

Chart Skills

Horizontal and vertical integration were the two most common business combinations in the late 1800s. **Evaluating** Which combination do you think would yield the most efficient business? Why?

factory to owner of a steel company in Pittsburgh. Carnegie began the **vertical integration** of the steel industry. A company with vertical integration owns all of the different businesses on which it depends for its operation. Instead of paying companies for coal, lime, and iron, Carnegie's company bought coal mines, limestone quarries, and iron ore fields.

Successful business leaders like Carnegie also pushed for **horizontal integration**, or combining many firms engaged in the same type of business into one large corporation. Horizontal integration took place frequently as companies competed. When a company began to lose market share, it would often sell out to competitors to create a larger organization. By 1880, for example, a series of buyouts had enabled Standard Oil, a company owned by John D. Rockefeller and his associates, to gain control of approximately 90 percent of the oil refining industry in the United States. When a single company achieves control of an entire market, it becomes a **monopoly**. Opponents feared monopolies because they believed that a company with a monopoly could charge whatever it wanted for its products. Those who supported monopolies believed that monopolies had to keep prices low because raising prices would encourage competitors to reappear and offer the products for a lower price.

By the late 1800s, many Americans had grown suspicious of large corporations and monopolies. To preserve competition and prevent horizontal integration, many states made it illegal for one company to own stock in another without specific permission from the state legislature. In 1882 Standard Oil formed the first trust, a new way of merging busi-

nesses that did not violate the laws against owning other companies. A trust is a legal **concept** that allows one person to manage another person's property. The person who manages another person's property is called a trustee. This arrangement enabled the Standard Oil trustees to control a group of companies as if they were one large merged company.

Many companies also created new organizations called holding companies. A holding company does not produce anything itself. Instead, it owns the stock of companies that produce goods, effectively merging them into one large enterprise.

✓ Reading Check Explaining What techniques did corporations use to consolidate their industries?

Unions

Main Idea In an attempt to improve their working conditions, industrial workers came together to form unions in the late 1800s.

Reading Connection What do you think would motivate workers to form unions? Read on to learn why government and industry opposed early unions.

While workers saw some improvements in their lives, they also faced many difficulties. Their early attempts at unionization, however, were met with strong opposition.

Working in the United States Industrialization brought about a dramatic rise in the standard of living for all Americans. While only a few entrepreneurs became rich, real wages earned by the average worker rose by about 50 percent between 1860 and 1890. Despite these improvements, the uneven division of income between the working class and the wealthy caused resentment among workers.

In addition, life for workers in industrial America was difficult. As machines replaced skilled labor, work became monotonous. Workers had to perform highly specific, repetitive tasks and could take little pride in their work. Working conditions also often were unhealthy and dangerous. Workers breathed in lint, dust, and toxic fumes. Heavy machines lacking safety devices caused a high number of injuries.

Eventually, many workers decided they needed to organize unions to improve their working conditions. With a union, they could bargain collectively to negotiate higher wages and better working conditions.

Opposition to Unions Workers who wanted to organize a union faced several major problems. There were no laws giving workers the right to organize or requiring owners to negotiate with them. Courts frequently ruled that strikes were “conspiracies in restraint of trade,” for which labor leaders might be fined or jailed.

Unions also suffered from the perception that they threatened American institutions. In the late 1800s, the ideas of Karl Marx, called **Marxism**, had become very influential in Europe. Marx argued that the

basic force shaping capitalist society was the class struggle between workers and owners. He believed that workers would eventually revolt, seize control of the factories, and overthrow the government. Ultimately, Marx thought, the state would wither away, leaving a Communist society where classes did not exist. Marxism strongly shaped the thinking of European unions.

As Marxist ideas spread in Europe, tens of thousands of European immigrants began arriving in the United States. Anti-immigrant feelings already were strong in the United States. As people began to associate immigrant workers with revolution, they became increasingly suspicious of unions. These fears, as well as the government’s duty to maintain law and order, often led officials to use the courts, the police, and even the army to crush strikes and break up unions.

The Struggle to Organize As early as the 1830s, craft workers began forming trade unions limited to people with specific skills. Employers were often forced to recognize and negotiate with these trade unions because they represented workers whose skills they needed. However, employers generally regarded unions as illegitimate conspiracies that interfered with their property rights. Owners of large corporations particularly opposed **industrial unions**, which united all craft workers and common laborers in a particular industry. Although workers attempted on many occasions to create large industrial unions, they rarely succeeded.

Companies used several techniques to prevent unions from forming. They required workers to take oaths or sign contracts promising not to join a union, and they hired detectives to go undercover and identify union organizers. Workers who tried to organize a union or strike were fired and placed on a blacklist—a list of “troublemakers.” Once blacklisted, a laborer could get a job only by changing residence, trade, or even his or her name.

If workers formed a union, companies often used a lockout to break it. They locked workers out of the property and refused to pay them. If the union called a strike, employers would hire replacement workers, or strikebreakers, also known as scabs.

In many cases the confrontations with owners and the government led to violence and bloodshed. A riot at Haymarket Square in Chicago led to the eventual discrediting of the Knights of Labor, the first nationwide industrial union. Two strikes, the Great Railroad Strike of 1877 and the Pullman Strike of 1894, involved rail workers who responded to wage cuts. Both times, the army was sent to restore order.



Picturing History

Unsafe Working Conditions Workers in the late 1800s often faced unsafe working conditions. Many began to join labor unions in an attempt to improve these conditions. **What unsafe conditions does this photograph of a steel mill show?**

The American Federation of Labor

Although large-scale industrial unions generally failed in the late 1800s, trade unions continued to prosper. In 1886 delegates from over 20 of the nation's trade unions organized the **American Federation of Labor** (AFL). The AFL's first leader was **Samuel Gompers**. His approach to labor relations, which he called "plain and simple" unionism, helped unions to become accepted in American society.

Gompers believed that unions should stay out of politics. He was willing to use the strike but preferred to negotiate. Under Gompers's leadership, the AFL had three main goals. First, it tried to convince companies to recognize unions and to agree to collective bargaining. Second, it pushed for **closed shops**, meaning that companies could only hire union members. Third, it promoted an eight-hour workday.

By 1900 the AFL was the biggest union in the country, with over 500,000 members. Still, at that time, the AFL represented less than 15 percent of all non-farm workers. All unions represented only 18 percent. As the 1900s began, the vast majority of workers remained unorganized, and unions were relatively weak.

Working Women By 1900 women made up more than 18 percent of the labor force. The type of jobs women did outside the home in the late 1800s and early 1900s reflected society's ideas about what



▲ Samuel Gompers

constituted "women's work." Roughly one-third of women worked as domestic servants. Another third worked as teachers, nurses, sales clerks, and secretaries. The remaining third were employed in light industrial jobs that people believed appropriate to their gender. Many worked in the garment industry and food processing plants.

Women received less pay than men even when they performed the same jobs. It was assumed that a woman had a man helping to support her, either her father or her husband, and that a

man needed higher wages to support a family. For this reason, most unions, including the AFL, excluded women.

In 1903 two women, Mary Kenney O'Sullivan and Leonora O'Reilly, decided to establish the Women's Trade Union League (WTUL), the first national association dedicated to promoting women's labor issues. The WTUL pushed for an eight-hour work day, the creation of a minimum wage, an end to evening work for women, and the abolition of child labor.

Reading Check **Comparing** What specific problems did workers want to remedy by forming unions?

HISTORY Study Central

For help with the concepts in this section of *American Vision: Modern Times* go to tav.mt.glencoe.com and click on **Study Central**.

SECTION 2 ASSESSMENT

Checking for Understanding

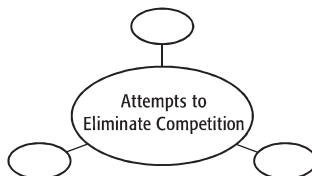
- Vocabulary** Define: gross national product, entrepreneur, laissez-faire, practice, distribution, corporation, horizontal integration, vertical integration, monopoly, concept, Marxism, industrial union, closed shop.
- People and Terms** Identify: Alexander Graham Bell, Thomas Alva Edison, Pacific Railway Act, Andrew Carnegie, American Federation of Labor, Samuel Gompers.
- Identify** the major inventions that helped spur economic growth.

Reviewing Big Ideas

- Explaining** What impact did the development of large businesses have on the economy of the United States?

Critical Thinking

- Historical Analysis** **Synthesizing** What role did the federal government play in increasing industrialization in the United States after the Civil War?
CA HI2; HI3
- Analyzing** Why did attempts in the late 1800s to form labor unions fail?
- Organizing** Use a graphic organizer similar to the one below to list ways business leaders in the late 1800s tried to eliminate competition.



Analyzing Visuals

- Study the map and graph on railroads and miles of track on page 247. Then make up a quiz of at least five questions based on the information presented.

Writing About History

- Persuasive Writing** Imagine that you are an American worker living in one of the nation's large cities. Write a letter to a friend explaining why you support or oppose the work of labor unions.

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