Industrialization of America
Causes of Rapid Industrialization

1. Steam Revolution (1830s-1850s)
2. The RR fueled the growing U.S. economy
3. Technological innovations
4. Increase of unskilled workers (labor)
5. New groups of businessmen (entrepreneurs)

6. Market growing as U.S. population increased

7. Abundant Natural Resources

8. *Laissez-Faire* government regulations
Railroad Era

- Transcontinental Railroads
  - Economic growth (Farm & Industry)
  - Growth of cities
  - Cities began to specialize
  - Employment
Railroad time

- United the Nation
- 1869- Nation divided into 4 time zones
  - Eastern
  - Central
  - Mountain
  - Pacific
Pullman, Illinois

- George Pullman
- Sleeper and other specified RR cars
- Created a new industry
Remember: Farmers formed into the Grange Movement and began to demand Government action against RR’s!

Grange Laws (Response to RR abuses)
- 1871 Illinois law “…establish maximum freight and passenger rates…”
- Other states followed

Munn vs. Illinois (1877)
- Upheld the Grange laws
- States had the right to regulate rates within their state (public good)
Interstate Commerce Act (1887)

• Supreme Court rules states can not regulate rates *between* states (1886)

• In response, Congress passes ICA:
  – Federal government oversees RR activities
  – 5 person regulatory board (ICC)
  
  – 1897 Supreme Court rules the ICC can not set maximum rates...
A monopoly in the making…

• The ICC has little effect on RR’s, but a bad recession does…

• By 1900 seven Companies control 2/3 of the RR industry
New Business Strategies

**Horizontal Integration**
- Control **one** element of production completely
- Andrew Carnegie & Steel

**Vertical Integration**
- Control **all** elements of production
- John D. Rockefeller & Oil industry
“Robber Barons”

- Owners of mega companies in the late 1800’s joined together
- Controlled the market
- Huge profits and low wages
THE TRUST GIANTS POINT OF VIEW.

"WHAT A FUNNY LITTLE GOVERNMENT!"
“Robber Barons”

• Created “Trusts” with each other
  – Mutual agreements between business’
  – Created monopolies
  – Fixed prices
  – Made these wealthy business men even wealthier
Sherman Anti-Trust Act

• 1890 law made “trusts” illegal
  – Violated free trade between states and other countries
  – Bad thing was– Government did not define what a “trust” was

• Courts threw out 7 of the 8 cases brought by the government
The Changing American Labor Force

1870
- Total Labor Force = 12,920,000
- Agriculture 50%
- Other 14%
- Commerce 11%
- Mining 2%
- Manufacturing and Construction 23%

1910
- Total Labor Force = 36,730,000
- Agriculture 31%
- Other 18%
- Commerce 19%
- Mining 3%
- Manufacturing and Construction 29%
Worker Problems

- Hours
- Wages
- Unsafe Conditions
- No job security
Labor Unions Emerge

• Read pgs. 244-249 and answer the questions in your notes

1. What conditions did many factory workers face in the late 19th century?
2. What did labor unions advocate for?
3. What different types of unions emerged during the nations industrial boom?
4. What were the reasons for the various strikes during the late 19th century?
5. What role did women play in the labor movement?
6. How did management and the government react to union activity?