- Profit
- Competition

The IR brings Changes in Business
Robber Baron or Captain of Industry?

Robber Baron
- late-nineteenth-century industrialists, especially those who ostentatiously displayed their wealth
- Wealthy manipulator of Government, paying corrupt officials to enact laws that support business (e.g., congress-tariffs)
- Squeezing out competition unfairly-creating monopolies and then enacting unfair rates or prices on consumers (e.g., RR-farmers)
- Exploiters of the working class- who pay the workers as little as possible and reap huge profits

Captain of Industry/Industrial Statesman”
- Capitalist leaders helped the country more
- They deserve the riches they create
- They provide progress, jobs
- Drive technology

"Millionaires are the bees that make the most honey and contribute most to the hive even after they have gorged themselves full."-- Andrew Carnegie
Captains of Industry or Robber Barons?

John D. Rockefeller
- Standard Oil
- Bought out competition
- 1881 Standard Oil Trust controlled 90% of oil refinery business
- Used horizontal integration to ruthlessly control and conquer the Oil industry
- Jim Fisk and Jay Gould
  - Corrupt business practices
  - Investments

Andrew Carnegie (1873)
- Pennsylvania Steel Works
- Cut costs
- Made deals with RRs
- Bought rival companies
- Henry Clay Frick manager
- Owned coal mines
- Iron mines
- Ships
- Controlled from mine to market
- Used vertical integration
- Created Steel trust
- Very wealthy
- Carnegie Steel 1901 (sold to J.P. Morgan $450 Million
- US Steel later worth $1.4 Billion)
New Business Organization

**Sole-Proprietorship**

- New Business organization:
  - **Corporation** - a company sells stock or pieces of ownership in a company, investors buy stock which entitles them to a share in the profit.
  - Owners of stock - have **limited liability**, they are not personally responsible for loses in the business and can not lose more than their investment.
  
- Companies incorporate to eliminate liability, **raise money from sale of stock**
  - Spurs the growth of corporations and the middle class
  - **Dividend** - a return on profits, paid to stock holder
**Business**

http://us.history.wisc.edu/hist102/lectures/lecture05.html (Great Web Site)

- **Trust**: stockholders in individual corporations
  - transfer stocks to a group of trustees, in exchange for shares in the trust itself

- **Holding Company**: trust or corporation that buys stock or owns businesses in other industries, oil refinery owns a railroad.

- **Horizontal Integration**: expansion of one corporation or owner takes over other businesses in and industry, example Standard Oil—forces out of business other oil companies.

- **Vertical Integration**: form of business expansion where one industry controls aspects of the business, raw materials, to the distributor example: Carnegie began with steel Mills, then railroads, coal mines, iron mines, and distributor of
Development of Holding Companies, Trusts, and Corporations

- Results in the concentration of political and economic power in the hands of a few people.
- Increase in technology and the types of products that are produced-
Sherman Anti-trust Act 1890

- 1890- Congress passes law that addresses trusts in commerce industry
- “Every contract or combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce” is illegal.
- Law is weak and applied on a limited basis
- Progressives will strengthen laws in the early 1900s
Supporters

- Adam Smith
- Horatio Alger “Myth of the Self Made Man”
- Gospel of Wealth - Carnegie
- Social Darwinism
- William Graham Sumner
- Conwell Acres of Diamond

Critics

- Farmers - hated RR
- Labor - hated corporations
- Karl Marx
- Lester Ward (Anti-Darwinian)
- Henry George Progress and Poverty
- Edward Bellamy Looking Backward
The rich have a responsibility to give back for the good of society.

People with great wealth have the responsibility to use their riches to advance social progress (moral issues)

“All revenues in excess of personal needs are held in trust and should be used for common good.”

Carnegie- a self made man, immigrant, later philanthropist, believed in this,

“All revenue generated beyond your own needs should be used for the good of the community.”

“The person of wealth was the mere trustee and agent for his poorer brethren”
All had in common the idea that great wealth was possible if the individual will work hard enough for it…

Alger’s book, *Sink or Swim* helped

Also Supporter of capitalism

- *Acres of Diamonds*
  - Conwell
Social Darwinism

- Based on the scientific studies of Charles Darwin - Natural Selection
- Ideas are applied to society and business
- Later will be applied to race - Classical Racism
- William Graham Sumner, Yale professor supported these ideas
- Used to defend the power of new corporate elites.
- Only the fittest survived

“There is not a poor person in the United States who was not made poor by his own shortcomings.”
Rockefeller

“The growth of large business is merely the survival of the fittest. This is not an evil tendency in business. It is merely the working out of the law of nature and a law of god.”
Sumner and Social Darwinism

- William Graham Sumner, Yale professor supported Social Darwinism
- Said “Millionaires are the product of Natural Selection”
- Pro-Business View of society
- Used to defend the power of new corporate elites.
- Only the fittest survived
- Pro Capitalism/Laissez Fair
- Anti-Socialism
- Anti-Government Interference in Economy
- Anti Reform
- Aide to the poor hinders natural process of progress
Who should be associated with this Quote?

- “The law of the survival of the fittest was not made by man and cannot be abrogated by man.
- We can only, by interfering with it, produce the survival of the un-fittest.”
“Evolution does not apply to human society”
Humans naturally use reason and can change/adapt to the environment
Progress occurs through invention and planning
Laissez-fair, not natural
Government should serve the people = intervene in society
Education will improve society

“If nature progresses through destruction of the weak- man progresses through protection of the weak.”

Evolution through human intelligence will help economic and social problems

“Active Government & positive planning=Good for Society
Due to Excessive Capitalism Social Critics Emerge 1880s

- **Edward Bellamy**
  - *Looking Backward: 2000-1887*
- Socialist view
- Suggested a socialist society would emerge- and class divisions would disappear and all would be equal

- **Henry George**
  - *Progress and Poverty*
- Saw excesses of Industrialization
- Offered a solution- tax on land to create a social state- to solve poverty
Henry George explained why poverty existed.

- “This association of poverty with progress is the great enigma of our times. So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the house of have & the house of want…

- Progress is not real and cannot be permanent.”

- From Poverty and Progress
Gap Between Rich and Poor

- 10% of population owns 90% of wealth
- 2/3 of the population were working class, employed by someone else.
- Included skilled and unskilled workers
- Skilled workers were paid more
- Women and children work in factories-
Industry and the Workers

- Working Conditions:
  - Work in these factories was:
  - **Dangerous**: People lose fingers, limbs, become physically handicapped, stooped over, and other health problems.
  - **Long Hours**: 12 - 14 hour workdays, 6 days a week.
  - **Women and children paid less**
  - **Sexual Harassment**
  - **Poor Ventilation**
  - **Beatings**
  - **Abuse**
  - **No Breaks**
  - **Machines forced workers to work faster**
  - **Monotonous work, or doing the same job all the time.**
Safety and Unemployment

- No employment insurance - if down turn in economy, people suffered
- No help if hurt on the job
- No retirement
- No minimum wage
- No safety requirements
- 1890-1900 - 3,500 workers killed on the job
- 500,000 injured
- Miners - Black Lung Disease
Level of real output

Recession

Peak

Growth

Recession

Peak

Recession

Recession

Trough

Trough

Recovery

Trough
Marxism and the Union/Labor Movement
I Beam

- The I beam is a steel beam that allows for more support in the construction of buildings.
- Named I beam because of it’s shape.
- It allows for skyscrapers to be built.
Rise of Cities

- Between 1830-1860 Urban population of the US grew by 552%
- 1830 - 1.1 million
- 1860 - 6.2 million
- Cities grow because of
  1. Immigration
  2. Rural to urban migration - people leave the farm due to decreased opportunity - mechanization of agriculture, more opportunity in cities
Cities

- African Americans begin to move, not large movement North until after WWI.
- Move to the city in response to limited opportunities in rural areas
- Mechanization of Agriculture

Problems
- Overcrowding
- Crime
- Disease
- Poverty
- Exploitation
- Water-Sanitation
- Pollution
Immigration

The United States is a nation of immigrants. By 1860 1/4 of population was born in another country.

Immigration to the United States occurs in waves.

The First Wave of Immigrants: 1820-1860-
- Irish- 2 million
- German- 1.5 million
- British- 750,000
- Scandinavia

1825- 10,000 immigrants
1845- 100,000 per year
1854- 428,000

Second Wave of Immigration 1860-1920
- 1865-1890- 9 million arrive
- 1890-1915 16 million arrive

1910 ½ the people of cities are Immigrants
New Immigrants
Second Wave of Immigration 1870-1914, 25 million European Immigrants by 1920, 40% of pop-foreign born

- 1870- 1 in 7 were Irish Immigrants (New York)
- Southern and Eastern Europe
- Italians 3.6 million come.
- Greeks
- Russian (Jews)
- Turks
- Polish
- Serbian
- In the West- Chinese and then Japanese

- 1880- 457,000 Immigrants landed in Boston, New York, Philadelphia, Baltimore, New Orleans
- Most were unskilled:
- Worked in Factories
- Construction
- Docks
- Warehouses
- Domestic Servants
Emma Lazarus- Poet

“Give me your tired, your poor, Your huddled masses yearning to breathe free, The wretched refuse of your teeming shore. Send these, the homeless, tempest-tossed, to me: I lift my lamp beside the golden door.”
Immigration

**Push Factors**
- Factors that pushed immigrants out of their native lands to America:
  - Poverty-
  - Lack of Economic Opportunity
  - Political Repression - No freedom
  - Ethnic conflict-
  - War- conscription
  - No jobs
  - No hope of a future
  - Famine/ starvation/drought

**Pull Factors**
- Factors that pulled immigrants out of their native lands to America:
  - Economic Opportunity
  - Jobs/ workers were needed
  - Land
  - $ 
  - A future of land ownership
  - Peace and stability
  - Freedom to make a better life
Early Immigration

Irish Potato Famine 1846-1851

- August 1845 the Irish potato crop was blighted or stricken with a disease.
- The disease ruined the main source of nutrition for the population.
- Famine, starvation, and disease killed much of the population.
- While the poor of Ireland starved British land owners and merchants made money.

- 1845- 25 million bushels if grain was shipped out.
- 1846-50 3 million live animals were exported
- 1847 1.3 million gallons of grain derived alcohol was exported.
- 1845-1860 the population of Ireland was reduced by 1/3.
- 1845 population = 8.2 million
- 1860- Pop = 5.8 million
- 1920- Pop = 4.2 million
- 1 million died from starvation and disease.
- 2 million left to America
- 1860-1926 4 million more went to the US.
How did/do people react to immigrants coming to America?

Whenever a new group enters into an established community tension is caused and a pattern of development can be seen.

Examples:
When the Irish came in the 1840’s the established groups of British and Germans did not like the new Irish.

Irish where different:
Language- Irish
Religion Roman Catholic
Culture different from British
Lifestyles-

They were looked down upon and discriminated against. See cartoons.

Xenophobia- anti foreigner attitudes
Nativism- The idea of blaming immigrants for problems.
Established groups blamed the new groups for problems:
Taking Jobs, Lazy -Famous Slogan: “No Irish Need Apply”
People said they were responsible for: Crime
Immorality- alcohol abuse
Catholics- not loyal to America
Dirty-
Inferior, Damaging to the United States
City life for Immigrants

- The “New” group usually *congregates together* and forms an almost isolated community and institutions in the giant and growing cities of America.
- The Irish came together in great neighborhoods and sections of all Eastern Cities.
- They formed their own *political groups* and parties.
- They *used their large numbers to build powerful political groups that dominated some large Cities and industries in those cities.*
- They set up:
  - Churches, Hospitals, Welfare Organizations, Schools, Social Clubs, Political Organizations
- They helped each other in exchange for loyalty during the voting season.
Political Machine:

- The best example of ethnic group organization was called the Political Machine.
- This was an organization of political and community leaders that manipulated democracy for material gain. Leaders of an ethnic community would use their influence to raid public funds and offer rewards to loyal community members.
- Boss Tweed and Tammany Hall of New York City, were infamous for their political strength and corruption. They were reputed to have stolen millions in public funds.
Social Gospel
1876-1890’s 6 Pres 4 were Republicans

- **Hayes** (Repub) 1876- disputed election Secret Deal, ie., Reconstruction Compromise of 1876, did not run again in 1880.

- **Garfield** (Repub) 1881, Assassinated by Guiteau, Office Seeker,

- **Arthur**- VP under Garfield, allegations of corruption earlier in career, supported Civil Service Reform, not nominated for the next election

- **Cleveland** (Dem) 1884 close election against corrupt Blaine (Repub), lots of Mudslinging, adultery… pro-capitalist, low tariff

- **Harrison**- (Repub) 1888, close election, pro-tariff and big business

- **Cleveland** (Dem) 1892- Runs and wins again-2 terms

- **McKinley** (Repub) 1896- Extremely pro business, pro-gold standard- will advocate strong laissez faire attitude in government, supported by the supreme court
The Pendleton Civil Service Act established an independent three-member Civil Service Commission that would fill government jobs on the basis of an entrance exam and not favoritism - Anti-Corruption measure.
Benjamin Harrison 1888

- Cleveland won the popular vote but lost in the electoral college in an election noted for paid votes.
- Harrison had seemed to support some type of reform, but many of his appointments were questionable.
- He did appoint Theodore Roosevelt to the Civil Service Commission.
- In 1890 to repay the veterans for their support Congress passed the Dependent Pension Act which almost doubled the pension rolls.
- Republicans controlled Congress allowing Harrison even greater freedom.
Farmer’s Alliance

- The first alliance was formed in 1873
- Like the Grange, it was aimed at improving the social and recreational conditions of the farmers.
- They too, soon became involved in politics.
- The movement was especially popular in the South and Midwest as farmers sought help to fight increasing debt and declining prices.
- In 1886, the Colored Alliance was formed to represent black farmers.
- Also in 1886, Texas suffered a severe drought. President Cleveland vetoed a bill that would have helped the farmers.
In response the farmers challenged the Democrats in the polls. In 1887 a blizzard swept through the West and devastated many farms. Without government aid many farmers became supportive of the idea of a third-party. Although many parties appeared the most successful was the Populist party.
The People’s Party or Populists

- A coalition Party idea to include
  - Farmers
  - Workers
- Issues:
  - Government Ownership of RR
  - Graduated Income Tax
  - Immigration Restriction
  - 8 hour work day
  - Free Silver
  - Outlaw-private police against labor

- Significance:
  - Third party could take votes away from one of the major parties (it could make the difference in the election)
  - Becomes an significant part of the 1896 election
Populist Party

- Involved in the elections between 1892-1908 the Populist Party won control of many state legislatures and Kansas even elected a Populist candidate to the Senate.
- In 1892 the Populist party met in Omaha to decide on a national platform and nominated James Weaver as their candidate.
- The platform was finance, transportation, land, a one-term presidency, and limiting immigration.
The Sherman Antitrust Act was the first legislation to limit trusts. It was based on the constitutional power to regulate interstate trade. Stockholders transferred their shares to one person or trustees who then controlled the company and eliminated competition. The Sherman Act authorized the government to dismember trusts and to prevent monopolies. In 1895 the Supreme Court abolished the Sherman Act in the *United States v. E. C. Knight Company*.
Election of 1896

- The Republicans nominated William McKinley from Ohio (good war record, congressional track record, well-liked)
- At the democratic convention in Chicago the party was in disarray and could not find a good candidate
- William Jennings Bryan took the stage and delivered his “Cross of Gold” speech and immediately gained the nomination
- He was a silverite from Nebraska
- The democrats demanded unlimited coinage of silver at a ratio of 16-1
William Jennings Bryan

- Democrat, Strongly Christian, reflected traditional farmer values
- Pro-silver, farmers, and westerners
- Becomes the Democratic Nominee for the Election of 1896
- Populists support him

Later will defend the teaching of Creation in the Scopes Trial, Tennessee vs. Evolution in schools.
“Cross of Gold Speech”

“I come to speak to you in defense of a cause as holy as the cause of liberty- the cause of humanity,”

Burn down your cities and leave your farms and your cities will spring up again as if by magic; but destroy our farms and the grass will grow in the streets of every city in the country”

“Having behind us the producing masses of the nation and the world, supported by the commercial interests, the laboring interests and the toilers everywhere, we will answer their demand for a gold standard by saying to them;

You shall not press down upon the brow of labor this crown of thorns. You shall not crucify mankind upon a cross of gold!”
Settlement Houses