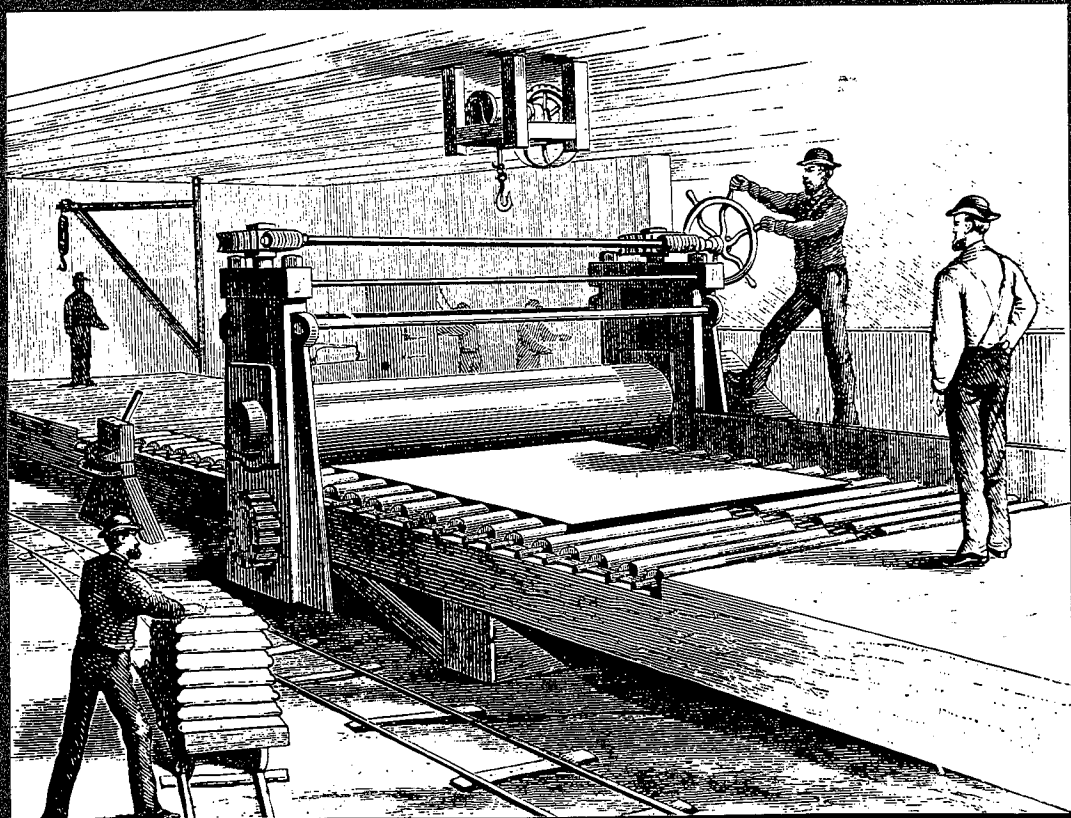
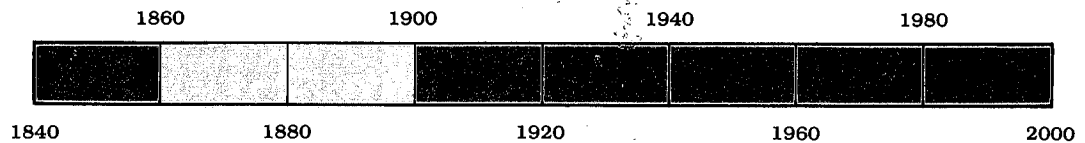


Part **1**

The Rise of Industry



Looking Ahead



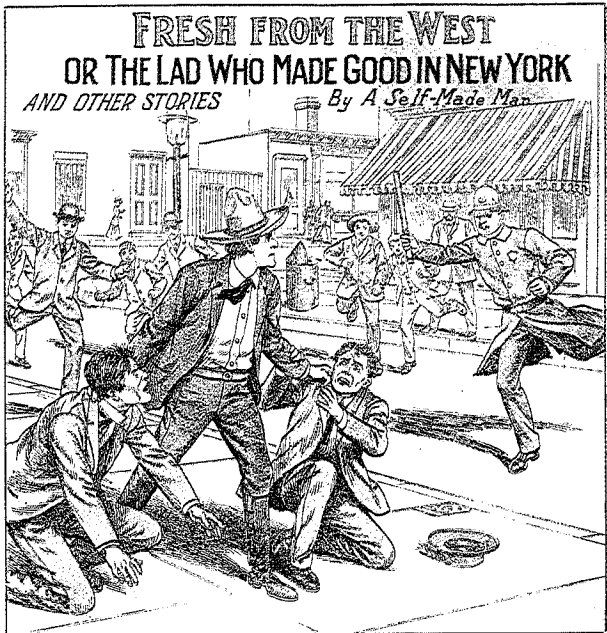
On the Fourth of July, 1876, Americans celebrated a birthday. Their country was exactly 100 years old. Firecrackers popped and bands played. Political leaders made speeches about the greatness of America's past—and the greatness of its future.

Striking it rich. How much the United States had changed in 100 years! The nation was growing fast in 1876; it was growing rich too. It seemed that, with a little luck, almost any American could make a lot of money. But, of course, only a few people actually did get rich. Some made fortunes buying stocks at a low price and then selling them at a high price. Some started businesses in new or growing industries. A few struck it rich in the oil fields of Pennsylvania.

This drawing, made about 1880, shows factory workers in a sheet metal plant. Factories grew in size and in number in the years after the Civil War.

This was the golden age of American capitalism. **Capitalism** is an economic system in which goods and services are provided by individuals and corporations rather than by government. Between 1870 and 1900, many large corporations were formed. They became very powerful, and they controlled important parts of the economy. It seemed that they could do almost anything they wanted. These large corporations got low rates from shippers and suppliers, obtained special favors from the government, and set the prices of many products. Smaller companies had trouble keeping up. Many were forced out of business.

Big business. A number of things contributed to the rapid growth of big business after the Civil War. To begin with, there was new **technology** (the tools and processes used to produce goods and services). The railroads that crossed the continent were the most striking example of the new technology. The railroads en-



The two conscience men suddenly discovered they had a tartar to deal with. Jerry seized each by the ear and forced them down on their knees. The unusual spectacle immediately attracted attention, and a policeman came running to the spot.

Nickel novels were very popular at the end of the 19th century. These success stories described the vast fortunes made by a few. With a little "luck and pluck," any lad could "make good," or so the story went.

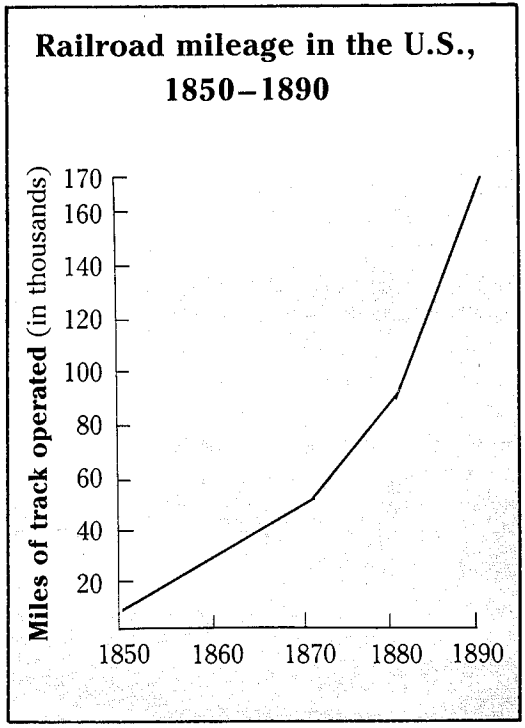
abled manufacturers to ship their goods anywhere in the country. They changed the way companies did business. They made it possible for manufacturers to sell their products to the whole nation. Many new inventions were also part of this technology. Between 1860 and 1890, creative Americans took out patents for more than 400,000 inventions. The

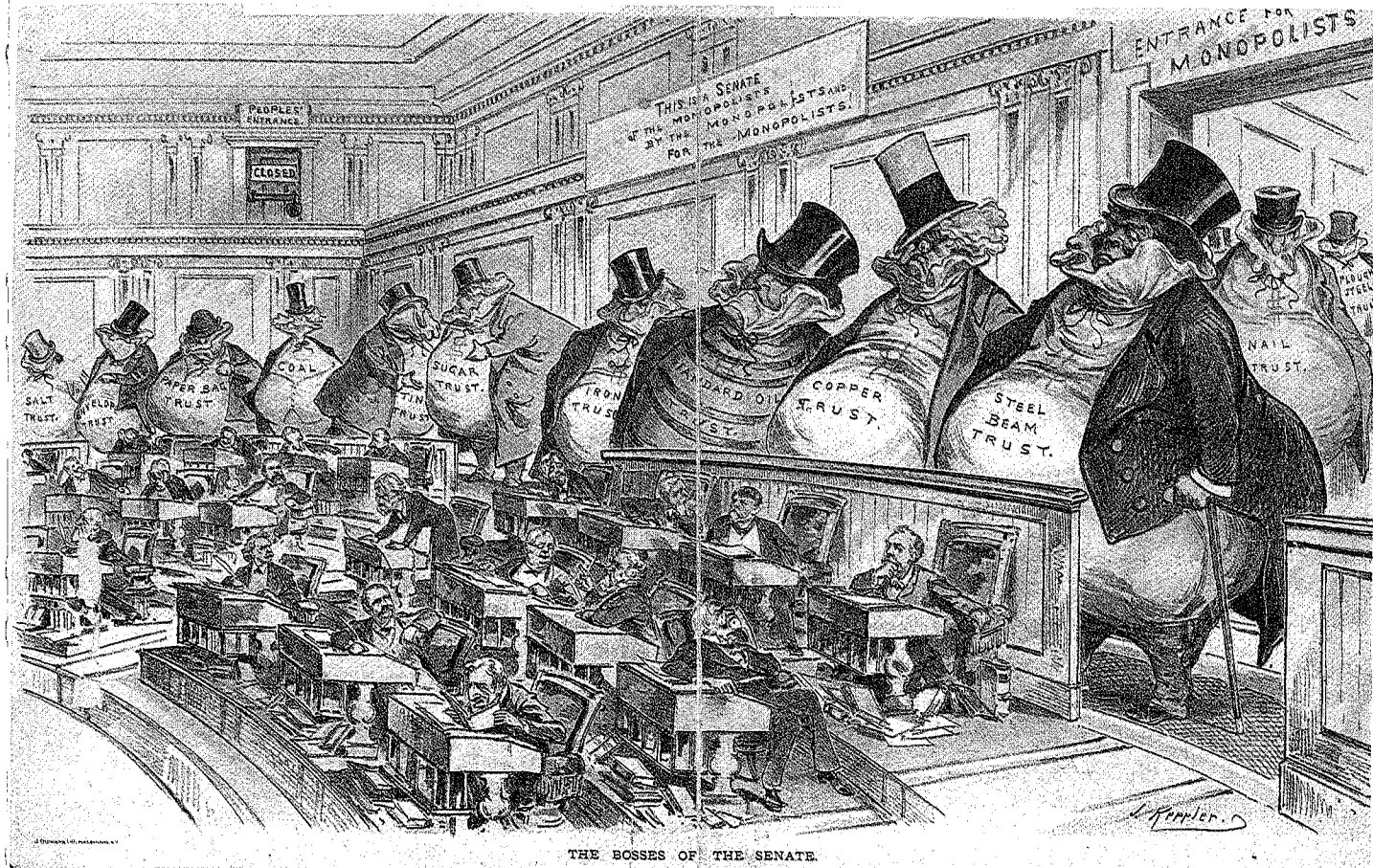
telephone, the refrigerated railway car, and the typewriter were just a few of the inventions that changed American business.

America's plentiful resources contributed enormously to the rapid growth of business and industry. **Capital** (money), natural resources—such as coal, iron, and oil—and labor were all available for the developing economy.

The policies of the government and of the courts also helped the expansion of industry. Federal and state governments passed laws that favored industry. And the courts interpreted the laws to favor industry.

Finally, bold, farsighted individuals known as entrepreneurs helped develop American industry. An **entrepreneur** is an individual who takes





THE BOSSES OF THE SENATE

As the U.S. entered its second century, some Americans feared that businesses were becoming too strong. This cartoon shows big business overpowering the Congress.

risks to organize or build up a business. A Scottish immigrant, Andrew Carnegie, did this in the steel business. A peddler's son, John D. Rockefeller, was an entrepreneur in the oil business.

Many Americans worried about the power of business and industrial leaders. How great was this power? Let's take a closer look at the way big business dealt with the government, with labor, and with the farmers.

Big business and the government.

Business leaders in the 1870's looked to the federal government for help in several areas. Railroad companies needed permission to build tracks through public lands and money to finance the construction. Manufacturers of cloth and steel wanted tariffs to protect them from cheap foreign imports. They also wanted a steady supply of immigrants to work in the factories for low pay.

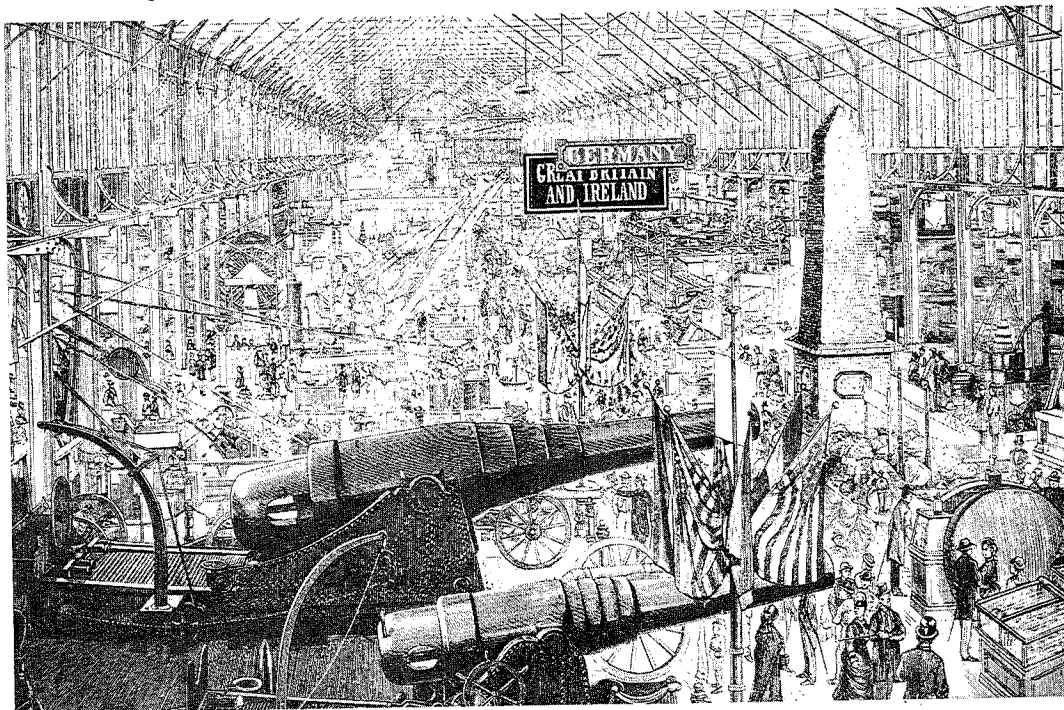
They had little difficulty persuading government officials to help. Most politicians believed that the growth of industry was good for the country and wanted to help. But just to be sure, business leaders often gave government officials gifts, usually in the form of money or shares of company stock. And if that didn't work, business leaders had other ways of persuading federal, state, or local government to do favors for them. In California, for example, the owners of the Southern Pacific railroad used their money to elect candidates to political office in the 1880's. Politicians who opposed the railroad

almost always lost elections.

Big business and labor. Many business leaders were interested only in making a profit. They tried to pay as little as possible for their laborers' work. Some workers barely earned enough to live. Those who dared to complain risked losing their jobs.

A worker who was unhappy could pack up and head west or look for a better job. Or a dissatisfied worker could join a labor union—and go on strike, if necessary. Unions were taking on a new importance in the years after the Civil War. Most business leaders opposed them. So did many other Americans, including some

The U.S. and other countries showed off their growing industrial might at the Centennial Exposition in Philadelphia in 1876. This drawing shows some of the gadgets on display in Machinery Hall.



workers. Government officials usually took the side of business against labor.

When a union called a strike, there was often fighting and bloodshed. Strikers set up **picket lines** and tried to keep people from entering the factory or other place of business. Factory-owners tried to persuade courts to forbid strikes. Sometimes, the owners hired armed detectives to drive the strikers off company property. The owners thought they had a right to do this. After all, they said, the factory belonged to them. They believed they could do anything they wanted with it.

Big business and the farmers.

Farmers also complained bitterly about big business. They thought they were being cheated out of their fair share of America's wealth. After all, farmers supplied the cotton for Eastern textile mills. They supplied the wheat for Midwestern flour mills and the hogs for the Chicago slaughterhouses. American farmers fed a nation of 50 million people. And yet, no farmer was as rich as a Chicago meat-packer or a New York banker.

In the 1870's and 1880's, in fact, many farmers seemed to be in debt most of the time. Year after year, the prices they got for their crops went down. Year after year, the prices they had to pay for bank loans, farm tools, and fertilizers went up. The farmers were also hurt by high tariffs. High tariffs usually meant that the farmers had to pay more for their clothes and their tools.

Many farmers decided they would

have to fight for their survival. They joined local chapters of an organization known as the **Grange**. Members of the Grange, called Grangers, wanted state laws to prevent railroads from charging unfair shipping rates. In 1892, farmers joined with factory workers to form a new political party. They called it the People's party, and they called themselves **Populists**. The Populists wanted the government to take over the railroads.

In 1892, the Populist candidate for President won more than a million votes. Business leaders were worried. Would there be an uprising in the country? Would angry farmers and workers join together against big business?

The answer to both questions, finally, was no. The Populist movement faded out, and big business continued to grow. It became even larger and wealthier—along with the nation itself. But the government did make a few moves to bring big business under control. In 1887, Congress passed the Interstate Commerce Act to regulate railroad rates. In 1890, the Sherman Antitrust Act took action against large corporations that interfered with free trade and limited competition.

The years from 1870 to 1900 were a time of enormous growth. Americans were getting ahead in countless ways. Many workers still knew hardships. Many injustices remained. But the rise of industry put more money in more Americans' pockets than ever before.

CHAPTER 1

The Golden Spike

Puffing steam, two railroad engines faced each other in the tiny town of Promontory, Utah. Between the locomotives stood a large group of railroad workers. They were watching a man with a sledgehammer. The man took a swing with the hammer and whammed it down on a spike of gold.

The news was flashed across the country by telegraph. In big cities, guns boomed and bells rang. The date was May 10, 1869.

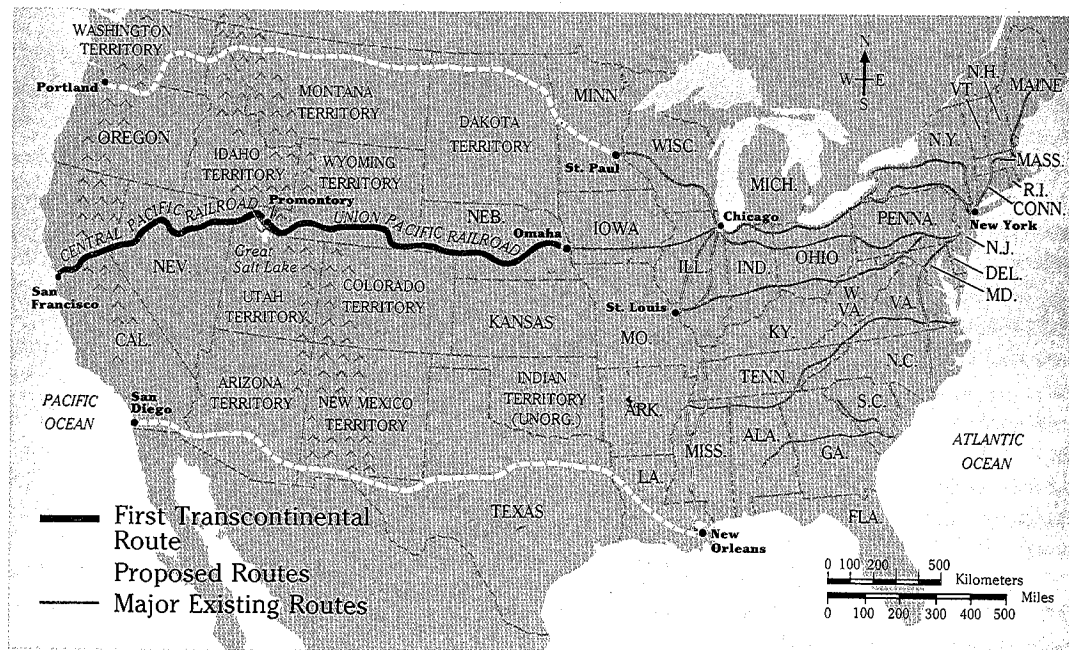
What had happened with the swing of that hammer? The last piece of railroad track joining the East and the West was nailed into place. Now it was possible to travel from coast to coast by railroad. The trip would take only six days. It had taken months by covered wagon or by ship. In those days ships had to go all the way around the tip of South America to get from New York to San Francisco.

Talk of tying East to West with a ribbon of rails had started as early as

the late 1840's. But when members of Congress began discussing possible routes, they couldn't agree. Southerners wanted a southern route—from New Orleans across Texas to San Diego. Northerners wanted a northern route—from St. Paul to the Columbia River by way of the Oregon Trail. Still others favored a middle route from St. Louis to the Great Salt Lake. From there it would run up the California Trail through the Sierra Nevada Mountains to San Francisco.

The southern route seemed easiest to build. But many Northerners in Congress held out against it because of slavery. Such a route would make it easier for Southerners to move west. Northerners feared that slavery would go with them.

Middle route. The outbreak of the Civil War in 1861 ended this dispute. After the Confederate states withdrew from the Union, Congress chose the middle route. One day, members of Congress hoped, the North and



A Railroad Spans the Nation, 1869

the South would be reunited. A route through the center of the nation would be fair to both.

Despite the war, Congress gave the go-ahead to two railroad companies in 1862. One, the Central Pacific, was to start in California and build eastward. The other, the Union Pacific, was to start near Omaha, Nebraska, and build westward until the two lines met. The two companies faced a huge task. Together they had to lay 1,700 miles (about 2,700 kilometers) of track. They had to burrow through mountains. They had to run bridges across gorges. They had to span hundreds of miles of prairie.

For each mile of track laid, the federal government offered loans to the

builders. The government also gave the two companies land along the tracks amounting to millions of acres. Some states offered rewards to get builders to move faster. The result: The Central Pacific and the Union Pacific were soon in a race, each trying to cover more ground than the other.

As the race began, both companies ran into another problem. Thousands of laborers had to be hired to do hard and dangerous work. These men had to be ready to move far from home. They had to be willing to work a 12-hour day. They had to be able to live in constant danger.

Irish workers. The Union Pacific turned to Irish immigrants. Between

1830 and 1850, these people had arrived in America in a flood. They had fled from famine and poverty in Ireland. More than a million of them had made the trip in these years. Many men had arrived in America with little but the clothes they were wearing. Such men were game for any hard job.

The boss of the Union Pacific, General Grenville Dodge, put the Irish to work. Soon rails began to move west at the rate of about a mile a day. A tent town sprang up at the farthest point of the railroad track. Whiskey merchants, dance-hall girls, and gamblers followed the railroad crews. There was a lot of shooting and robbing. One day General Dodge heard that gamblers were "running wild" in a railroad camp. He told his assis-

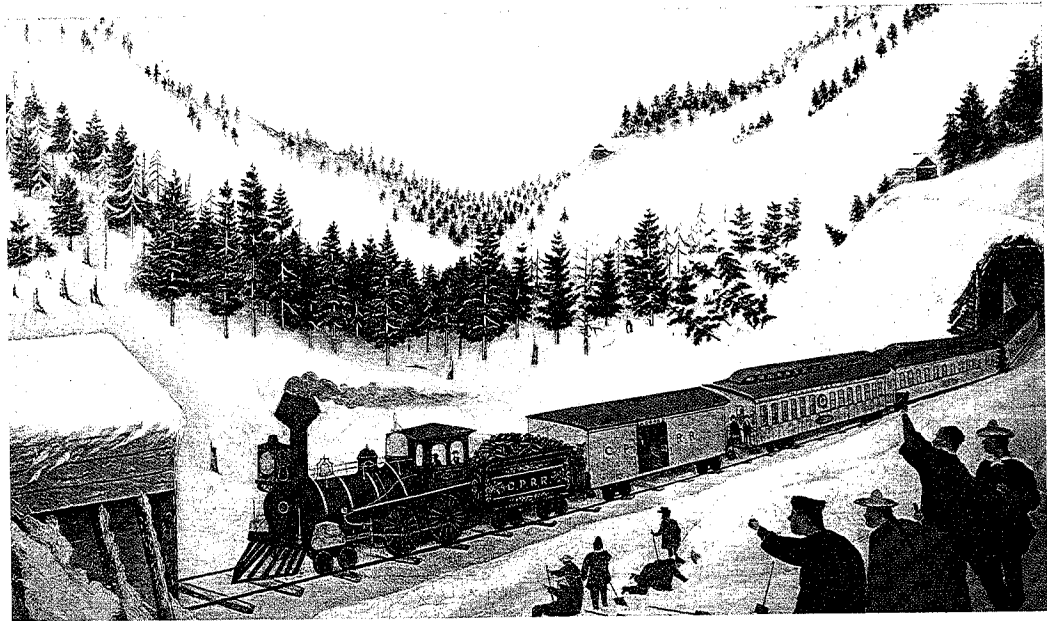
tant, Jack Casement, to "clean up" the mess.

A few days later, General Dodge came to the railroad camp. He asked Casement what he had done with the gamblers. Casement pointed to a row of new graves. "The bad men died with their boots on," he said.

The Union Pacific could make good time through the flat prairies of Nebraska Territory. But to reach the flatlands the Central Pacific had to blast its way through California's Sierra Nevada Mountains. Not many Californians wanted to struggle through snow in the Sierras. Still fewer wanted to risk their lives along the sides of the slippery peaks.

This was a problem for Charles Crocker, one of the Central Pacific's owners. In 1865 he needed at least

The Central Pacific brought laborers from China to help lay track. In this Joseph Becker painting, Chinese workers wave at a train passing between snowsheds in California's Sierra Nevada Mountains.



5,000 workers. Yet he could find only about 1,000 of them in the U.S. So he sent agents to the city of Canton in China. These agents hired Chinese laborers to come to the U.S. as railroad builders.

Chinese workers. At first American workers doubted that the small Chinese would prove strong enough for the job. To their surprise, the Chinese turned out to be very hard workers indeed. Crocker gave them the highest praise. "If we found we were in a hurry for a job," he said, ". . . it was better to put the Chinese on at once."

By the middle of 1868, the Central Pacific had battered its way through the mountains. Now it was lengthening eastward across the Nevada flats. The Chinese workers and the Irish workers raced to see who could put down tracks faster. The bosses of the crews encouraged the race.

One day Charles Crocker heard that the Union Pacific had laid eight miles (nearly 13 kilometers) of track in a single day. Crocker bet the Union Pacific man 10,000 dollars that his Chinese crews could do better than that. On April 28, 1869, the Chinese swung into action. Working with amazing speed, they laid 10 miles (16 kilometers) of track. Crocker won his bet.

Finally the two lines met at Promontory, Utah. Governor Leland Stanford of California was supposed to drive in the last spike. Stanford swung and missed. He swung and missed again. Finally Jack Casement took over. He drove the golden spike home with one swing.

Now that the railroads were linked, they began spreading other lines

throughout the West. These railroads made money too. They sold the lands that the government had given them. Ranchers and farmers bought the lands. Then the railroads hauled to market the crops and cattle these settlers raised.

The railroads worked hard to attract more and more settlers to the West. They put ads in newspapers read by farmers in the East. They sent agents to Europe to tell people about the great advantages of moving to America. These efforts paid off. Soon thousands and thousands of new settlers moved into the areas that had rail service. For these people, the railroad had "opened up" the West.

Chapter Check

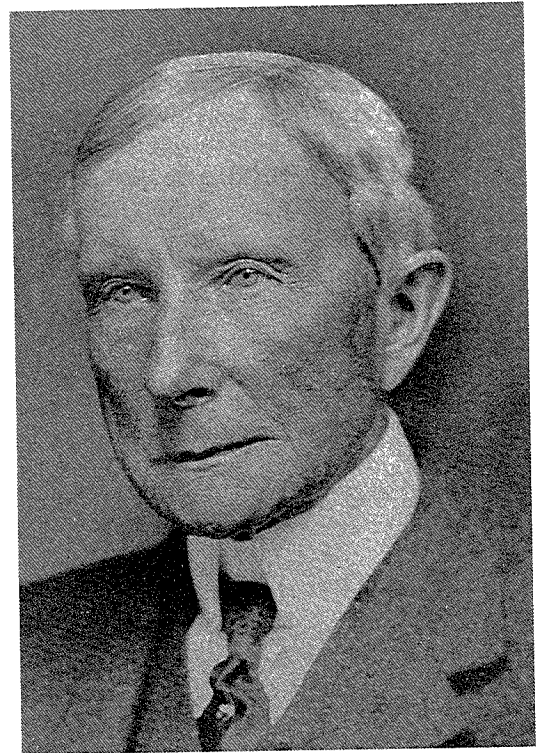
1. Which two companies built the track that linked the railroads of the East to the West coast?
2. Several routes were proposed for the transcontinental railroad. What were they? Explain which route was chosen and why.
3. Building railroads required thousands of laborers willing to do hard and dangerous work. Which company hired Irish immigrants to do the work? Why? Which company hired Chinese immigrants? Why?
4. Take a close look at the map in this chapter. Promontory, Utah, is not halfway between Omaha, Nebraska, and San Francisco. In building the railroad, one company covered more miles than the other. Which company laid the larger section of track? Why?

CHAPTER 2

Two Titans of Industry

The 14-year-old did not smile as he walked home from school in Cleveland, Ohio. Smiling, laughing, and enjoying himself were not important to young John D. Rockefeller. Even as a youth, all that seemed important to him was the idea of becoming rich. He once told one of his school friends: "When I grow up, I want to be worth \$100,000 and I'm going to be too." He was not joking. Rockefeller rarely joked.

At an early age, Rockefeller learned an important lesson about making money. One summer, a farmer gave him the job of digging potatoes for 37 cents a day. Rockefeller saved all the pennies he earned in a blue bowl that he kept in his room. He saved 50 dollars this way. The farmer who employed him asked to be loaned the 50 dollars. The boy agreed, charging the farmer seven percent interest. As an old man, Rockefeller explained what this loan taught him. "I soon learned," he said, "that I could get as much interest for 50 dollars at seven



As a child, John D. Rockefeller dreamed of becoming rich. When he finally retired from the oil business, he had a fortune worth about one billion dollars.

percent . . . as I could earn by digging potatoes for 10 days.”

Rockefeller learned his lesson well. He developed a talent for managing his money and making it grow—and grow. As a young man, he opened up a business buying and selling grain. The business made large profits in the first year. As usual, however, Rockefeller did not spend the money on his own amusement. Instead, he used it to buy a larger business.

Hitting a gusher. The business he bought into was an up-and-coming one—oil. Before the 1850's, oil had been mainly used in back-rub medicines and certain drugs. Then in 1859 a railroad conductor, Edwin L. Drake, dug for oil near Titusville (TITE-us-vill), Pennsylvania. He hit a gusher, and his well was soon producing 20 barrels of crude oil a day. The oil could be refined (converted) into kerosene, for use in kerosene lamps. These lamps soon became the major means of lighting U.S. homes and offices. Other fortune-seekers rushed to put down wells near Drake's. In no time at all, the pumping of Pennsylvania oil became a thriving business.

So did oil refining. It was in refineries that crude oil was turned into kerosene. Clevelanders such as Rockefeller quickly saw that their hometown was a fitting place to start refineries. Cleveland was not too far from the Pennsylvania wells. And it was close to growing Western markets.

In 1863 Rockefeller and four other men built a refinery in Cleveland. In 1865, just as the Civil War was ending, Rockefeller bought out three of his four partners. Rockefeller's refin-

ery could turn out more barrels of oil a day than any other in Cleveland. The business made Rockefeller very wealthy—and he wasn't yet 30 years old.

Lowering prices. But the oil business was a risky one. Oil fortunes could be made and lost in a day. To stay on top of the business, Rockefeller had to sell more and more oil. He wanted his company to be more than just the biggest oil company in the country. He wanted it to be the *only* oil company. He wanted to drive all his competitors out of business.

To do this, Rockefeller made deals

Before 1859, people obtained oil by skimming it from streams. Many thought Edwin L. Drake (in the stovepipe hat) was silly to drill for it. But he did so anyway, using this engine house.

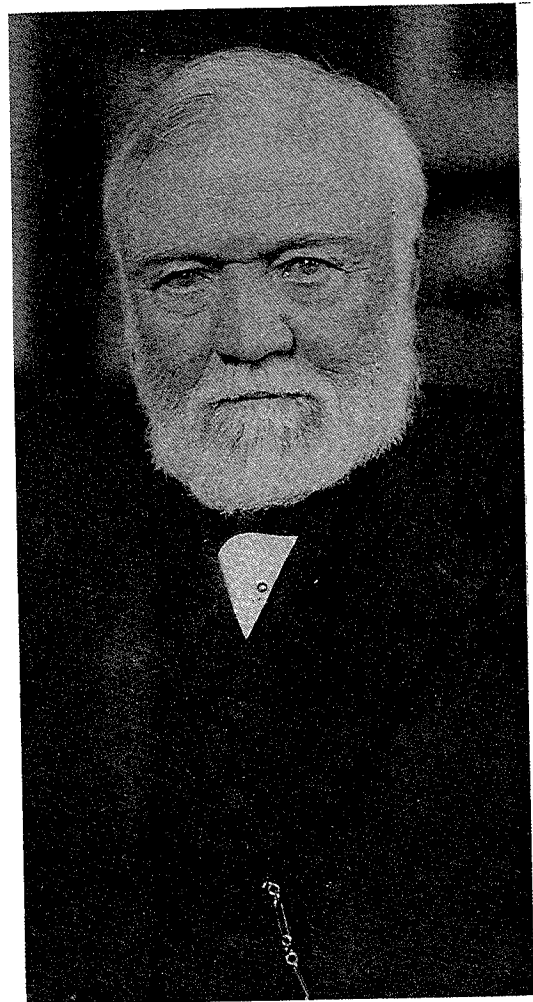


with the railroad companies. The railroads saw future profits in shipping Rockefeller's oil. They therefore agreed to return to Rockefeller part of the money that he paid for such shipments. This returned money was called a **rebate**. Because of the rebates, Rockefeller could sell refined oil at cheaper prices than his rivals. One by one, smaller oil companies were driven out of business. They were forced to sell their businesses to Rockefeller at almost any price he offered.

By this time, Rockefeller's business was called the Standard Oil Company of Ohio. Throughout the 1870's, Rockefeller went right on buying up other companies one by one. By the end of the decade, he had a **monopoly** in the oil industry. That is, he controlled most of the piping, refining, and selling of oil in the U.S. In 1882 the Standard Oil Company was turned into the Standard Oil Trust. A **trust** was a business made up of several companies. It was run by one group of managers known as *trustees*.

But powerful as he was, John D. Rockefeller controlled only one industry—oil. Other men, using similar methods, rose to the top of other industries. In 1880 the biggest name in the iron and steel business was Andrew Carnegie.

Carnegie was the son of a poor Scottish immigrant. At the age of 14, he earned only \$2.50 a week as a messenger boy. But then he met the manager of the Pennsylvania Railroad. This businessman gave Carnegie a job with the railroad. He also gave the young Scotsman a tip about



In 1900, Andrew Carnegie wrote a book called The Gospel of Wealth. According to Carnegie's gospel, wealthy men and women should use their money to help people. Carnegie practiced what he preached and gave away millions.

investing money. Carnegie began buying stock in other companies, usually with borrowed money. These companies grew rich, and so did Carnegie. At 33, Carnegie was making \$50,000 a year.

Improving profits. In 1873 Carnegie turned his attention to the making of steel. Two years later, he decided that his mills in Pittsburgh should be using a new method of turning iron into steel. He had learned the method while visiting steel factories in England. It was called the *Bessemer process*.

In the Bessemer process, iron was heated until it was molten (turned into a fluid). Then impurities were burned out of the molten iron with a blast of air. Before this process was discovered, steel could be made only in quantities of 25 to 50 pounds (about 12 to 25 kilograms). It took weeks to produce this much steel. Now, with the Bessemer process, steel could be turned out by the ton. And it could be made in minutes.

Returning from England, Carnegie built the world's biggest steel mill near Pittsburgh. This mill made use of the Bessemer process. Much of Carnegie's business was in producing steel rails for railroads. His profits shot steadily up.

By 1900 the Carnegie Steel Company's profit was 40 million dollars a year. The next year, 1901, Carnegie decided that he had worked hard enough managing his business. He therefore sold his company to a group of business leaders headed by a New York banker, J. P. Morgan. Morgan paid Carnegie 250 million dollars for it. This made Carnegie the richest man in the world.

People did not know what to think about business leaders such as Carnegie and Rockefeller. It was hard to decide whether they were good men or evil men, heroes or villains. They

showed no mercy toward business rivals. And they wielded enormous power. Some critics said that democracy was in danger when a few business leaders had so much power.

On the other hand, people admired all that these business leaders had built and achieved. Rockefeller had brought order to a once-risky business. Carnegie had helped to improve the manufacture of steel. And neither man used his fortune only for his own pleasure. Both gave away millions of dollars to help meet public needs. Carnegie donated nearly 60 million dollars to build 3,000 public libraries. Rockefeller gave millions of dollars to help support universities and medical research.

Was it better, then, to think of these men as "captains of industry" and praise them for making the U.S. into a strong industrial nation? Or was it better to think of them as "robber barons" who enriched themselves while hurting others? Some Americans in 1900 answered the question one way—and some the other.

Chapter Check

1. How did John D. Rockefeller make his fortune? How did Andrew Carnegie make his fortune?
2. What was the Bessemer process? Why was it important?
3. Some Americans considered Rockefeller and Carnegie "captains of industry," while others called them "robber barons." Which name would you choose to describe them? Why?

CHAPTER 3

Edison "Bottles" Light

It was nearly midnight on October 21, 1879. In a workshop in Menlo Park, New Jersey, two men were working late. Thomas Alva Edison and an assistant sat staring at a glass bulb. The bulb had a thin, lighted wire inside. The bulb had glowed for about four hours without burning out. After two years of work on his light bulb, Edison seemed to be succeeding.

Of course, the invention was not Edison's alone. Scientists had been trying to perfect light bulbs for more than 40 years. Edison had taken many of his ideas from this earlier work. He was trying to develop an incandescent bulb—one that glowed with heat. He wanted it to give off a soft, steady light. He also wanted it to be inexpensive for use in people's homes. He had tested such a bulb again and again. But up to now his light had never lasted more than a few minutes.

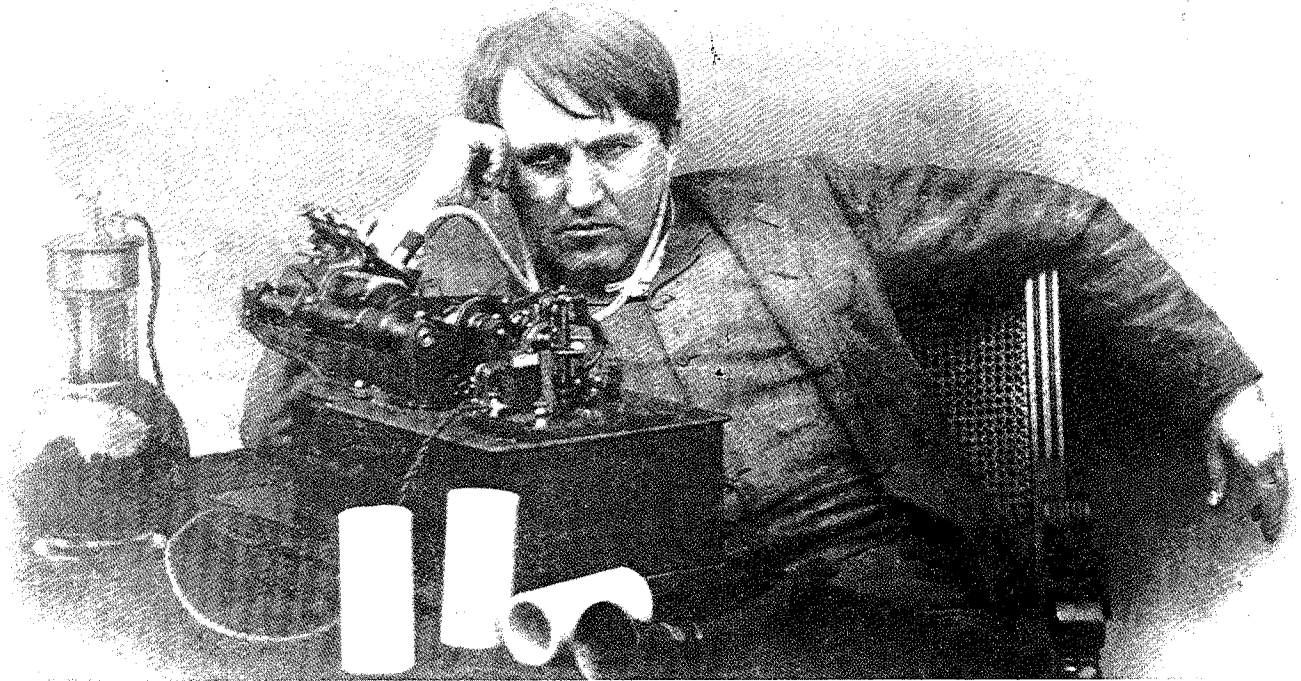
This time Edison's bulb glowed on and on. It gave off light for 13½ hours before it finally burned out.

Then the news traveled around the world. A practical method of electric lighting had been found. Edison became known as the "Wizard of Menlo Park."

Who was this "wizard" who became one of history's greatest inventors? Born in 1847, he was a problem child. He asked so many questions in school that his teacher said he was a troublemaker. So his mother, who had been a teacher, took him out of school. She taught him herself. After lessons, Tom was always busy making experiments with chemicals.

Young printer. At 12, Tom became a newsboy on a railroad train. After a time, he set up a small press in the baggage car and began printing his own newspapers. One day, a brakeman pulled him on to a moving train and accidentally banged Edison's head.

Later on, Tom began to go deaf. Some people believed it was the result of the accident on the train. Whatever the reason, Edison didn't feel sorry for himself. He believed



Thomas Edison liked to talk about how hard he worked. Here is the "wizard" after five days' work on his phonograph.

that being deaf helped him to think better. It shut out the noise.

Tom became a telegraph operator when he was 16. Later he went to New York and took a job with a company that sent the prices of gold and stocks to offices by a ticker machine. This machine worked like a telegraph, and soon Tom was making improvements on it. When he got through, the company's president asked him how much money he wanted for his improvements. Edison thought he'd settle for \$3,000. But first he said, "Well, sir, suppose you make me an offer." The president said, "How would \$40,000 strike you?" Edison could hardly believe it.

All he said was, "Yes, I think that would be fair."

With this money, Edison started his first workshop. He was 23. In 1876 a Bostonian, Alexander Graham Bell, invented the telephone. Edison soon developed a transmitter (sender) for use in phones. In 1877 he invented the phonograph. This was his favorite invention—and his most original one. Then Edison decided to find something better than gas or kerosene for lighting homes and offices.

Scientific "wizard." Like other inventors, Edison knew that an electric current could heat a wire filament white-hot. But within seconds, the

wire would burn out. "If I can put that wire inside a glass bulb and keep it from burning up," Edison said, "I'd have 'bottled light.' But where to find the right filament?"

For two years Edison worked on his electric lamp. Often he worked 18 hours a day. Many times he forgot to eat. He sent current through platinum and other metal wires. He tried sending current through twine, cork, and fishing line. He even tried hairs from the beard of an old friend. He used thousands of different materials. All burned up too fast. He knew that a filament made of carbon would do the job. But keeping it burning was the problem.

Then one day he took some cotton thread and shaped it into a loop. He baked it for five hours in a special furnace. This turned the thread to carbon. When it cooled, he took it out. At first, the carbon thread broke too easily. But three days later he had a filament that held together. It was carefully set into a glass bulb, and the air was pumped out. On went the current. The lamp glowed—the "most beautiful light ever seen."

In 1882 Edison built the first electric power station to carry electricity into homes in New York City. He lived to see millions of homes and offices served by electricity. As time went on, Edison based more and more of his inventions on the work of others. In 1891, for example, he and his assistants made a movie camera. Their camera drew heavily on earlier inventions by such pioneers as George Eastman. Even so, Edison played a part in giving movies their start.

Friends of Edison remember hear-

ing him say that genius—being very smart—came mostly from "hard work and sweat." This summed up Edison's thinking about his work. He was a "trial-and-error" inventor. He kept on trying many different ideas until one of them succeeded.

As an inventor, Edison followed in the tradition of Benjamin Franklin. Both were self-made scientists. Both were very practical men. Franklin's most lasting discoveries were in the field of electricity. Edison was also an inventor of electrical devices. The work of this "wizard" gave rise to new industries and created new wealth.

Chapter Check

1. Several of Thomas Edison's inventions are mentioned in this chapter. Name three of them and tell the importance of each.
2. Explain how Edison managed to "bottle" light.
3. Edison said that genius came mostly from "hard work and sweat." Why do you think he said this? Do you think he was correct? Why?
4. Here is a list of objects invented between 1876 and 1900: (a) Telephone (1876). (b) Electric light bulb (1879). (c) Electric flatiron (1882). (d) Fountain pen (1884). (e) Kodak hand camera (1888). (f) Electric sewing machine (1889). (g) Safety razor (1895). (h) Motor-driven vacuum cleaner (1899). Which of these objects do you think improved people's lives the most? Why?

CHAPTER 4

A New Role for Government

In 1881, an article called "The Story of a Great Monopoly" appeared in *Atlantic Monthly* magazine. It told how the Standard Oil Company monopolized (controlled by owning all the important parts) the oil refining business. The article caused an uproar. The American people did not like the idea of one business controlling a whole industry. They did not like the idea of big companies getting together to force small companies out of business. They believed that competition played an important role in American society. The investigation was expanded. It appeared that sugar, beef, and many other industries were also controlled by monopolies.

How had these large, monopolistic companies managed to develop? What changes had taken place in American life?

A national economy. Between 1860 and 1890, the American economy grew at a phenomenal rate. The Civil War gave a big boost to some industries. Clothing, shoes, weapons, and

processed foods were all needed in large quantities during the war. Then, in 1869, the East and the West were linked by rail. This opened up large new markets for manufacturers. A product made in New York could be shipped quickly and cheaply to California—or to Wyoming or to Nebraska.

New technology also contributed to the growth of industry. Inventions such as the sewing machine and the Bessemer process for manufacturing steel made it possible to turn out much larger quantities of products. The telegraph made it possible to send information across the country in a matter of hours. Companies now operated on a national—even an international—scale.

At this time, more and more businesses were being set up as corporations. A **corporation** is a group of people who act as a business. Building a company required a great deal of capital (money). Corporations raised the capital by selling stock (shares of ownership) in the compa-

nies. American business was getting very complex. But most people were not aware of these developments. At first, they saw only the benefits—new products and services. They did not see the ways in which the giant corporations were taking advantage of the public. And the nation's laws could not control these new giants.

The angry farmers. Among the first to react to big business were the farmers. The farmers felt they were getting a raw deal. The United States had changed greatly since its founding. It was no longer a nation of farmers. By the late 1800's, many Americans lived in cities and worked in factories and offices. Only about half the people still lived on farms. And many of them were not prospering. Agricultural prices had gone down, and the farmers were going deeper and deeper in debt.

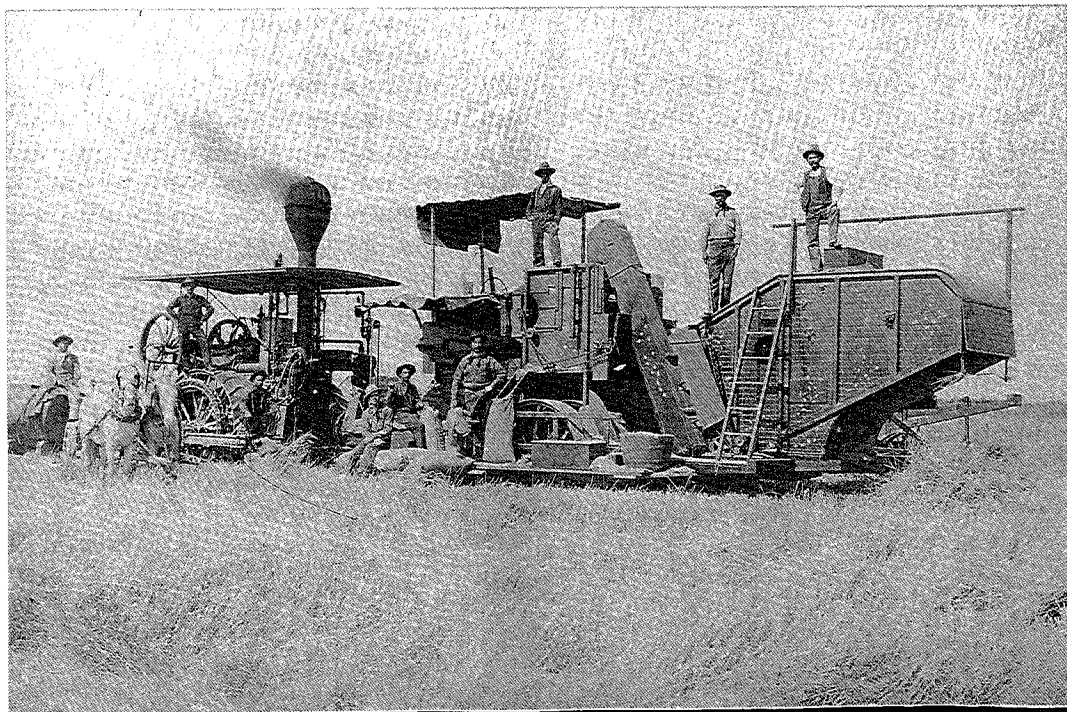
At the same time, farming was expanding. Farmers were producing more crops and selling them to larger

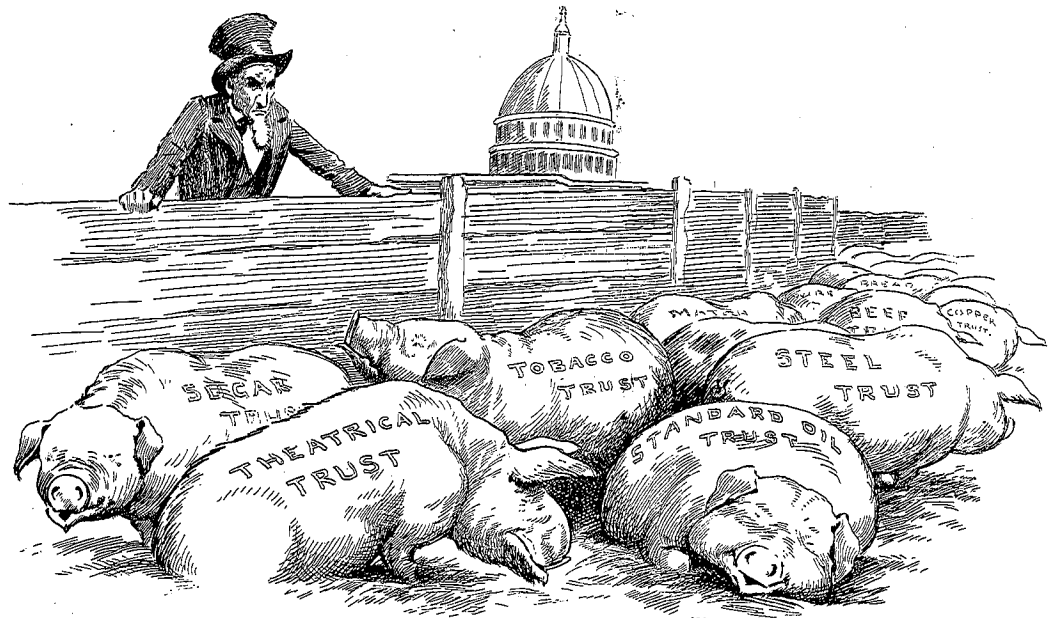
markets. That made them more dependent on others. The farmers needed machinery to grow larger quantities. They needed bank loans to pay for the machinery. They needed the railroads to ship the crops to bigger markets. The farmers complained that Eastern manufacturers charged high prices for plows and barbed wire. Farmers said the railroads charged unfair freight rates. They felt that the banks charged high interest on loans.

Of course, the farmers were not the only ones to suffer. Many factory workers labored for 60 or more hours a week for very low pay. Small children were sent to work in mills and in mines. But the angry farmers were among the first to organize.

Protest movements. The farmers' protest movement began in an organization known as the Grange. At first, the Grange was just a place where farmers got together to visit and talk. Later, it served as a plat-

California farmers use a steam harvester to gather their crops. Such equipment helped make farming in the late 19th century more efficient—and more expensive.





"ISN'T IT JUST POSSIBLE THAT I'M OVERDOING THIS BUSINESS?"

In this late-19th-century cartoon, Uncle Sam asks: "Isn't it just possible that I'm overdoing this business?" Which government policies and laws allowed the trusts shown here to grow so large?

form for the farmers' complaints. The railroads and big business were the main targets of their anger. In the 1870's, as a result of the efforts of the Grangers, some state legislatures passed laws regulating railroad rates.

Land grants. One of the lasting successes of the Grangers was in the area of land grants. To help build the railroads in the West, the government had donated more than 155 million acres (62 million hectares) of public land. The Grangers demanded a share of the public land too. They wanted to use it to pay for specialized schools. In 1862, Congress passed the Morrill Act. It set aside large areas of public land for schools that would give instruction in "agriculture and the mechanic arts." A second land grant bill was passed in

1890. The two laws led to the establishment of 69 "land grant colleges" in the nation. Many of the colleges later became state universities.

The role of government. Throughout the country's history, the government had given favored treatment to business and industry. This had helped the U.S. grow rich and strong. The period from 1860 to 1900 was no different. In 1861, Congress had passed the Morrill Tariff to protect American industry from foreign competition. Many other high tariff bills followed. In the 1880's, the tariff was the main issue separating Republicans from Democrats. The Republican party supported high tariffs. Many Democrats were in favor of lowering or eliminating the tariffs.

For Eastern manufacturers, the

tariffs meant bigger profits. Since there was less competition from foreign products, the manufacturers could charge high prices. But the tariffs hurt the nation's poor, the farmers, and the factory workers by keeping the prices of manufactured goods high.

During his first term as President, Grover Cleveland tried to lower the tariffs. He thought this would create more competition and keep big business under control. His stand on tariffs was strongly opposed by business interests and by many in his party. In 1888, he lost his bid for re-election.

Government steps in. So big business continued to grow bigger. And more and more people wanted the federal government to take action. The situation was made worse by a U.S. Supreme Court decision of 1886. The Court ruled that only Congress—not the states—could regulate railroads that crossed state lines. That made the railroad regulation laws passed by the states practically useless. The public demanded that Congress do something about the railroads. In 1887, it passed the Interstate Commerce Act to regulate railroad freight rates. It created a commission to enforce the law. But the commission had very little power. The public believed that the government had taken control of the railroads. In fact, the government did almost nothing.

Meanwhile, newspaper and magazine articles about the many monopolies and trusts in American business created a furor. The public demanded legislation to deal with these monsters. In 1890, Congress passed the

Sherman Antitrust Act. The new law made it illegal for any contract or action to interfere with trade and commerce. The law covered such practices as secret agreements to fix prices. It gave the government power to break up illegal trusts. But the antitrust act was no more effective than the Interstate Commerce Act. The wording of the law was vague and could be interpreted in different ways. And the courts—which had the job of interpreting the law—often shared the views of business.

The new role. All the same, the Interstate Commerce Act and the Sherman Antitrust Act were important. They marked the federal government's first attempts to regulate business. Slowly, the government had come around. It was starting to realize that some businesses had grown too big and too powerful. Certain limits were necessary to restore a balance to society.

Chapter Check

1. Why did the farmers think they were getting a "raw deal"? How did they protest their situation?
2. A number of tariff bills were passed in the years after the Civil War. Which groups supported high tariffs? Why? Which groups were opposed to them? Why?
3. What was the Sherman Antitrust Act? Why wasn't it effective?
4. What is your opinion of government regulation of industry? *Should* the government step in? Why or why not?

CHAPTER 5

Organizing the Workers

Sam Gompers was worried. His wife Sophia was giving birth to a child. But she was having a hard time. In fact, she seemed near death. Gompers rushed out into the streets of New York to look for a doctor. But the doctor he found at first refused to help. Why? Because the doctor knew that Gompers had no money. At the time, Sam Gompers was out of work—and completely broke.

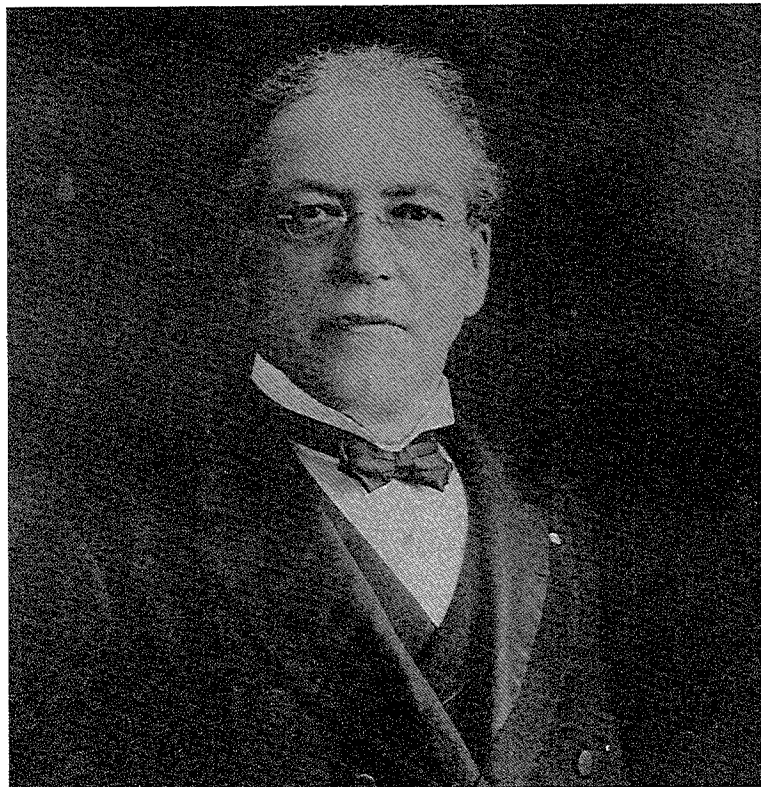
Gompers lost his temper. He seized the doctor's arm and told him: "You will come with me without another minute's hesitation or I will not be responsible for what I do to you." The doctor obeyed. Sophia Gompers and her child lived. The next day, her husband paid the doctor two dollars that he had borrowed from a friend.

Why did Sam Gompers have no money? Why was he out of work? It was because employers thought he was a troublemaker. They knew that he was a leader of a cigar-makers' union in New York. This union, like most unions, challenged the power of

business owners. If owners mistreated workers or failed to pay them what they wanted, unions threatened to call a strike. In fact, Gompers' union did call a strike. It lasted through the winter of 1876–1877. The strike did not succeed. Police arrested striking cigar-makers and threw them in jail. The cigar-makers soon found that their strike was in vain. To stay alive, they had to return to work—on the employer's terms.

Blacklisted worker. But there was no work for Sam Gompers. Owners of cigar factories kept a list of union leaders. The owners agreed not to employ anyone on this so-called **blacklist**. Gompers' name was on the list. For several months in 1877, Sam Gompers' family lived on a soup made of water, salt, pepper, and flour.

Being poor was nothing new to Samuel Gompers. He had been poor all his life. He had grown up in a Jewish family in a poor section of London, England. He had attended



Samuel Gompers was elected president of the American Federation of Labor (AFL) in 1886. With the exception of one year, he remained its president until his death in 1924.

school for only four years. Then, to help support his family, he left school to learn a trade. His father taught him how to roll tobacco with his hands and make it into cigars.

In 1863, when Sam was 13, his family left England. They came to America in search of new opportunities. Their lives did not change much. They still lived in a poor, crowded apartment. Father and son still worked more than 10 hours a day rolling tobacco into cigars. But Sam enjoyed his life, poor as it was.

He made friends with another Jewish cigar-maker from England, Sophia Julian. He was 17 when they got married; Sophia was 16. They did not have much money then. In fact, they never had much money—not even after Sam Gompers became more powerful.

Gompers became more powerful because of what he did for the labor movement. He believed deeply in his cigar-makers' union. More than this, he believed that all trade unions could make life better for people. Car-

penters' unions, he thought, could make life better for carpenters. Shoemakers' unions could make life better for shoemakers. But for unions to work, Gompers believed, they had to be better organized.

Knights of Labor. The leading labor union of Gompers' day was the Knights of Labor. It had been organized in Philadelphia in 1869. The Knights thought all workers—farmers and factory workers, barbers and cigar-makers—should belong to the same union. The Knights signed up skilled workers (those who needed training to do their jobs) as members. It also signed up unskilled workers (those who needed little training). By the mid-1880's, the Knights of Labor had a membership of more than 500,000 workers.

Then, in 1886, the Knights lost a railroad strike. Soon after this, membership in the union tumbled rapidly. Members of the Knights did not believe they had enough in common with one another. Skilled workers and unskilled workers did not see eye to eye.

Meanwhile, Gompers started carrying out his great plan for strengthening labor unions. In 1886 he and several other labor leaders put together a new organization. They called it the *American Federation of Labor*—or AFL, for short. They chose Gompers to be president of the organization, a full-time job. His salary was to be \$1,000 a year—less than what he could make as a cigar-maker.

New federation. The AFL was organized quite differently from the Knights. Gompers' union was a federation of separate unions. These

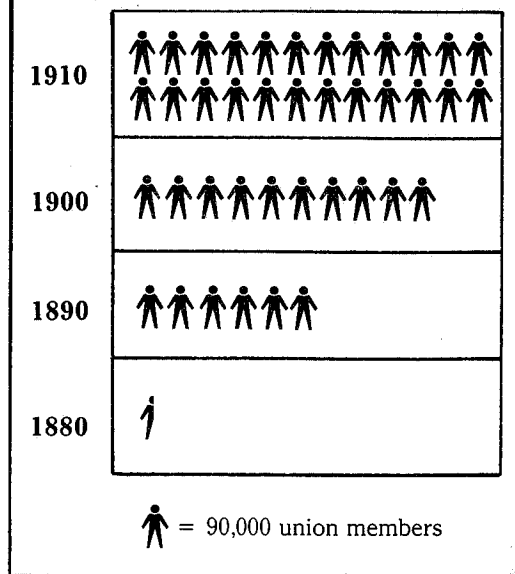
separate unions kept their freedom to act as they wished. Most of them were **craft unions**. That is, they represented welders, carpenters, and other groups of skilled workers in a trade.

What was the purpose of the federation? Union leaders thought that different unions should help one another in their struggles with employers. Carpenters' unions should help cigar-makers' unions. Cigar-makers' unions should help bakers' unions. If unions helped each other, these AFL leaders thought, working people might become more powerful. More of their strikes might succeed. Business owners might be forced to pay higher wages. They might even give workers a shorter working day—eight hours instead of 10 or 12.

Labor leader. Gompers threw himself into his work as president of the federation. He traveled on trains from one end of the country to the other. He talked, joked, and smoked cigars with workers in different trades. He tried to persuade them to join the AFL. He told them they could belong to their own unions and the AFL at the same time. The purpose of the AFL, said Gompers, was to help the separate unions that belonged to it. For example, if a carpenters' union went on strike, it would no longer fight alone. It would have the larger AFL behind it.

Gompers had to argue for more than just his federation. He also had to defend labor's right to organize at all. Millions of Americans were still against unions. These people opposed the idea of the closed shop. They thought business owners should be allowed to run their busi-

Labor Union Membership, 1880-1910



nesses as they saw fit. Some critics were also opposed to the use of strikes in labor disputes. Strikes were bad for business, these critics said. And what was bad for business was bad for the nation.

Yet Gompers succeeded in bringing new members into his federation. As membership in the Knights of Labor slipped, membership in the AFL rose. By 1900 about 500,000 workers belonged to the federation. Sam Gompers had become a leader of organized labor, just as John D. Rockefeller had become a leader of big business. Gompers' union had become the most important labor organization in the U.S.

Unlike some labor leaders, Gompers accepted capitalism. He worked within this system to get workers a

better deal. He spoke for labor in the halls of Congress. He tried to get new laws that would protect workers against unfair treatment.

One day, as a guest at the White House, he got into an argument with President Theodore Roosevelt. Slamming his fist against his desk, Roosevelt said: "Mr. Gompers, I want you to understand, sir, that I am the President of the United States." Gompers did not apologize. He too banged his fist and said: "Mr. President, I want you to understand that I am the president of the American Federation of Labor."

Sam Gompers had come a long way since the days when he was out of work because of an employers' blacklist. Because of his efforts, labor unions had also come a long way. They were much stronger and better respected. They were also bigger and better organized. And they had taken their place within the American capitalist system.

Chapter Check

1. What was Samuel Gompers' plan for strengthening the labor unions?
2. How was the organization of the AFL different from that of the Knights of Labor?
3. Many Americans were against labor unions. Why?
4. When, if ever, do you think it is right for workers to go on strike? Give reasons for your answer.
5. When, if ever, do you think it is right for employers to use a blacklist against labor leaders? Give reasons for your answer.

CHAPTER 6

A Voice for the Farmers

He believed that the voice of the people was the voice of God. The people were always "right" and "good." And so he fought the battles of "the people" most of his life. He ran for President of the United States three times. He lost each time. But most of the things that he wanted for the good of the people did happen—mostly because of his ideas.

His name was William Jennings Bryan. He was called the "Great Commoner," because he was the friend of the common people. He thought himself to be one of them. He was born in Illinois, in 1860. He studied law, and in 1887 moved west to Nebraska.

In the 1880's and 1890's, great changes were taking place in the United States. Until then the United States had mainly been a country of farmers. And the farmers were proud people. Farmers, Thomas Jefferson had said, "are the chosen people of God." But in Bryan's time the U.S. was becoming an industrial power. This was especially true in the Northeast. The U.S. was becoming a na-

tion of factories, cities, and "big business." Farmers were no longer "the chosen people." Some city people called them "hicks."

Even worse, farmers were becoming poor. During the Civil War, they got \$2.50 for a bushel of wheat. By 1890 they were getting only 50 cents for a bushel of wheat. Many farmers were in a bad way. They owed a lot of money to the banks.

Farmers blamed the factory owners, the banks, and the railroads for much of their trouble. These were "the interests," located mainly in the East. The farmers worked and sweated all day, they thought, and "the interests" in the East got all the money.

People's party. The unhappy farmers fought back. They formed a new party, the People's party. They called themselves Populists. The Populists wanted the government to control big business companies. They backed the idea that government should own the railroads. They wanted an income tax that would be heaviest on

The Issue — 1900

• LIBERTY •

• JUSTICE •

• HUMANITY •



W. J. BRYAN

NO CROWN OF THORNS

NO CROSS OF GOLD



EQUAL RIGHTS TO ALL

SPECIAL PRIVILEGES TO NONE.

COPYRIGHT 1900
NEVILLE WILLIAMS
COLUMBUS, OHIO.

people with the most money. (In those days, there was no income tax at all.) They also supported an eight-hour day for factory workers.

Above all, Populists wanted more money to help pay their debts. They thought they could get it if the government would make silver coins. Since 1873 the government had made mostly gold coins. Populists believed that a lot of silver coins, added to the gold coins, would cause prices to rise. Then they would get more dollars for their wheat and other farm products. But most bankers and business owners were against silver. They wanted only gold.

William Jennings Bryan was not a Populist. He was a Democrat. But he believed in the farmers and wanted to help them. He took over many of the ideas of the Populists. Bryan became the champion of silver and the farmers.

At the age of 30, Bryan was elected to Congress. In 1894, when he was only 34, he ran for the U.S. Senate. He lost, but this didn't stop Bryan. He made up his mind he would run for President in 1896!

"Cross of gold." No one thought the Democrats would choose Bryan to run. But Bryan was lucky. He was asked to make a speech at the Democrats' national convention. Bryan made the most of his chance. He was young and handsome and sure of himself. Above all, he was a great speaker. Bryan talked for silver and against gold. He talked for the Western farmers against the Eastern

Democrat William Jennings Bryan made three tries for the Presidency. In this 1900 poster, he stood for some already familiar reforms.

bankers. He talked for the countryside against the cities. At the end of his speech, he shouted to "the interests" that they would not put "mankind upon a cross of gold."

The people at the convention cheered Bryan wildly. They chose him to run for President.

The Republicans went all-out to defeat Bryan. Their man was William McKinley, former Congressman from Ohio. Republicans received a lot of money from business. They promised good times for all. The Republican slogan was "McKinley and the Full Dinner Pail." Party workers flooded the country with campaign material for McKinley. There was "dirty" politics too. Some people said Bryan was "crazy." Some factory owners told their workers to vote for McKinley—or else.

Bryan didn't have much money. But he went all over the country by train talking to people. And talking was what he did best. He traveled thousands of miles and made hundreds of speeches. McKinley did his campaigning from his Ohio home.

The vote was close, but Bryan lost. He ran for President two more times, and also lost. But Bryan made his mark on U.S. politics. Almost all the reforms he wanted finally came to pass.

Chapter Check

1. How had the U.S. changed since the time of Jefferson? How had the role of farmers changed?
2. Who were the Populists? What changes did they want?
3. How did William Jennings Bryan try to help the farmers?

Looking Back: The Rise of Industry

MAIN EVENTS

1. The East and the West were connected by railroad in 1869. This made it easier for manufacturers to sell their products to the whole nation.
2. The late 1800's was a period of rapid growth in industry. The large corporations that developed had great influence on both the people and the government.
3. Big business organizations wanted to make the largest profits possible. This often involved unfair treatment of employees and special deals with the government.
4. To win better conditions and wages, workers formed labor unions. Business leaders opposed these unions. The government usually sided with business against the unions.
5. Samuel Gompers was one of the founders of the American Federation of Labor (AFL). Unlike the Knights of Labor, the AFL was a federation of skilled workers in separate unions.
6. The farmers felt cheated by big business and by the government. Through the Grange organization, the farmers protested unfair treatment by railroads.
7. In 1892, farmers and factory workers joined together to fight big business. They formed a new political party called the People's party.
8. The power of big business continued to grow. The Interstate Commerce Act (1887) and the Sherman Antitrust Act (1890) marked the federal government's first attempts to regulate big business.
9. Certain individuals had a great impact on American life in the late 1800's. Thomas Edison developed the incandescent light bulb and the first electric power station. John D. Rockefeller started the Standard Oil Company of Ohio. Andrew Carnegie built the world's largest steel mill.

WORDS TO KNOW

Below is a list of vocabulary terms from Part 1. Decide which term best completes the sentences that follow. Number your paper from 1 to 14. Write the correct term next to each number.

capitalism	Grange	corporation
technology	Populists	Sherman Antitrust Act
capital	rebates	blacklist
entrepreneur	monopoly	craft unions
picket line	trust	

1. New _____ contributed to the rapid growth of industry by providing new tools and new ways to produce goods.
2. _____ is an economic system in which goods and services are provided by individuals and corporations rather than by government.
3. The _____ was an organization of farmers.
4. Members of the People's party called themselves _____.
5. Andrew Carnegie was a well-known _____. He took some risks, made a great deal of money, and built up a very successful business.
6. The railroad companies agreed to give _____ to Rockefeller when they shipped his oil.
7. Rockefeller's Standard Oil Company became a _____. It was a business made up of several _____ companies but run by one group of managers.
8. Rockefeller wanted Standard Oil Company of Ohio to be the only oil company. In other words, he wanted it to be a _____.
9. Building a company requires a great deal of _____, or money.
10. A _____ is a group of people who are allowed by law to act as a business.
11. Samuel Gompers was put on a _____ by the owners of cigar factories because he was a union leader.
12. When a labor union called a strike, it set up a _____ to keep anyone from entering the factory.
13. _____ represent skilled workers in a specific trade.
14. In 1890, Congress passed the _____ to try to control monopolies and break up trusts.

THINKING AND WRITING

A. Identifying the Cause

Below are 10 situations that were discussed in Part 1. Based on what you have read, identify the cause of each situation. (Number 1 has been completed for you.)

1. In California in the 1880's, politicians who opposed the Southern Pacific railroad almost always lost elections.
(Cause: The owners of the Southern Pacific railroad used

their money to elect candidates to political office.)

2. The Central Pacific railroad company sent agents to China to hire workers to build its section of the railroad.
3. Thousands and thousands of new settlers moved into the areas that had rail service.
4. Rockefeller could sell refined oil at cheaper prices than his rivals could.
5. In the 1870's, the production of steel in the U.S. increased enormously.
6. In the late 1800's, farmers were becoming dependent on Eastern manufacturers, on railroads, and on banks.
7. Sixty-nine land grant colleges were established in the nation.
8. There was a great uproar in the country over the Standard Oil Company's monopoly in the oil industry.
9. Some states passed laws regulating railroad rates.
10. After 1886, membership in the Knights of Labor fell rapidly.

B. Writing an Advertisement

In Chapter One, you read that railroad companies ran advertisements to attract new settlers to the West. What might they have written in these ads?

Write an advertisement for a railroad company. Try to convince farm families to move west to the area served by this railroad company. You will need to think about the advantages of the land you are advertising.

You may want to illustrate your advertisement to attract more attention.

C. Organizing Information

Copy the chart below onto a piece of paper. Select three important inventions discussed in Part 1. Fill in your chart using any information provided in the text. For the last column, think about how each invention changed life in America.

Inventor	Invention	Effects on American Society

SHARPENING YOUR SKILLS

The 19th century was a time of enormous change in the United States. A nation of farmers turned into a nation of industrial workers. By the late 1880's, only about half of the people in the United States still lived on farms. The line graph on this page shows how the U.S. economy was changing in the 50 years between 1850 and 1900. Study the graph. Then answer the questions below.

1. How many people worked on farms in 1850? In 1870? In 1900?
2. How many nonfarm workers did the U.S. have in those three years?
3. In what year did the number of nonfarm workers equal the number of farm workers?
4. For which of the following statements does the graph provide evidence?
 - (a) Both U.S. farming and U.S. industry increased at about the same rate between 1850 and 1900.
 - (b) The number of farm workers and nonfarm workers increased at about the same rate in the U.S. between 1850 and 1900.
 - (c) The growth of U.S. industry was greater than the growth of U.S. farming between 1850 and 1900.
 - (d) The employment of non-farm workers increased faster in the U.S. than the employment of farm workers between 1850 and 1900.Explain your answers.

