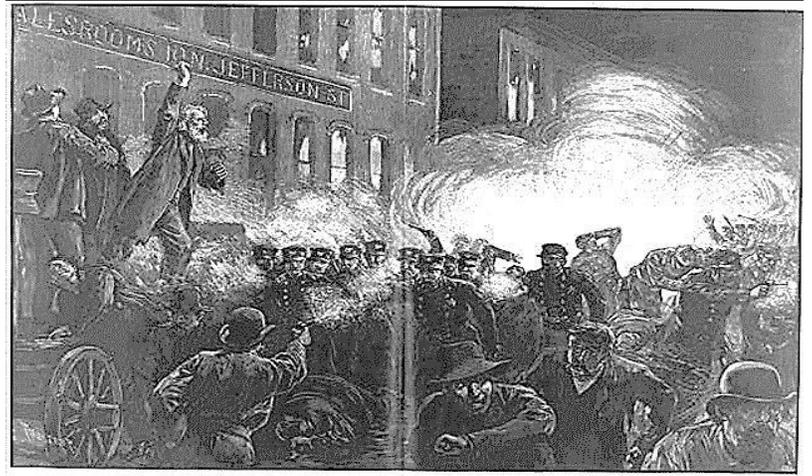


RESPONSE TO INDUSTRIALISM

The government did not regulate business in the late 1800s. The popular philosophies of *laissez faire*, Social Darwinism, and rugged individualism dictated much of the economic policy during this era. The easy environment for business led to domination by a few individuals who possessed the capital and resources necessary to control industries. At first this growth appeared good for the entire nation, however the unfair treatment of workers, wide scale bribing of public officials, and cutthroat tactics to close small businesses and eliminate competition led many Americans to distrust big business at the turn of the century.



Factors that led to worker exploitation

- ❖ Social Darwinism
- ❖ Laissez faire and other economic philosophies
- ❖ Influx of immigrants
- ❖ Massive growth in industry
- ❖ Corrupt government officials
- ❖ Legislation protected corporations rather than workers
- ❖ Unstable economy

Herbert Spencer "Social Darwinism"



- ❖ Social Darwinism advocated laissez-faire capitalism, an economic system that allows businesses to operate with little government interference
- ❖ Spencer believed that competition was "the law of life" and resulted in the "survival of the fittest", a phrase he used years before Darwin. Spencer argued in his various writings that society is best served when its fittest members operate without opposition.
- ❖ Unlike Darwin, Spencer also believed that individuals genetically pass on their learned characteristics to their children. This meant the fittest persons inherited positive qualities such as intelligence, the desire to own property, and the ability to accumulate wealth while the unfit inherited laziness, stupidity, and immorality.
- ❖ Spencer argued that the number of unfit would eventually disappear because of their inability to compete with the fit. He was against any government aid to the poor because it would interrupt the correct evolution of civilization.

Corporate status under the law in the late 1880s

- In 1886 the Supreme Court declared that a private corporation was a "natural person" under the U.S. Constitution and therefore entitled to protection under the Bill of Rights in *Santa Clara County vs. Southern Pacific Railroad*. This gave a corporation all of the constitutional rights of a person.
 - Corporations had immense powers compared to an individual person since they had access to more resources to fight battles in court or give campaign donations to a politician.
 - This protected legal status combined with the unregulated business climate led to millions of men, women, and children working for long hours with low pay in dangerous conditions.
 - There were few work-safety regulations, no worker compensation laws, no company pensions, and no government social security.

Popular economic philosophies were not "worker friendly"

- ❖ 19th century economic theory was based on the idea that natural laws exist in economics and government involvement only disrupts "natural order"
- ❖ Classical economists saw labor as a commodity, to be bought and sold according to market demands, and were pessimists about hopes for the working poor
- ❖ Adam Smith opposed government intervention
- ❖ Thomas Malthus argued that if wages were raised, the poor would produce more children and drive themselves back to the poverty level
- ❖ Most economists were opposed to minimum wage laws and worker safety standards because they interfered with natural laws




The Social Response to Industrialization

Industrialization had far-reaching effects on American society. Social reform movements sprung up around the country to address the needs of the new industrial society, and American authors used literature to comment on the changes they saw occurring. The next unit will focus on these "progressive" reforms.

The Socioeconomic Divide

Social theories were developed to justify the growing gap between rich and poor:

- **Social Darwinism.** Yale professor William Graham Sumner's 1883 book, *What Social Classes Owe to Each Other*, argued that social programs to help the poor worked against nature and sapped the hardworking individual of his due reward.
- In an 1889 essay, "The Gospel of Wealth," Andrew Carnegie applied Charles Darwin's theories to human society, stating that free-market economics and governmental noninterference provided a forum where survival of the fittest could play out. He went a step further to assert that the successful had a responsibility to give back and to invest in the community.
- The **Gospel of Success** centered on the claim that any man could achieve wealth through hard work. Horatio Alger wrote fictional tales of hard-working young men going from "rags to riches" based solely on their ambition and determination.

These justifications for the growing gap between rich and poor did not go unchallenged. Henry George's book *Progress and Poverty* (1879) urged that the government use tax income to fund social programs for the poor, while Lester Frank Ward's *Dynamic Sociology* (1883) also argued that government power be harnessed for social aid. In 1890, Jacob Riis exposed the conditions of immigrants in New York City tenements in *How the Other Half Lives*. In an 1888 book entitled *Looking Backward From 2000 to 1887*, Edward Bellamy conceived of a socialist utopia in which the government controlled all means of production and distribution. Bellamy's moderate socialism accompanied a rise in American interest in Marxism, which condemned the capitalists' exploitation of the working class and foretold revolution

A Brief History of Labor Unions in the United States

Adapted from an article by Grant W. Murray, an outline on labor from SparkNotes.com, and thematic review by Rebecca Richardson

The labor movement has played a significant role in the history of our country. Many people came to the United States as laborers, either in the form of indentured servants or slaves. The unionization of laborers also takes its roots from the early beginnings in America. Although unions during the Revolutionary period were mostly temporary, their movements set the stage for the "modern" unionization of workers. The unionization would lead to many of the benefits that workers enjoy today.

Many of the first unions were formed to gain workers higher wages and shorter workdays. These unions often disbanded after their goals were achieved. An example of this came in 1778 when a group of printers in New York City united to gain an increase in wages. They did and then disbanded. This was not an uncommon practice. However, many of the unions were not as successful. The Typographical Society of New York was on strike for ten years and, like many of the unions of the era, was not successful. As the nation was growing, so was the need for labor. Many inventions and innovations turned the country from an agricultural society to an industrial society. This move was known as the Industrial Revolution.

With this revolution came the need for more labor. With more laborers in the workforce came the need to protect laborers from being mistreated by their employers. The leaders of these union movements pushed for ten-hour workdays. They were granted legislation in 1837. However, many employers found a loophole in the law that would force their employees to work longer hours. Workers began to recognize the power their employers possessed. This persuaded small city unions to try and unite with other cities and form larger unions. The first of these was the **National Labor Union** formed in 1866. This organization helped persuade congress to set a Federal eight-hour workday, which applied to government employees.

Although labor unions began forming in the early 1800s, they did not gain any significant membership base or bargaining power until the 1860s and 1870s. The **Knights of Labor** was founded in 1869. The Knights demanded equal pay for women, an end to child labor, and a progressive income tax, among other reforms. The union claimed a substantial membership, including women, blacks, and immigrants. In 1885, the group staged a successful strike against railroad "robber baron" **Jay Gould**. The strike so severely crippled Gould's operation that he had no choice but to fold. On the strength of this victory, the Knights' membership and political power grew. The Knights successfully supported a number of politicians for election and forced laws favorable to workers through Congress.

The Knights' power waned, however, after the leadership lost control of the local chapters and a series of unauthorized strikes grew violent. The bloody **Haymarket riot** in Chicago in 1886 sounded the union's death knell. The riot, intended to protest police cruelty against strikers, got out of hand when one member of the Knights of Labor threw a bomb, killing a police officer. In the resultant chaos, nine people were killed and close to sixty injured. Prominent leaders of the Knights of Labor were convicted of inciting the riot, and public support for the union plummeted.

To salvage the labor movement, craft laborers who had been members of the **Knights of Labor** broke off and formed the **American Federation of Labor (AFL)**. Whereas the Knights of Labor had boasted an open membership policy and sweeping labor goals, the AFL catered exclusively to skilled laborers and focused on smaller, more practical issues: increasing wages, reducing hours, and imposing safety measures. **Samuel Gompers**, the AFL's leader from 1886 to 1924, proved a master tactician who united many labor groups in a federation of trade unions.

More radical labor organizations also emerged, most notably the **Industrial Workers of the World**, nicknamed the **Wobblies**, founded in 1905. More famous for their militant anti-capitalism than for being large or influential, the Wobblies never grew to more than 30,000 members before fading away in about 1920. Between 1880 and 1905, union activity in the United States led to well over 35,000 strikes. As evidenced by the Haymarket riot, these demonstrations at times erupted in violence. This violence alienated much of the American public and the popular support for unions plunged, and employers were free to exact severe retribution on striking workers. As a result, strikes proved largely ineffective at advancing the labor cause.

Major strikes and outbreaks of strike-related violence during the later nineteenth century tended to impair the labor cause instead of advance it. Public sympathy for unions plummeted, companies imposed anti-union hiring policies, and the Supreme Court authorized the use of injunctions against strikers.

In addition to the Haymarket riot, some of the more notable strikes include:

- The **railroad strike** followed the onset of a national economic recession in 1877. Railroad workers for nearly every rail line struck, provoking widespread violence and requiring federal troops to subdue the angry mobs. The strike prompted many employers to get tough on labor by imposing an antiunion policy: they required workers to sign contracts barring them from striking or joining a union. Some employers even hired private detectives to root out labor agitators and private armies to suppress strikes.
- Workers staged the 1892 **Homestead strike** against Carnegie Steel Company to protest a pay cut and seventy-hour workweek. Ten workers were killed in the riot. Federal troops were called in to suppress the violence, and non-union workers were hired to break the strike.
- In the 1894 **Pullman strike**, **Eugene Debs** led thousands of workers in a strike against the Pullman Palace Car Company after wages were slashed. The courts ruled that the strikers violated the Sherman Antitrust Act and issued an injunction against them. When the strikers refused to obey the injunction, Debs was arrested and federal troops marched in to crush the strike. In the ensuing frenzy, thirteen died and fifty-three were injured. The Supreme Court later upheld the use of injunctions against labor unions, giving businesses a powerful new weapon to suppress strikes. Organized labor began to fade in strength, and did not resurge until the 1930s.

1890 Sherman Anti Trust Act

It required the United States federal government to investigate and pursue trusts, companies, and organizations suspected of violating the Act limiting cartels and monopolies. Section 1 says, "Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal." Section 2 says, "Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony. The Act did not deal successfully with big business, instead it was used to break up unions.