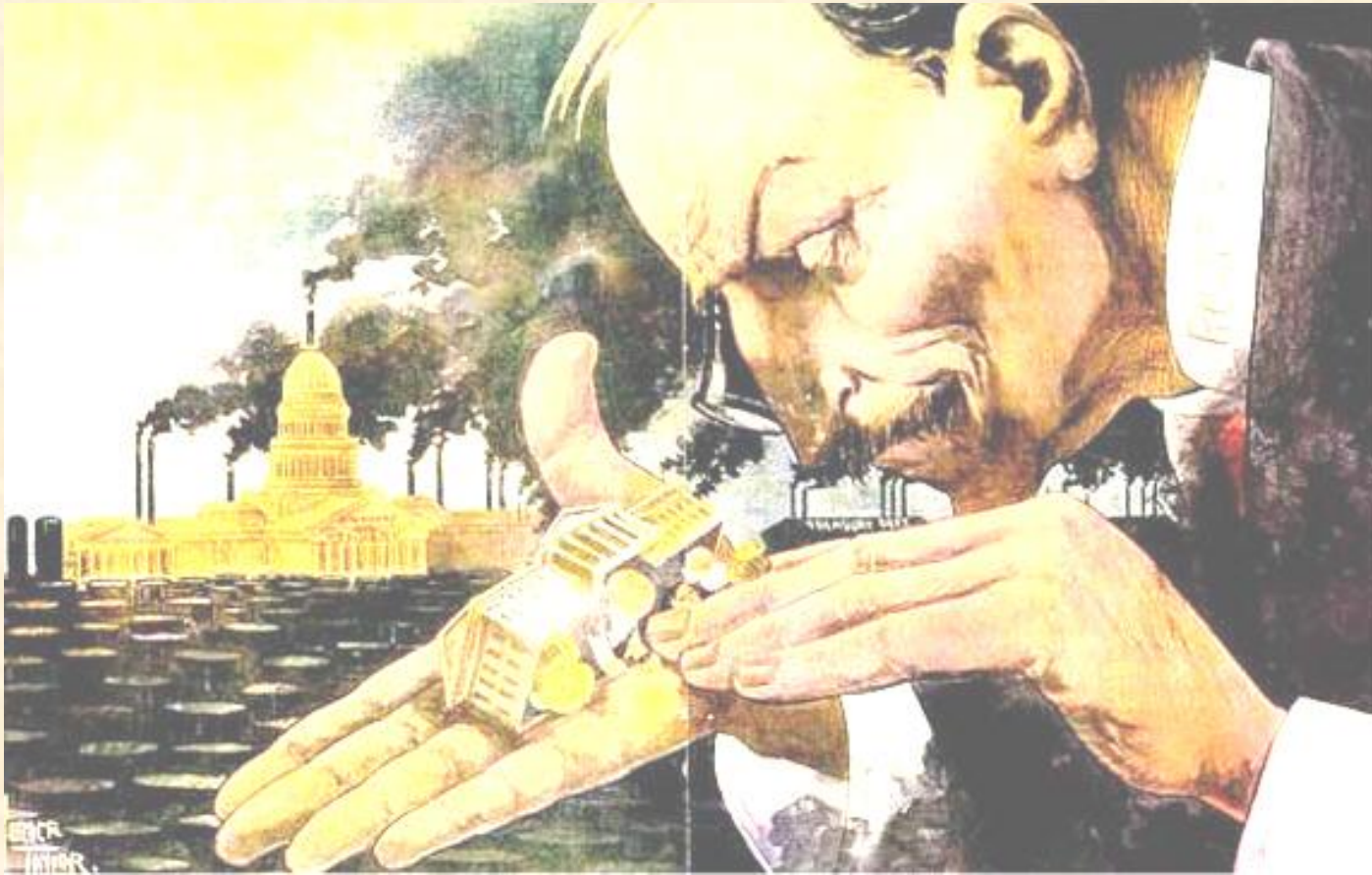


Industrialization, Urbanization, and Immigration: The Growth of Big Business and Technological Innovations, 1877-1920

A Presentation Based on the
Georgia Standards of Excellence
(GSE) Objectives for High School
History Students

SSUSH11 Examine connections between the rise of big business, the growth of labor unions, and technological innovations.



The Gilded Age

- The Gilded Age in U.S. history denotes a period from the end of Reconstruction to the end of the 19th century.
- This period is notable for the country's **rapid economic and population growth**.
- The term "**Gilded Age**" comes from a book by Mark Twain and Charles Dudley Warner. The term refers to the process of gilding an object with an outer layer of gold
- The idea is that things may look fine on the outside, but what is inside could be quite different.
- The great financial successes of this period also led to serious unintended consequences for society, including **graft, corruption**, and a variety of other **social ills**.

Industry and Technology

Transform The Nation: 1877-1920

- During the mid-1800s, the U.S. remained chiefly agricultural: most people lived and worked on farms.
- By the last part of the 19th century, the United States had become the world's leading industrial economy.
- This transformation resulted from America's abundant natural resources along with technological, scientific and financial innovations.
- As new technologies developed and factories were built, more and more people left their farms to work in or near cities where factories and other jobs were located, and new waves of immigrants came to the U.S. seeking jobs and a better life.
- Thus, the key themes of this period are **Industrialization, Urbanization, and Immigration.**

Industrialization, Urbanization, and Immigration

- **Industrialization**: a shift from mostly farming, trade and small business to mechanized factory production with some farming, trade and small business.
- **Urbanization**: a shift from rural (country side) residence to urban (city) residence.
- **Immigration**: In the late 19th and early 20th centuries, **origins** of immigrants to the U.S. shifted from Northern and Western Europe to Southern and Eastern Europe and Asia.

SSUSH 11a. Explain the effects of railroads on other industries, including steel and oil.



“The Far West — Shooting Buffalo on Line of the Kansas-Pacific Railroad,” by Ernest Griset, from Frank Leslie’s Illustrated Newspaper, June 3, 1871. (Credit: Smithsonian American Art Museum)

Technological Innovations Spur Industrial Expansion

- The impacts of the Industrial Revolution on American business and manufacturing cannot be overestimated.
- The development of the **steam engine** is one such innovation.
- Early American industrial plants or factories used animal or water for power sources.
- As the Industrial Revolution progressed, more and more factories converted to steam power generated from coal-burning furnaces which allowed factories to be located away from rivers or streams.
- Also, the development of a **railroad system** eased the transportation of products to and from factories.

Railroads and Western Development

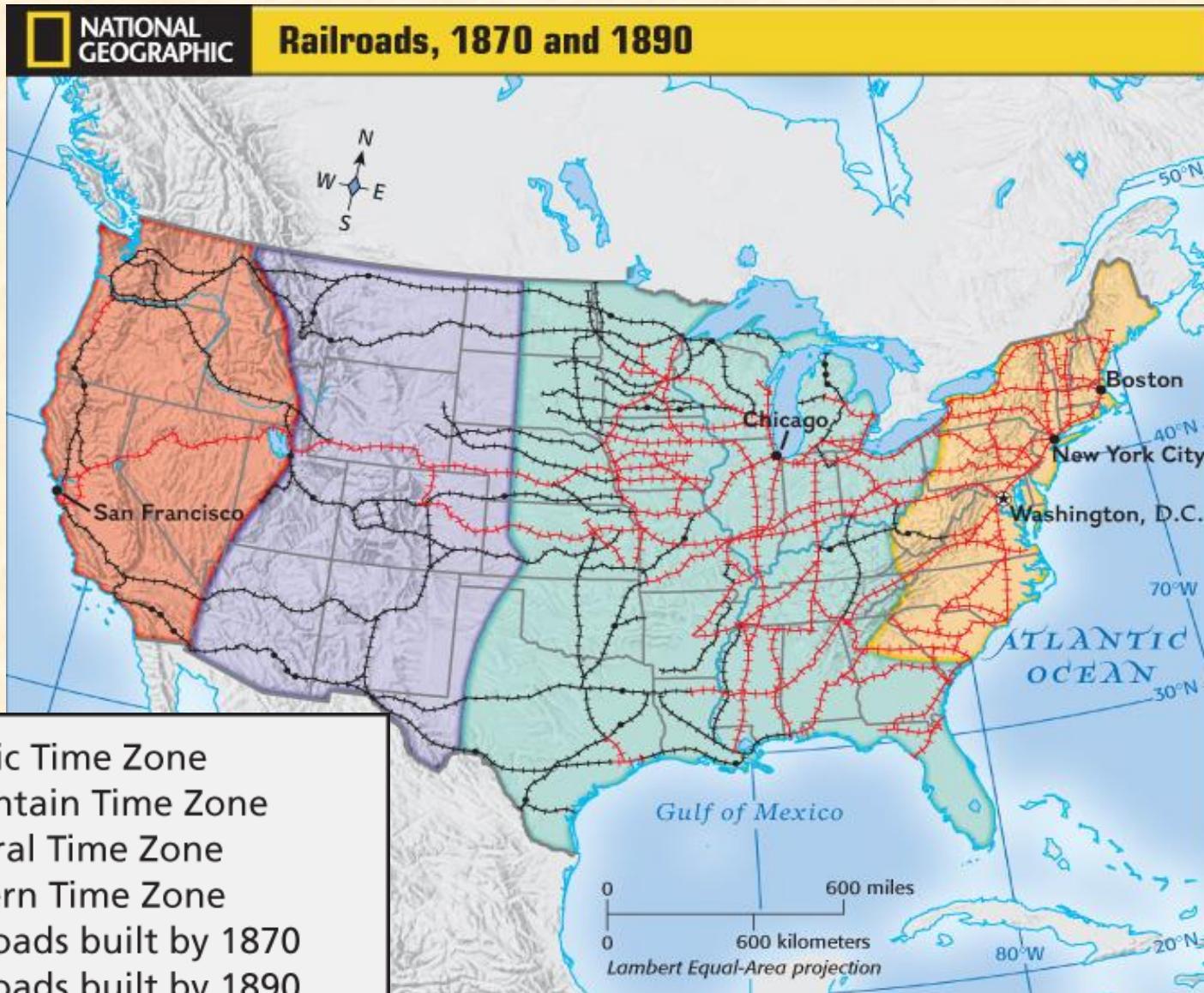
- During the Civil War, President Lincoln signed the Pacific Railway Act of 1862, helping to create the Transcontinental Railroad.
- Completed by 1869, This railroad connected the east coast to the west coast, opening up settlement in the west and reducing travel time from as much as six months to just one week.
- Irish workers built much of the eastern portions of the railroad while western portions were built by Chinese laborers specifically brought to the US to work on the railroad.



Transcontinental Railroad

- The transcontinental railroad helped spur growth by:
 1. increasing the number of markets (places to sell products)
 2. consuming enormous amount of raw and finished materials to build and supply the railroad
 3. providing land for settlement

The Growth of Railroads



- Pacific Time Zone
- Mountain Time Zone
- Central Time Zone
- Eastern Time Zone
- ++++ Railroads built by 1870
- Railroads built by 1890

*Time zones and borders shown as of 1890

Railroads and Steel

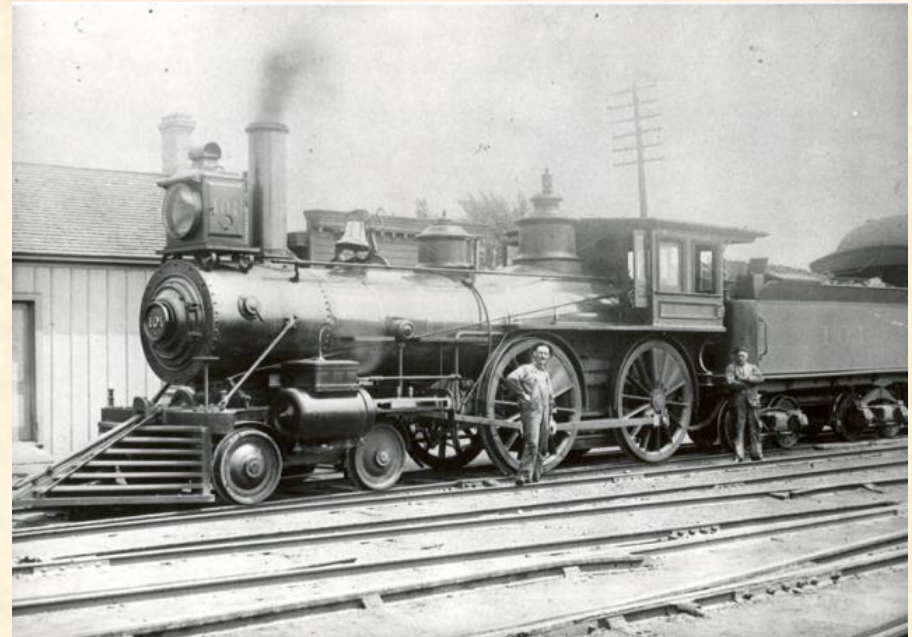
Railroads increased the demand for steel in two ways:

1. railroads used steel for their rails
2. railroads made it much easier to transport large quantities of the natural resources needed to produce steel (iron, coal), which increased the demand for those products



Railroads

- Railroads also reshaped the steel industry by developing **vertical integration**, whereby railroad owners bought companies involved in different stages of producing railroads such as iron mills, coal mines, and factories which produced railroad cars.
- Thus, railroads helped to spur the “Gilded Age.”



Railroads, Steel, and the Organization Of Big Business.

- The United State experienced a boom in railroad construction during the mid 19th century.
- Between 1865 (the end of the Civil War) and 1890, American railroad lines more than tripled in size.
- Railroads were seen as a way to **further settle the west** as well as **improve travel and communications** (e.g., improved mail service).
- The U.S. government promoted the growth of railroads by making **land grants** and providing **subsidies** to railroad companies.
- Railroads became powerful business interests and influenced the development of related industries, particularly in steel, iron, coal as well as in lumber, leather, and glass.

Corporations

- Railroads were one of the first business sectors to organize as **corporations**.
- A **corporation** is a business owned by stockholders who invest money in a corporation's stock in return for a share of the profit.
- **Stocks** (aka shares) are certificates that represent a stockholder's portion of ownership of a corporation.
- Corporations are very powerful forms of business organization especially because of their ability to raise **capital** (money invested to grow the company).

Advantages of Corporations

- A corporation is a legal entity, meaning it can be treated like a person in the eyes of the law.
- Corporations can enter into contracts, bring about law suits and sue others.
- Corporations can raise huge amounts of money by selling stocks and by selling bonds.
- Stockholders assume no liability, e.g., they are not legally responsible for corporate debts or actions.
- Also, the only losses stockholders can incur is the loss of their investment if the company fails.

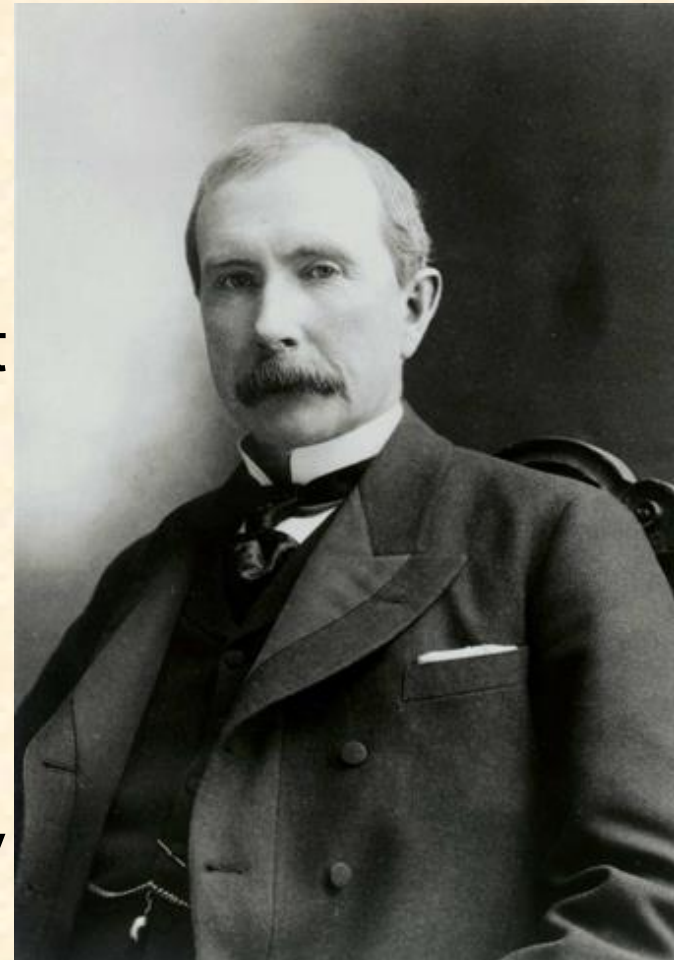
SSUSH11b. Examine the significance of John D. Rockefeller and Andrew Carnegie in the rise of trusts and monopolies.

Entrepreneurs and Inventors

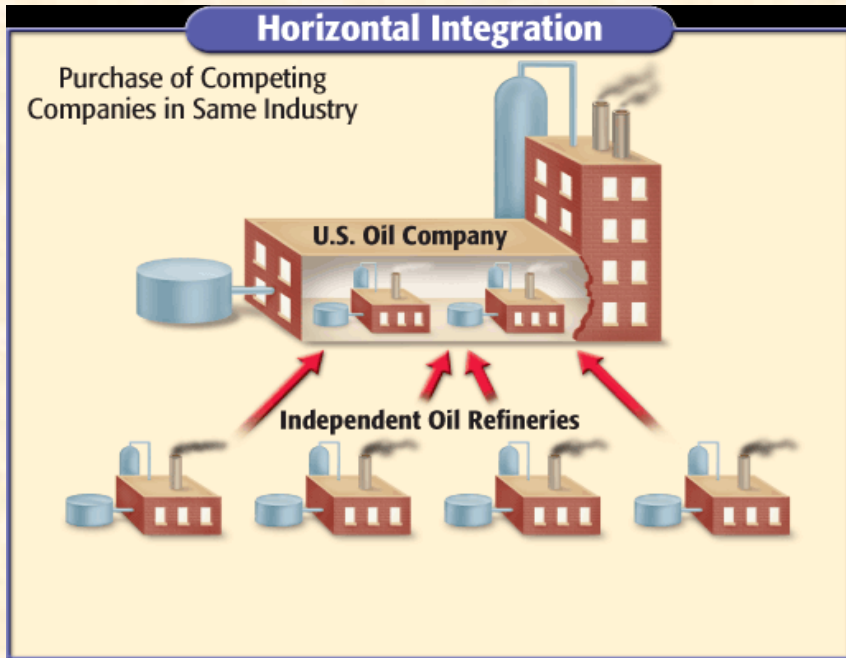
- Entrepreneurs are people who take risks to start new businesses.
- The Gilded Age is notable for many, many entrepreneurs and inventors.
- Just a few examples are John D. Rockefeller, Thomas Edison, Alexander Bell, Andrew Carnegie and J. P. Morgan.
- The achievements and inventions of these and others were a driving force behind the United States' emergence as an industrial and economic powerhouse.

John D. Rockefeller and Standard Oil Company

- John D. Rockefeller founded the Standard Oil Company in 1870.
- To remove competition, Standard Oil bought up oil refineries, so that by 1880 they owned 90% of the refineries in the US, forming a virtual monopoly.
- To avoid violating state laws against **horizontal integration**, Standard Oil formed a trust, a way of merging and controlling other companies.



The Standard Oil Company



- **Horizontal Integration** is when many competing companies are bought up and turned into one large company.
- Standard Oil was broken up by the government in 1911 for being a monopoly.
- Rockefeller was also a **philanthropist**, supporting colleges such as Spelman.

c. Examine the influence of key inventions on U.S. infrastructure, including but not limited to the telegraph, telephone, and electric light bulb.

Thomas Alva Edison and the Electric Light Bulb

- Thomas Alva Edison invented, among many other things, the phonograph, light bulb, and motion picture, all during the late 1800s.
- In all, Edison was awarded over 1,000 U.S. patents for his inventions, mostly involving communications.
- Edison was also a highly accomplished businessman: he began the company known as General Electric that continues to thrive today.
- Edison is also notable for applying mass production techniques and employing large teams to solve scientific problems.

How did Edison's inventions impact society?



Alexander Graham Bell and the Telephone

- Bell is credited with inventing and perfecting the telephone in 1876.
- In 1877, Bell and others formed the Bell Telephone Company which later became AT&T.
- Bell also created a research lab to develop and perfect his inventions.
- Today, Bell Labs continues to be one of the most successful and innovative technological research firms in the world.

Andrew Carnegie and U.S. Steel

- Carnegie's is a real "rags-to-riches" story.
- A poor Scottish boy, he emigrated to the U.S. from Scotland at age 12 and got a job in a textile factory.
- He worked his way up in various businesses, and eventually became one of the richest men in the world by investing in the railroad industry and developing the U.S. steel industry.
- Carnegie is especially noteworthy for his **philanthropy**, giving millions of dollars to various charities and humanitarian causes.

The Robber Barons

- Although many of the entrepreneurs of the Gilded Age were scrupulously honest (e.g., Andrew Carnegie, James J. Hill and others), some were accused of or even convicted of criminal behavior.
- Some entrepreneurs earned the nickname “robber barons” by cheating investors or business partners out of money or profits.

Jay Gould

- One of the most notorious “robber barons” was Jason (“Jay”) Gould
- He was guilty of taking advantage of some of his business partners as well as other investors in many of his business ventures.
- With the help of corrupt politician William “Boss” Tweed, Gould bribed other politicians and issued illegal stock offerings in a railroad he partly owned.
- Gould also caused a panic when trying to “corner” or take command of the gold market, ruining the portfolios of other gold investors.
- Gould later owned over half of all railroad lines in the Southwest, the Western Union Telegraph Company, the New York *World* newspaper, and New York’s elevated railway system.

Regulating Industry

- By the 1880s, many American had come to distrust big business.
- In 1887, Congress created the Interstate Commerce Commission to watch over corporate business practices.
- In 1890, the Senate passed the Sherman Antitrust Act which “outlawed restraint of trade.”
- Neither of these Congressional actions had much immediate impact and were not strictly enforced.
- Ironically, these regulations were sometimes used in favor of corporations and against labor unions.

Immigration

SSUSH11d. Describe Ellis and Angel Islands, the change in immigrants' origins and their influence on the economy, politics, and culture of the United States. .

- Up until the 1880s most European immigrants to the U.S. came from Northern and Western European countries such as Ireland, England, Germany. Many of these immigrants “looked like Americans,” in terms of ethnicity and they had similar religious and cultural backgrounds.
- Beginning in the late 1880s, a change began to occur in the origin of immigrants. These “new” immigrants began arriving from Eastern and Southern European countries such as Italy, Greece, Poland, and Russia and from Asia (China, and later Japan)

The “New” Immigrants

- Many of these new immigrants didn't speak English, came from countries with non-democratic governments, had differing religions, and didn't “look” American.



Ellis Island

- Ellis Island (NY) was the major entry point to the U.S. for many European immigrants.
- Immigrants had to pass medical, mental, and legal exams and have at least \$25 in order to enter into the U.S.



Angel Island

- Angel Island (near San Francisco) served a purpose similar to that of Ellis Island.
- Most of the immigrants who were processed here were from China or Japan.



The “New” Immigrants

- These new immigrants often settled together in east coast city neighborhoods (e.g., Little Italy, Chinatown), and worked in low paying factory jobs.
- This new wave of immigrants led to another emergence of nativism, an extreme dislike of immigrants by native-born people.

Why would these new immigrants want to settle together in cities?



Nativism

- **Nativism** is a dislike of foreign born people. In the United States, **nativism** was often based on a belief that native-born white Americans were superior to newcomers.
- Nativism is often reflected in attempts to limit immigration.
- One example of how this reappearance of nativism was expressed was in the **Chinese Exclusion Act of 1882**, which barred Chinese people from coming to the U.S. for 10 years and prevented already-arrived Chinese from becoming citizens.
- This law was made permanent in 1902 and was not repealed until 1943.

- SSUSH11e. Discuss the origins, growth, influence, and tactics of **labor unions** including the American Federation of Labor.

Labor Unions

- A **labor union** is an organization of workers that aims to improve its members' working conditions, pay, and other benefits.
- Unions attempt to achieve their goals through **collective bargaining** (negotiating between union representatives and employers), **protests**, **strikes** (work stoppages) and other means.
- There are two main types of U.S. labor unions:
 1. A **craft union** (aka trade union) is comprised of people who perform the same jobs, for examples shoemakers.
 2. An **industrial union** is comprised of all workers in a given industry, such as auto workers.
- Important early labor unions in the U.S. include:
 - **National Trades Union (1834)** : open to all workers
 - **Knights of Labor (1869)**: open to all workers
 - **American Federation of Labor (1886)**: skilled craft workers
 - **American Railway Union (1893)**: the first industrial union
- Many people in the 1800s feared unions because of perceived links to **socialism** and **communism**.

Socialism

- ***Socialism*** is a belief that democratic means should be used to distribute wealth, goods and services in a society.
- Often this means that income should be redistributed in some manner to help the less fortunate achieve something approaching income equity.
- In some cases, socialists believe the government should own and operate certain industries for the society as a whole.

Karl Marx and Communism

- ***Communism*** is a political and economic theory in which the means of production, (factories, land, etc.) is owned by all “communally.”
- **Karl Marx** (1818-1883) is known as the Father of communism.
- Communists believed that one day the workers of the world would rise up in rebellion against the owners of the means of production.
- Communists often advocated violent overthrow of governments and nationalization (government takeover) of private property.
- Many also believed that after some period of government control by communist leadership, the government would no longer be necessary and would “wither away.”
- In practice, communist revolutions have generally resulted in totalitarian governments restricting people’s rights and government control of all land, industry and other property.
- **Communism directly contrasts with American beliefs in private property and free enterprise/capitalism.**

Major Strikes

- **Haymarket Square (1886)** – Violence erupts at a protest rally in favor of the eight hour work day. Knights of Labor wrongly accused, and their membership drops.
- **Homestead Strike (1892)** – Workers at Carnegie's Homestead steel plant protest wage cuts as private police hired by the company incites violence. An anarchist attempts to assassinate the company's president.
- **Pullman Strike (1894)** – Protesting wage cuts, three workers are fired, and the American Railway Union calls for a strike. President Cleveland sends in federal troops to break up the strike citing the need to deliver the mail.

The Pullman Strike

- The Pullman Company built railroad cars.
- After lowering wages during an economic downturn, three complaining workers were fired.
- In 1894 the American Railway Union, led by Eugene Debs, called a strike against the company. Railroad workers across the country went on strike and boycotted.
- Because the trains were carrying U.S. Mail, President Grover Cleveland sent in U.S. troops and ordered the strike to end.
- Thus, the ARU union collapsed as a result of government intervention.

The American Federation of Labor (AFofL) and Samuel Gompers.

- Samuel Gompers was the first leader of the AFL, which promoted 8 hour work days, collective bargaining, and closed shops.
- Gompers insisted the AFL stayed out of politics and rejected communist ideas.
- The AFL still exists today as the AFL-CIO.

