Chapter 13
Objectives

- Analyze the factors that led to the industrialization of the United States in the late 1800s.

- Explain how new inventions and innovations changed Americans’ lives.

- Describe the impact of industrialization in the late 1800s.
Terms and People

- **entrepreneur** – people who invest money in a product or enterprise in order to make a profit

- **protective tariff** – taxes that would make imported goods cost more than those made locally

- **laissez faire** – a policy which allowed businesses to operate under minimal government regulation

- **patent** – a grant by the federal government giving an inventor the exclusive right to develop, use, and sell an invention for a set period of time
Terms and People (continued)

- **Thomas Edison** – an inventor and creative genius who received more than 1,000 patents for new inventions

- **Bessemer process** – a process for purifying iron resulting in strong, but lightweight, steel

- **suspension bridge** – bridges in which the roadway is suspended by steel cables

- **time zone** – twenty-four zones around the world, one for each hour of the day

- **mass production** – systems that depended on machinery to turn out large numbers of products quickly and inexpensively
How did industrialization and new technology affect the economy and society?

America began a major transformation after the end of the Civil War marked by expanding business and industrialization.

This “second industrial revolution,” led by scientists and inventors, improved people’s daily lives.
Several factors led to increased industrial growth during the Civil War. This laid the groundwork for postwar prosperity.

- Factories used new tools and methods to produce **supplies in big numbers**.
- **Railroads expanded** across the nation.
- The government **encouraged immigration**.
A great many immigrants to the United States were pushed from their homelands by:

- political upheaval at home
- religious discrimination
- crop failures
The American system of capitalism is one in which individuals own most businesses. These entrepreneurs invest money in products in order to make profits.

Entrepreneurs fueled industrialization in the late 1800s. They benefited from laissez-faire policies, which allowed businesses to work under minimal government regulation.
## Major Inventions of the 1800s

<table>
<thead>
<tr>
<th>Inventor</th>
<th>Major invention</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuel Morse</td>
<td>Telegraph</td>
<td>1844</td>
</tr>
<tr>
<td>Elias Howe</td>
<td>Sewing machine</td>
<td>1846</td>
</tr>
<tr>
<td>Elisha Otis</td>
<td>Safety elevator</td>
<td>1852</td>
</tr>
<tr>
<td>Thomas Edison</td>
<td>Light bulb</td>
<td>1880</td>
</tr>
<tr>
<td>Granville Woods</td>
<td>Steam boiler</td>
<td>1884</td>
</tr>
</tbody>
</table>
Thomas Edison was the most prolific inventor of the era.

He and his team of workers developed the light bulb, the phonograph, the motion picture camera, and hundreds of new products.
Daily life changed dramatically as a result of new technologies.

Morse’s telegraph gave rise to a communications revolution. The telephone debuted in 1876, the wireless telegraph in 1896.

The Bessemer process, which purified iron to create steel, changed construction. Steel made skyscrapers and suspension bridges possible.
Railroads expanded.

This led to the physical and economic growth of cities.

Chicago, Atlanta, and Pittsburgh became important hubs.
## Railroads Changed America

| They encouraged innovation. | • Air brakes were invented in 1869.  
|                           | • Refrigerated cars were invented to transport food.  
|                           | • **Time zones** were set.  

| They led to the growth of industry. | • Businesses obtained raw materials easily.  
|                                   | • They sold products to people far away.  

America exported grain, steel, and textiles in huge amounts and became a world economic power.

Many Americans moved to cities to find work.

Mechanization of farming meant fewer farmers were needed to produce food.
People began to raise concerns about the impact of industrialization on the environment.

In response, Congress set aside protected lands. Yellowstone Park was created in 1872.
Section Review

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Section 2
Objectives

- Analyze different methods that businesses used to increase their profits.
- Describe the public debate over the impact of big business.
- Explain how the government took steps to block abuses of corporate power.
Chapter 25
Section 1

The Cold War Begins

Technology and Industrial Growth

Terms and People

• **corporation** – a form of group ownership in which a number of people share the ownership of a business

• **monopoly** – complete control of a product or service

• **cartel** – an arrangement in which businesses making the same product agree to limit production to keep prices high

• **John D. Rockefeller** – an oil tycoon who made deals with railroads to increase his profits
The Cold War Begins

Terms and People (continued)

- **horizontal integration** – a system of consolidating many firms in the same business to lower production costs

- **trust** – a situation in which companies assign their stock to a board of trustees, who combine them into a new organization

- **Andrew Carnegie** – a steel tycoon who used vertical integration to increase his power

- **vertical integration** – the practice of gaining control of many different businesses that make up all phases of a product’s development
Terms and People (continued)

- **Social Darwinism** – an application of Charles Darwin’s work which held that wealth was a measure of one’s inherent value and those who had it were the most “fit”

- **ICC** – the Interstate Commerce Commission, a government body set up to oversee railroad operations

- **Sherman Antitrust Act** – a bill passed in 1890 which outlawed any trust that operated “in restraint of trade or commerce among the several states”
How did big business shape the American economy in the late 1800s and early 1900s?

The growth of big business in the late 1800s changed American society.

The rise of business empires turned the United States into an economically powerful nation.
Industrialization changed how businesses were run.

- Business leaders combined funds and resources.
- Investors formed corporations that protected them from losing more than original investment.
- A corporation could operate in different regions.
Corporations worked to maximize profits by

- paying workers **low wages**
- paying **lower prices** for raw materials
- supporting **research labs**
Corporations used strategies to eliminate competition and decrease costs.

- **monopolies**
- **cartels**

Competitors forced out of business

- **horizontal integration**
- **vertical integration**

Better control of production and costs reduced
## Tycoons of the Late 1800s

<table>
<thead>
<tr>
<th>Business leader</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>John D. Rockefeller</td>
<td>Oil</td>
</tr>
<tr>
<td>Andrew Carnegie</td>
<td>Steel</td>
</tr>
<tr>
<td>Cornelius Vanderbilt</td>
<td>Railroads</td>
</tr>
</tbody>
</table>
Were the tycoons “robber barons” who swindled the poor and drove small businesses under...

or “captains of industry” who served the nation and made prices of goods cheaper?
Big Business Is Bad for Small Businesses?
Or Is Big Business Good for the Nation?

- provides jobs
- allows for product innovations
- financially supports universities, libraries, and museums
Survival of the Fittest

Charles Darwin’s idea of evolution of species

applied to American capitalism

led to the idea of **Social Darwinism**

This is the belief that wealth was a measure of a person’s value and those who had wealth were the most “fit.”
Social Darwinists believed government should stay out of private business and thought it was wrong to use public funds to assist the poor.

Americans who worried about the methods of industrialists called for federal regulation of business practices.
The **ICC** and the **Sherman Antitrust Act** began a trend toward government limits on corporate power.

<p>| | |</p>
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</thead>
</table>
| **ICC** | • Interstate Commerce Commission  
          • Oversaw railroad operations                                                   |
| **Sherman Antitrust Act** | • Passed by the Senate in 1890  
                      • Outlawed trusts that restrained trade among several states |
Section Review

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Section 3
Objectives

- Assess the problems that workers faced in the late 1800s.
- Compare the goals and strategies of different labor organizations.
- Analyze the causes and effects of strikes.
Terms and People

- **sweatshop** – small, hot, dark, and dirty workhouses

- **company town** – communities near workplaces where housing was owned by the business and rented out to employees

- **collective bargaining** – negotiating as a group for higher wages or better working conditions

- **socialism** – an economic and political philosophy that favors public, instead of private, control of property and income
Terms and People (continued)

- **Knights of Labor** – a labor union that included workers of any trade, skilled or unskilled

- **Terence V. Powderly** – the leader of the Knights of Labor beginning in 1881 who encouraged boycotts and negotiations with employers

- **Samuel Gompers** – a poor English immigrant who formed the AFL, a skilled workers union, in 1886

- **AFL** – American Federation of Labor, a loose organization of skilled workers from many unions devoted to specific crafts or trades
Terms and People (continued)

- **Haymarket Riot** – a labor protest in Chicago in 1886 that ended in dozens of deaths when someone threw a bomb

- **Homestead Strike** – an 1892 Pennsylvania steelworkers’ strike that resulted in violence between company police and strikers

- **Eugene V. Debs** – leader of the American Railway Union who eventually became a Socialist

- **Pullman Strike** – a nationwide strike in 1894 of rail workers that halted railroads and mail delivery
How did the rise of labor unions shape relations among workers, big business, and government?

The booming American economy relied on workers, who began to rebel against low pay and unsafe working conditions.

Struggles between business owners and workers intensified.
Industrial workers faced hardships.

- Factory owners employed people who would work for low wages. Many of these people were immigrants.

- They often labored in dangerous sweatshops.

- Laborers often had to live in company towns and buy goods at high interest at company stores.
Labor unions formed.

Workers tried collective bargaining to gain more power against employers. One form was the strike, in which workers stop work until their demands are met.

Child laborers in 1890
<table>
<thead>
<tr>
<th>Labor Union</th>
<th>Industry and Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Knights of Labor</strong></td>
<td>• included all workers from any trade</td>
</tr>
<tr>
<td></td>
<td>• devoted to broad social reform</td>
</tr>
<tr>
<td><strong>American Federation of Labor (AFL)</strong></td>
<td>• included skilled workers</td>
</tr>
<tr>
<td></td>
<td>• focused on specific worker issues</td>
</tr>
<tr>
<td><strong>American Railway Union (ARU)</strong></td>
<td>• included rail workers</td>
</tr>
<tr>
<td></td>
<td>• conducted the <strong>Pullman Strike</strong> of 1894</td>
</tr>
</tbody>
</table>
A movement called **socialism** spread through Europe in the 1830s.

It held that *wealth should be distributed equally to everyone*.

**Most Americans rejected socialism, but some labor activists borrowed ideas from it to support social reform.**
A major strike of railroad workers in 1877 resulted in the federal government sending in troops to restore order.

As membership in unions grew in the 1870s, a wave of confrontations between labor and management rocked the country.
Across the nation, workers mounted demonstrations for more rights. One such protest in Chicago turned violent.

The 1886 Haymarket Riot made many Americans wary of labor unions.
Yet another conflict broke out with the **Homestead Strike**. Troops were called in to quell fighting between workers and Carnegie Steel.

One year later, the Pullman Palace Car Company laid off rail workers and cut wages.

This touched off the **Pullman Strike**, which halted nationwide railroad traffic and mail delivery.
The government ordered strike organizers, led by **Eugene V. Debs**, to end the strike. He refused and was sent to jail. **Troops were called in to end the strike.**
Effects on the Labor Movement

- Employers successfully appealed for court orders against unions.

- Contract disputes and strikes continued to occur as American industry grew.

- The labor movement split into different factions. Debs helped organize the American Socialist Party and the IWW.
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