

INDUSTRIALISM: 1865-1900

I. Major Ideas

- A. By 1900 the U.S. exceeded the combined output of Germany and Great Britain.
 - 1. U.S. borrowed heavily from Europe; after World War I, U.S. emerged as largest creditor.
 - 2. Technological innovations:
 - a. steel: railroads, skyscrapers, engines
 - b. oil: internal combustible engine, cars (suburbs), subways, street railroads
 - c. Electricity: lights, power, refrigerated railroad cars
 - d. Advances in business: telephone, typewriter, cash register, adding machines.
 - e. Mass popular culture (early 20th century): Cameras, phonographs, bicycles, moving pictures, amusement parks, professional sports.
 - f. Contrasts 1st Industrial Revolution: textiles, coal, iron, early railroads.
 - 3. In 1880, about 50% of Americans worked in agriculture; only 25% by 1920
 - 4. Class divisions became most pronounced in U.S. history during this period.
 - 5. Farmers lost ground
 - a. In 1880, 25% of those who farmed did not own their land.
 - b. 90% of African Americans lived in the South; 75% were tenants or sharecroppers.
 - 6. Depressions and recessions led to unrest
 - a. **1873-1879**; 1882-1885; **1893-1897**; **1907-1908**; 1913-1915

II. Railroad building

- A. By 1900, 192,556 miles of track; 35,000 in 1865 alone (more than all Europe combined)
 - 1. Gov't subsidized transcontinental railroad building since unpopulated areas were initially unprofitable
 - a. Railroad companies given 155.5 million acres along RR lines (checkerboard)
 - b. Gov't received low rates for postal service and military traffic in return.
 - 2. Cities flourished where lines were laid while bypassed cities became "ghost towns"
- B. The Transcontinental Railroad** (completed in 1869)
 - 1. **Pacific Railway Act** (1862): Passed by Republican Congress during Civil War.
 - Connecting the pacific states seen as urgent to the security of the republic
 - 2. **Union Pacific Railroad** appointed by Congress to build west from Omaha, Nebraska
 - a. Company granted 20 square miles for each mile of track constructed
 - b. Company also granted federal loans for each mile: \$16,000 for flat land, \$32,000 for hilly country; \$48,000 for mountainous country
 - c. Construction began in 1865
 - d. Irish "paddies" who fought in the Union armies worked at a frantic pace.
 - e. Workers fended off attacks from hostile Indians; scores lost their lives
 - f. "Hell on wheels": tented towns sprang up at rail's end; drinking, prostitution
 - g. Insiders of the **Credit Mobilier** construction company pocketed \$73 million for some \$50 million worth of work.
 - Bribed congressmen looked the other way
 - 3. **Central Pacific Railroad** pushed east from Sacramento over Sierra Nevada.
 - a. Led by the "**Big Four**"
 - i. **Leland Stanford** -- ex-governor of CA and future Senator

- ii. **Collis P. Huntington** - v.p.; managed enterprise on day to day basis.
- b. CP ran a relatively clean operation compared to Union Pacific (Credit Mobilier)
- c. Gov't provided same subsidies as to Union Pacific
- d. 10,000 Chinese laborers, "coolies," worked as cheap, efficient and docile labor
 - Hundreds lost their lives in premature explosions and other mishaps
- e. Sierra Nevada became a major challenge as workers could only chip through a few inches a day through rocky tunnels.
- 4. Railroad completed at **Promontory Point, Utah** on May 10, 1869.
 - a. Union Pacific built 1,086 miles of line
 - b. Central Pacific built 689 miles
- 5. Significance:
 - a. Linked the entire continent via railroad and by telegraph
 - b. Paved the way for incredible growth of the Great West.
 - c. Facilitated a burgeoning trade with the Orient
 - d. Seen by Americans at the time as a monumental achievement along with the Declaration of Independence and the freeing of the slaves.
- 6. Other Transcontinental lines
 - a. No subsequent RR received gov't loans but all received generous land grants.
 - b. Northern Pacific Railroad completed in 1883 (Lake Superior to Puget Sound)
 - c. Atchison, Topeka, and Santa Fe RR completed in 1884
 - Connected those cities through the southwestern deserts to California.
 - d. Southern Pacific: New Orleans to San Francisco via Los Angeles (1884)
 - e. **Great Northern Railroad:** Duluth, Minn. to Seattle; completed in 1893
 - i. Created by **James G. Hill**, probably the greatest of all the railroad builder.
 - Believed prosperity of railroad depends on prosperity of area it serves
 - ii. Hill ran agricultural demonstration trains along his lines and imported bulls from England which he distributed to farmers.
- C. Railroad Consolidation and Mechanization
 - 1. **Cornelius Vanderbilt** (1794-1877)
 - a. Popularized the steel rail; replaced the old iron tracks of the **NY Central RR**
 - Steel safer and more economical since it could carry a heavier load.
 - b. Amassed a fortune of \$100 million dollars
 - 2. Jay Gould and Russell Sage by 1880 controlled much of railroad traffic in West.
 - a. Gutted their railroads by stock watering and pocketing profits rather than reinvest.
 - b. Gould had earlier tried to corner the gold market during Grant's presidency.
 - 3. Significant improvements in railroad building
 - a. Steel, standard gauge of track width, Westinghouse air brake,
 - b. Pullman Palace Cars afforded luxurious travel, introduced in 1860s.
- D. Significance of America's railroad network
 - 1. Spurred the industrialization of the post-Civil War years (especially steel)
 - 2. Sprawling nation became united physically.
 - 3. Created enormous domestic market for US raw materials and manufactured goods.
 - Probably the largest integrated market in the world.
 - 4. Stimulated creation of 3 Western frontiers: mining, agriculture, and ranching
 - 5. Railroad led to great cityward movement of late 19th c.
 - Railways could feed huge numbers of people; supply raw materials and markets
 - 6. Facilitated large influx of immigrants.

- Advertised in Europe free travel to new farms in the American West.
- 7. Spurred investment from abroad
- 8. Concept of time altered with creation of distinct "time zones" from coast to coast.
- 9. Maker of millionaires; a new railroad aristocracy emerged
- 10. Native Americans displaced and herded into ever-shrinking reservations.
- E. Railroad corruption by the "**Robber Barons**"
 1. **Jay Gould**: Forced prices of stocks to boom and bust on some of his lines.
 2. **stock watering**: Railroad stock promoters grossly inflated value of railroad stock.
 - Railroad managers forced to charge high rates and wage ruthless competition to pay off the exaggerated financial obligations.
 3. Railroad tycoons, for a time, became the most powerful people in America.
 - a. Bribed judges and legislatures, employed effective lobbyists, and elected their own men to office. ("Senatorial Roundhouse" cartoon)
 - b. Gave free passes to journalists and politicians.
 4. Eventually ruled as an oligarchy instead of cut-throat competition.
 - a. "**Pools**"
 - i. Formed defensive alliances to protect their profits.
 - ii. Competing firms agreed to divide the market, establish prices, place profits in a common fund, and pro-rate profits.
 - b. Some gave secret **rebates** or kickbacks to large corporations..
 - c. Slashed rates on competing lines but made up difference on other lines.
 - d. Hurt farmers with **long-haul, short-haul** practices
 5. **Cornelius Vanderbilt**: "Law! What do I care about the Law? Hain't I got the power?"
 - Ruined opponents rather than sue them legally.
- F. Government regulation of the "Robber Baron" railroad tycoons
 1. Initially, Americans slow to react to the excesses of the railroad plutocracy.
 - a. Jeffersonian ideals hostile to gov't interference with business.
 - b. Dedicated to free enterprise and to the principle that competition fuels trade.
 - Believed anyone could become a millionaire; the "American dream"
 - c. **Adam Smith**: *The Wealth of Nations* (1776) - "bible" of capitalism.
 2. Supreme Court decisions
 - a. Depression of 1870s inspired farmers to protest against being forced into bankruptcy by unfair railroad policies.
 - Organized agrarian groups such as the **Grange** (Patrons of Husbandry) pressured many midwestern legislatures to regulate the railroad monopoly.
 - b. **Slaughterhouse Cases, 1873** -- molded Court's interpretation of 14th Amendment for decades.
 - i. Court ruled protection of "labor" was not a federal responsibility under the 14th Amendment but a state responsibility.
 - ii. Significance: Protected businesses from federal regulation if they engaged only in intrastate commerce (within a state).
 - c. **Munn v. Illinois, (1877)** -- (One of so-called farmer "Granger Laws")
 - Decision: Public always has the right to regulate business operations in which the public has an interest; ruled against railroads
 - d. **Wabash case, 1886**
 - i. Significance: Supreme Court ruled that individual states had no power to regulate interstate commerce; responsibility rested with the federal gov't.

- In effect, overturned *Munn v Illinois*.
- ii. Illinois law had prohibited short haul & long haul practices
- iii. Stimulated push for Interstate Commerce Act of 1887
- e. 1886, Court ruled a corporation was a "person" under the 14th Amendment.
 - i. Thus, extremely difficult for federal gov't to regulate corporations especially since Court justices and many gov't officials often sided with corporations.
 - ii. Railroad companies in particular hid behind the decision.
- 3. **Interstate Commerce Act** passed in 1887 (despite Cleveland's disapproval)
 - a. Set up **Interstate Commerce Commission (ICC)** (most important provision) to enforce and administer the new legislation
 - b. Prohibited rebates and pools and required railroads to publish their rates openly.
 - c. Forbade unfair discrimination against shippers and outlawed charging more for **short haul** than **long haul** over the same line.
 - d. Positive result -- provided an orderly forum where competing business interests could resolve their conflicts in peaceful ways.
 - e. Yet, ICC didn't effectively regulate the railroads; more of a panacea to public. f. 1st large-scale attempt by fed. to regulate business in the interest of society.
 - Precedent for future regulatory commissions in 20th century.

III. Industrialism and Mechanization

- A. Civil War profiteering created huge fortunes and a class of millionaires now eager to invest.
- B. Natural resources fed industrial growth.
 - 1. **Mesabi Range** deposits in Minnesota-Lake Superior region yielded huge tracts of iron ore for steel industry.
 - 2. Unskilled labor, both domestic and foreign, was now cheap and abundant.
- C. Whitney's interchangeable parts concept now perfected by industry.
 - 1. Cash register, stock ticker, and typewriter facilitated business operations.
 - Women increasingly entered the workplace to run these machines.
 - 2. Patents increased significantly between 1860-1890
 - 3. Urbanization spurred by the refrigerator car, electric dynamo, and the electric railway.
- D. **Alexander Graham Bell's** telephone (1876)
 - 1. Telephone network created nation-wide within a few years.
 - 2. Young women (usually middle class) worked as operators.
 - Office positions still within "Cult of Domesticity" parameters
- E. **Thomas A. Edison**
 - 1. Electric light (most famous), phonograph, mimeograph, Dictaphone, moving pictures.
 - "Genius is 1% inspiration and 99% perspiration"
 - 2. Electricity became another cornerstone of the industrial revolution
 - Cities illuminated, electric railcars, etc.

IV. The **Trust** emerges -- destruction of competition

- A. "**Vertical integration**" -- controlling every aspect of the production process
 - 1. Pioneered by **Andrew Carnegie**: steel co. mined ore in Mesabi Range (leased from Rockefeller), shipped ore to the Great Lakes, railroaded to steel factories in Pittsburgh.
 - 2. Goal is to improve efficiency by making supplies more reliable, controlling the quality of the product at all stages of production, and eliminate middlemen's fees
 - 3. Not as detrimental as horizontal consolidation.

B. **"Horizontal integration"** -- Consolidating with competitors to monopolize a given market.

1. **John D. Rockefeller:** Pioneered the **"trust"** in 1882 as a means of controlling his competition through the **Standard Oil Company**.
2. **Trust:** Stockholders in various smaller oil companies sold their stock and authority to the board of directors of Rockefeller's **Standard Oil Company**.
 - a. Stockholders receive trust certificates and the board of trustees exercises full control of the business.
 - b. Trust consolidated operations of previously competing enterprises.
 - c. Standard Oil eventually cornered the world petroleum market.
 - d. Was worth about \$900 million upon his retirement in 1897.
-- Incredible considering auto industry not born yet.

C. **"Interlocking directorates"** mastered by **J. P. Morgan**

1. Depression of 1890s drove many struggling businessmen into Morgan's arms.
 2. Sought to consolidate rival enterprises and ensure future harmony by placing officers of his own banking syndicate on their various boards of directors.
 3. Eventually, **holding companies**, came to thwart anti-trust legislation
 - a. Bought controlling shares of stock in member companies instead of purchasing companies outright.
 - b. While the "held" companies remained separate businesses on paper, in reality, the holding company controlled them.
 - c. Holding Companies made trusts unnecessary and permitted actual mergers.
- D. Concentration of financial power enhanced economic growth, paved the way for large-scale mass production, and stimulated new markets.

V. The Steel Industry emerges

A. Cornerstone of the 2nd American Industrial Revolution

1. Held together skyscrapers, coal scuttles, railroad tracks.
2. Typified "heavy industry" which concentrated on making "capital goods" rather than consumer goods.
3. By 1900, U.S. was producing as much steel as Britain and Germany combined.

B. **Bessemer process** -1850s

1. Turned iron into steel.
2. Steel could now be readily produced for locomotives, steel rails, and the heavy girders used in building construction.

C. **Andrew Carnegie**

1. Brought to America from Scotland as a boy by impoverished parents in 1848.
2. Disliked monopolistic trusts
 - a. His organization was a partnership that involved about 40 "Pittsburgh Millionaires" at one point.
 - b. **Henry Clay Frick** -- his general manager and partner
3. By 1890, Carnegie was producing about 1/4 of the nation's Bessemer steel
4. Eventually sold his company to J. P. Morgan for over \$400 million
5. Spent rest of life giving money away to the public: libraries, pensions for professors, etc. -- in all, about \$350 million.

D. **J. Pierpont Morgan**

1. Owned a Wall Street banking house which financed the reorganization of railroads, insurance companies, and banks.

- Reputation for integrity; did not believe "money power" was dangerous unless it was in the wrong hands.
- 2. In 1901, he launched the enlarged **United States Steel Corporation**
 - a. Combination of Carnegie's holdings and others, and stock watering.
 - b. Corporation capitalized at \$1.4 billion making it America's first billion dollar corporation (greater than sum of entire nation in 1800!)
 - However, half of stock's worth was water
 - c. **Elbert H. Gary**, a co-leader of USX.
- 3. **Charles Schwab** also important in shaping steel industry (Bethlehem Steel)

VI. The Petroleum industry and other trusts

- A. First well in PA in 1859 started U.S. petroleum industry overnight.
 - 1. Oil would dwarf the wealth generated by all the gold extracted in West.
 - 2. Kerosene emerged as standard for lamps, crippling the old whale-oil business.
- B. **John D. Rockefeller**
 - 1. Came from a modest background and became a successful businessman at 19.
 - 2. In 1870, organized the **Standard Oil Co.** of Ohio.
 - By 1877, Rockefeller controlled 95% of oil refineries in U.S.
 - 3. Pursued a policy of rule or ruin; ruthless in his business tactics
 - Believed he was obeying law of nature -- survival of the fittest.
 - 4. Standard Oil produced a quality product at a cheap price which fueled important economies home and abroad
 - a. Large-scale methods of production and distribution
 - b. Consolidation proved more profitable than ruinous price wars.
- C. **Gustavus F. Swift & Philip Armour** became kings of the meat industry
 - Enormous profits from western herds
- D. **Andrew Mellon**
 - 1. Financier who became one of America's greatest venture capitalists
 - 2. Expert ability to select, back, and acquire shares of promising business ventures such as Aluminum Co. of America, Gulf Oil Corporation, and the Pittsburgh Coal Company.

VII. "nouveau riche" - arrogant class of "new rich" after Civil War

- A. Older American aristocracy of successful merchants and professionals highly resentful and concerned about the change in the order of society
 - 1. Patrician families losing power and prestige in the face of the "new rich"
 - 2. Economic liberty and community involvement being overshadowed by monopoly and political machines.
- B. Antitrust crusaders generally led by the "best men" -- genteel old-family do-gooders who were conservative defenders of their own vanishing influence.
 - Roosevelts, Wilson, Mugwumps
- C. Despite plutocracy and deep class divisions, the captains of industry provided material progress.
- D. **Social Darwinism**
 - 1. **Charles Darwin** -- *Origin of the Species* ("survival of the fittest" theory)
 - Although Darwin's work was rooted in biology, others used his theory as the foundation for promoting the virtues of free-market capitalism.

2. **Herbert Spencer** -- advocated idea of **Social Darwinism**
 - a. Applied Darwin's theory of **natural selection** to human competition
 - b. Established sociology as a respected discipline in the U.S.
3. "Millionaires a product of natural selection": **William Graham Sumner** -- *What Social Classes Owe to Each Other*
- E. Some argued that Divine Providence was responsible for winners and losers in society
 1. God had granted wealth as He had given grace for material and spiritual salvation of the select few.
 - John D. Rockefeller: "The good Lord gave me my money"
 2. Resembled "Divine Right of Kings" in justifying power
 3. Identify of interest idea held that existing hierarchy was just and decreed by God.
 4. Those who stayed poor must be lazy and lacking in enterprise.
 - a. Many of the new rich had succeeded from modest beginnings (Carnegie)
 - b. **Rev. Russell Conwell**: "*Acres of Diamonds*" lectures made him rich.
 - "There is not a poor person in the U.S. who was not made poor by his own shortcomings."
- F. **The Gospel of Wealth** -- justified uneven distribution of wealth by industrialists
 1. **Andrew Carnegie**: *The Gospel of Wealth* synthesized prevailing attitudes of wealth and survival of the fittest.
 2. Wealth was God's will
 3. Stated money should be give away for the public good but not to individuals in want (Rockefeller gave away \$550 million by his death at age 97).
 4. Believed in the long run extreme disparities of wealth were good for the "race," because the wealthy added to civilization.
 5. Believed alternative to inequities of wealth was universal squalor.
 6. Identity-of-interest argument
- G. By 1890, value of all property in U.S. estimated at \$65 billion; \$25 billion of which was represented in the assets of corporations.

VIII. Government regulation of trusts

A. **Sherman Anti-Trust Act of 1890**

1. Created in response to public demand for curbing excesses of trusts.
 2. Provision: Forbade combinations in restraint of trade, without any distinction between "good" trusts and "bad" trusts.
 3. Largely ineffective as it had no significant enforcement mechanism.
 - a. First 7 of 8 decisions presented by attorney general were shot down by Court.
 - *U.S. v. E.C. Knight, Co.* 1895 - Court ruled sugar refining was manufacturing *and not* trade or commerce!
 - b. More trusts formed in 1890s under President McKinley than during any other like period.
 - c. Not until 1914 (Clayton Anti-Trust Act) was the Sherman Act given teeth.
 4. Ironically, used by corporations to curb labor unions or labor combinations that were deemed to be restraining trade.
- B. Public interests now eclipsing private enterprise in political power due to such acts as the Interstate Commerce Act of 1887 and the Sherman Anti-Trust Act.
- Revolutionary in the sense that public was shifting toward government protection

IX. The "New South"

A. The Changing South after the Civil War

1. Politics: for Southern whites, Democratic party only viable political organization.
 - To ensure its control, each southern state passed legislation taking voting rights away from blacks (e.g., literacy tests, poll taxes, and "grandfather clauses.")
2. Social: White leadership adopted Jim Crow laws that required racial separation of public facilities.
 - Most political/economic power remained in hands of powerful white aristocracy.
3. **"Redeemers" and "Bourbons"**: Powerful conservative oligarchy that controlled every Southern state government after the end of Reconstruction.
 - Although at times similar to antebellum planter class, it also included merchants, industrialists, railroad developers, or financiers.

B. "New South" --Some gains made in textile industry but by 1900, South still produced a smaller % of nation's manufactured goods than it had before the Civil War.

1. **Henry W. Grady**, editor of the *Atlanta Constitution*, most famous of southerners who urged the South to out-produce the North commercially and industrially.
2. Mill towns: Most visible signs of Southern industrial expansion after Reconstruction.
 - a. Textile factories encouraged by Southern conservative governments, which could offer low taxes, a cheap labor supply, and an abundance of water power.
 - b. Mill towns controlled their workers' lives. While providing community and solidarity among workers, mill towns prevented union organization.

C. The Tobacco Trust

1. Tobacco industry grew dramatically after 1880 when machine-made cigarettes replaced hitherto practice of rolling one's own
2. **James Buchanan Duke** & family: mass-produced slim cigarettes: Amer. Tobacco Co

D. Industrialism partially impaired by high railroad rates traveling northward.

E. Agriculture still dominated; South remained rural, industrialism slow to take hold

1. Plantation system degenerated into a pattern of absentee land ownership among both with and black sharecroppers.
2. **Crop-lien system** was at the core of Southern agriculture -- **Sharecropping**
 - a. A farmer mortgaged his ungrown crop in return for use of land and to acquire supplies from the owner of a local store selling tools or seed.
 - b. Since merchants seldom had competitors, farmers paid inflated prices for goods purchased on credit as well as high interest.
 - c. Often, a farmer's harvest was given away in its entirety to the merchant but the farmers still remained in debt.
 - d. Indebtedness tended to increase annually resulting in the eventual loss of land for the farmer.
 - e. This system of economic tyranny contributed to increase in cash crop growth as they were seen as a more profitable way of paying off debts.

F. The "Lost Cause" and "Redemption"

1. Southerners remained proud of their defiance in defense of states' rights during the Civil War.
2. After Reconstruction ended, "Redemption" resulted in Confederate memorials and cemeteries commemorating the "Lost Cause."
3. **Joel Chandler Harris: *Uncle Remus* (1880)**

- a. Harris' tales depicted antebellum slave society as a harmonious world.
- b. Nostalgic tales popular and showed the role and power of the Southern past.

X. Impact of the Second Industrial Revolution on America

- A. Standard of living rose sharply as well-fed American workers enjoyed more physical comforts than any other nation.
- B. Urban centers mushroomed as factories increasingly demanded more labor
- C. American agriculture eclipsed by industrialism: railroads, steel, oil, electricity
- D. Free-enterprise eclipsed by monopoly
- E. The work-place became regimented and impersonal
- F. Women achieved social and economic independence as careers in typing, stenography, and switchboard operators became available.
 - Marriages delayed, smaller families resulted
- G. Social stratification most pronounced in U.S. history
 - 1. By 1900, about 10% controlled 90% of the nation's wealth.
 - 2. Lower classes envious and resentful of the nouveau riche
- H. Foreign trade developed as high U.S. productivity threatened to flood American market.

XI. Rise of the Labor Movement

- A. Conditions for workers in the 2nd industrial revolution were precarious
 - 1. Low-skilled jobs make workers expendable as number of workers abundant
 - a. Automation created short-term losses of jobs; better in long-run
 - b. Before mechanization, most manufacturing done by skilled craft workers (such as shoemakers, saddle-makers, etc.); earliest unions were trade unions.
 - c. Working conditions often dismal and impersonal
 - d. Recourse minimal the face of the vast power of industrialists
 - i. Strikes often nullified by the use of "scab" workers
 - ii. Conservative federal courts often ruled in favor of corporations
 - iii. Corporations could also ask states to call in troops.
 - iv. Employers could lock-out rebellious workers & starve them into submission.
 - v. Forced to many to sign "ironclad oaths" or "yellow dog contracts" which were agreements not to join a labor union.
 - vi. Also blacklisted uncompliant workers.
 - e. Corporations sometimes owned a "company town" where high priced grocery stores, easy credit, and sometimes rent deductions created a cycle debt.
 - f. Public grew tired of frequent strikes; often unsympathetic to the workers' plight.
 - Strike seemed to many foreign and socialistic and thus, unpatriotic.
 - 2. Labor's goals of currency reform, greenback currency, and opposition to national banks alarmed conservatives for the rest of the century.
 - Yet, wages were perhaps the highest in the world.
- B. Civil War boosted labor unions
 - 1. Drain of human resources put more value on labor
 - 2. Mounting cost of living created urgent incentive to unionization.
 - By 1872, several hundred thousand organized workers and 32 national unions existed including crafts as bricklayers, typesetters, and shoemakers.
 - 3. **Collective bargaining** emerged as standard union practice.
- C. **National Labor Union organized in 1866** (led by William Sylvis)

1. Major boost to the union movement.
 - Designed to bring together skilled craft unions into one large one
2. Lasted 6 years; attracted about 600,000 workers inc. skilled & unskilled farmers
3. Focused on social reform (such as abolition of the wage system) but also fought for goals such as 8-hr. work-day and arbitration of industrial disputes.
 - Succeeded in getting 8-hr day for gov't workers but laws had no means of enforcement and provisions were not implemented.
4. Blacks formed their own national labor union in 1869 when they were no longer welcome in the NLU.
5. NLU killed by depression of 1870s.

D. Molly Maguires (formed in 1875 by Irish anthracite-coal miners in Pennsylvania)

1. Members were part of an Irish American secret fraternal organization (Ancient Order of Hibernians).
2. Mollies used intimidation, arson, and violence to protest owners' denial of their right to unionize.
3. President of Reading Railroad called in Pinkerton detective agency for help.
 - Mollies infiltrated and incriminating evidence was gathered.
4. Mollies destroyed and twenty of its members hanged in 1877.
5. The Mollies became martyrs for labor and a symbol for violence among conservatives.

E. Great Railroad Strike (1877)

1. Several railroads informed workers wages to be cut by 10% for 2nd time since 1873.
2. First nationwide strike; paralyzed railroads throughout the East and Midwest and idled some 100,000 workers.
 - a. Later, farmers, coal miners, craft workers, and the unemployed joined in.
 - b. Involved 14 states and ten railroads.
3. President Hayes sanctioned use of federal troops in PA; set precedent for future federal intervention.
 - Led to over 100 deaths and terrified propertied classes.
4. The strike inspired support for the Greenback-Labor party in 1878 and Workingmen's parties in the 1880s.

F. Knights of Labor seized the torch of the defunct NLU.

1. Background
 - a. Led by **Terence Powderly** - a moderate; *not* a radical
 - b. Founded in 1869 as a secret society (like the Masons and others)
 - Officially known as The Noble and Holy Order of the Knights of Labor
 - c. Secrecy continued through to 1881 to forestall possible reprisals by employers.
 - d. Used republican imagery associated with Lincoln that each man should have a say in the political and economic issues that affected him.
 - e. Much of leadership and membership was Irish.
2. Sought to include all workers in "one big union" including blacks & women.
 - a. Excluded only liquor dealers, gamblers, lawyers, bankers, and stockbrokers.
 - b. Industrial unionism idea was ahead of its time (not seen until 1930s).
 - Most 19th c. unions were trade unions with skilled workers.
3. Campaigned for economic and social reform
 - a. Producers' cooperatives and codes for safety and health; end to child labor.
 - i. Cooperative idea paralleled the Grange in the west.
 - ii. Sought to replace wage system with all workers owning factories.

- b. Fought for an 8-hr workday through winning a number of strikes; higher pay and equal pay for women.
- c. Government regulation of railroads; postal savings banks, gov't paper currency
- d. Sought arbitration rather than industrial warfare.
 - i. Discouraged strikes and violence as a means for change
 - ii. Powderly's ban on strikes would be ignored and lead to the Knight's demise.
- e. Won major strike in 1885 against Gould's struggling railroads.
 - Victory increased Knight's membership to more than 700,000 in 1886.
- 4. Demise due to the **Great Upheaval (1886)** - 1,400 strikes involving 500k workers.
 - a. To many, Knights a huge organization that could throw economy into chaos.
 - b. Involvement in a number of May Day strikes in 1886 resulted in 50% failure.
 - c. **Haymarket Square Bombing** in Chicago
 - i. May 4, 1886, Chicago police advanced on a meeting called to protest alleged brutalities by the authorities in May Day strikes.
 - ii. Alleged German anarchists present who advocated a violent overthrow of gov't
 - iii. A dynamite bomb was thrown in the crowd that killed 8 police; 60 officers injured by police fire; 7 or 8 civilians killed; 30-40 wounded
 - iv. Resulted in the first full-blown red scare in Chicago for 2 months.
 - v. Five anarchists sentenced to death and three others given stiff prison sentences although nobody could prove they had anything to do with the bombing.
 - vi. In 1892, Gov. **John P. Altgeld**, a German-born Democrat pardoned the 3 survivors after exhaustive study of the Haymarket case.
 - Defeated for reelection probably due to a conservative backlash.
 - d. The rise of Workingmen's parties in various cities scared conservatives who blacklisted members through employers' associations.
 - Employees had to sign "**yellow dog**" contracts or take "iron clad" oaths.
 - e. Knights of Labor became mistakenly associated with anarchists.
 - 8-hr movement suffered and subsequent strikes met with many failures.
 - f. Inclusion of both skilled and unskilled workers proved a fatal handicap.
 - i. Unskilled labor could easily be replaced with "scabs."
 - ii. High-class craft unionists enjoyed a superior bargaining position.
 - Became frustrated with giving up their bargaining advantage due to the failure of unskilled labor strikes.
 - iii. Powerly's cautious leadership squandered rank-and-file mobilization by opposing strikes and forbidding political action.
 - iv. Skilled craftsmen sought a union of exclusively skilled craft unions.
 - g. By 1890s, Knights of Labor had only 100,000 members left who ultimately left to join other protest groups.

F. **American Federation of Labor (AFL)**

1. Formed in 1886 under the leadership of **Samuel Gompers**
2. Consisted of an association of self-governing national unions with the AFL unifying overall strategy.
3. Gompers' path fairly conservative; bitter foe of socialism; non-political
 - a. Accepted existence of two conflicting classes: workers and employers.
 - b. Only wanted labor to win its fair share; better wages and hours, and improved working conditions ("**bread and butter**" issues)
 - c. Did, however, attempt to persuade members to vote for favorable candidates

4. **Closed shop** -- all workers in a unionized industry had to belong to the union.
-- Provided necessary funds to ride out prolonged strikes.
 5. Chief strategies of AFL: walk-out and boycott
 - a. By 1900, about 500,000 members (critics called it the "labor trust")
 - b. Shortcomings: did not represent unskilled labor esp. women and blacks.
- G. Major strikes in the 1890s
1. **Homestead Strike** (1892) in Carnegie's steel plant near Pittsburgh
 - a. Demonstrated a strong employer could break a union if it hired a mercenary police force and gained gov't and court protection.
 - b. Frick & Carnegie announced 20% pay slash for steelworkers
 - c. Amalgamated Association of Iron, Steel, and Tin Workers went on strike and Frick then locked them out.
 - d. Led to worker uprising - factory surrounded; scabs not allowed through lines
 - e. Frick called in 300 **Pinkerton** detectives.
 - i. Armed strikers forced their assailants to surrender after 9 Pinkertons and 7 workers were killed and about 150 wounded.
 - ii. PA governor brought in 8,000 state militia and scabs replaced workers.
 - iii. In Sept. scores of workers indicted on 167 counts of murder, rioting, and conspiracy; jury eventually found the leaders innocent
 - f. Union was effectively broken.
 2. **Pullman Strike, 1894**
 - a. Pullman Co. responded to the Great Railroad Strike of 1877 by building a model company town for his workers near the factory in Chicago.
 - b. Pullman Palace Car Company hit hard by the depression & cut wages by 1/3 but maintained rent prices in the company town.
 - c. **Eugene V. Debs** helped to organize the American Railway Union of about 150K
 - i. Workers went on strike and even overturned some Pullman cars
 - ii. Railway traffic from Chicago to Pacific Coast paralyzed.
 - d. Attorney General **Richard Olney** sent federal troops stating strikers interfering with transit of U.S. mail.
 - i. President Cleveland: "If it takes the entire army and navy to deliver a postal card in Chicago, that card will be delivered"
 - ii. Troops sent in over Governor Altgeld's objections and violence spread to several states costing 34 lives.
 - iii. Strike crushed and 150,000 ARU destroyed.
 - e. Debs and his lieutenants sentenced to 6 mos. jail time for contempt of court.
-- Debs used his time to read radical literature which laid a philosophical foundation for his later leadership of the Socialist movement in U.S.
 - f. First time gov't used an **injunction** to break a strike
 - i. The gov't made striking, an activity not previously defined as illegal, a crime
-- Labor cried "gov't by injunction"
 - ii. Laborites held in contempt of court could be imprisoned w/o jury trial.
 - iii. Populists & other debtors concerned as Pullman episode proof of an alliance between big business and the courts.
 3. Between 1881-1900, 23,000 strikes occurred involving 6.6 million workers.
 - a. Biggest weakness: only represented about 3% of all working people.
 - b. Public finally began to accept workers' right to organize, bargain collectively,

and strike.

-- Labor Day made a legal holiday by Congress in 1894.

H. Labor movement by the early 20th century

1. **Lochner v. New York** (1905) - Supreme Court overturned a New York law limiting New York bakers to 60/hr weeks.
2. **Danbury Hatters case**, 1908 in CT had assessed more than \$250K on striking hatmakers who were striking; workers were to lose savings and homes.
 - a. Supreme Court had ruled trade union had violated Sherman Act by interfering with interstate commerce.
3. Supreme Court in 1908 upheld use of broadest injunctions and did much to destroy organized labor.

-- In 1910 membership had been reduced to 1.5 million, down from 2 million in 1904
250k in 1897; 870k in 1900
4. AFL vigorously entered national politics in 1908 and endorsed Democratic party
5. Clayton Anti-Trust Act, 1913 -exempted unions from Sherman Antitrust provisions.
 - a. Hailed by Gompers as "the magna carta of labor."
 - b. By 1917 AFL membership reached 3 million
6. "Red Scare" after World War I led to crackdowns on labor and the movement declined significantly until Franklin Roosevelt's New Deal in the 1930s.

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