

1 CH. 18 SECT. 2: BIG BUSINESS /ORGANIZED LABOR

2 I. NEW WAYS OF DOING BUSINESS

- entrepreneur: someone who sets up a new business to make a profit

3 A. The Corporation

- Corporation: business owned by many investors
- Corporations raise capital, or money, by selling stock
 - Stock is a share of ownership in the corporation

4 B. Banking

- Banks lent large amounts of capital (money) to corporations
 - Helped industry grow
 - Made huge profits for bankers
- J. Pierpont Morgan: Important figure in banking

5 II. GROWTH OF BIG BUSINESS

- In the late 1800s, business were free to grow because the gov't made few laws to regulate business practices
- Monopoly: when one company/corporation controls an entire industry

6 A. Andrew Carnegie

- Gained control of every step in the steel industry
 - Iron mines, steel mills, RR's and shipping lines: Example of VERTICAL INTEGRATION
- Ruthless in business, but believed the rich should help society: GOSPEL OF WEALTH
 - Donated millions to charity

7 Carnegie and Rockefeller

8 B. John D. Rockefeller

- Formed an oil monopoly by buying smaller oil companies: HORIZONTAL INTEGRATION
- Like Carnegie, Rockefeller didn't hesitate to crush his competitors.
- Standard Oil Trust: group of corporations run by a single board of directors
 - Ended competition in the oil industry
- Other industries began to form trusts, too

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- Vertical integration: Several steps in the production of a product or service are controlled by a single company
- Horizontal integration: Several companies in the same type of business join together

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- Industrial Revolution - Song
- John D. Rockefeller

11 C. Debate Over Trusts: Was Big Business Good or Bad?

- BAD: Trusts were a threat to free enterprise (system where privately owned businesses compete freely)

- Carnegie/Rockefeller were “Robber Barons” who eliminated all competition and tried to influence the gov’t
- GOOD: Carnegie/Rockefeller were innovators and “Captains of Industry” who built the US economy and created jobs
- Provided a wide variety of goods and services to consumers at a lower cost

12 **D. Social Darwinism**

- Applies Darwin’s idea of “survival of the fittest to human affairs
- Businesses that drove out competitors were “fittest” and deserved to survive
- Some people were “more fit” than others: Rich owners VS. Factory workers

13 **III. Changes in the Workplace**

- As businesses grew, close relationships between owners and workers ended.

14 **A. Women and Children**

- Women were the main workers in textile mills, tobacco factories, and garment sweatshops (long hours, poor conditions, low pay)
- Children often worked in hazardous jobs; didn’t go to school

15 **B. Dangerous Conditions**

- Lung diseases, burns, amputations, etc.
- There was no compensation to injured workers and owners had no desire to make conditions safer (costs needed to be kept low)
- Triangle Shirtwaist Factory Fire: exit doors were locked, and workers were trapped

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24 **III. Workers Organize**

- Purpose of Labor Unions: get safer working conditions, higher wages and shorter hours for workers

25 **A. Knights of Labor**

- Terence Powderly (president) tried to win support thru public rallies, not strikes
- Included ALL workers (women, blacks, immigrants)
- A series of violent incidents caused the K of L to lose their influence as well as public support: Haymarket Square Riot (Chicago)

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27 **B. Rise of the AFL**

- Samuel Gompers: American Federation of Labor (AFL)

- Only skilled workers admitted
- Used collective bargaining: unions negotiate with management for workers in a group
- Use of strikes only as a last resort

28 **C. Women in the Labor Movement**

- Mary Harris Jones (Mother Jones): Campaigned for unions and tried to draw the public's attention to the problem of child labor

29 **D. Bitter Strikes**

- An economic depression in 1893 caused owners to cut wages and fire workers
- As a result, violent strikes erupted: Pullman strike (Chicago)
- Public generally sided with owners; unions were seen as radical and violent

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31 **Skit - project**