Review and Preview
The Industrial Revolution produced two groups that were often in conflict with one another: big business and organized labor. Students will now learn how the rise of big business led to the creation of labor unions.

Section Focus Question
How did big business change the workplace and give rise to labor unions?
Before you begin the lesson for the day, write the Section Focus Question on the board. (Lesson focus: Big business, motivated by profits, cut costs to eliminate competition. As a result, pay and working conditions deteriorated. Workers formed unions to oppose harsh working conditions, increase wages, and shorten workdays.)

Prepare to Read

Build Background Knowledge
In this section, students will learn about how some businesses grew in the early 1900s and the negative effects of some business practices on workers. Ask students to suggest factors that would make for a good workplace. Then have students suggest how laws can help make the workplace better. Use the Idea Wave strategy (TE, p. T24) to elicit responses.

Set a Purpose
- Read each statement in the Reading Readiness Guide aloud. Ask students to mark the statements True or False.

Differentiated Instruction

Defining Business Vocabulary
This section contains many explanations of complex business practices. Write the Key Terms, such as entrepreneur, free enterprise, corporation, trust, and monopoly, on the board. Have students find a definition in the text for each term. Then have them work in pairs to find a familiar, present-day example of each term. Ask students to share their examples with the class.

Objectives
- Describe how new business methods helped American industry grow.
- Identify the leaders of "big business" and the practices they used.
- Summarize how working conditions changed as industry grew.
- Describe workers' efforts to organize during the late 1800s.

Reading Skill
Use Latin Word Origins English words may also combine several Latin roots or words to build one word. Knowledge of the several roots can help you make a general guess of the English word’s meaning. Context offers confirming information. As you read Section 2, look for words built on Latin word origins. Notice how this ancient language continues to influence English today.

Key Terms and People
- entrepreneur
- corporation
- monopoly
- trust
- free enterprise
- Samuel Gompers
- collective bargaining
- Andrew Carnegie
- John D. Rockefeller

Reading Readiness Guide, p. 49
Teaching Resources, Unit 6, "Out on Strike"
Lawrence, Massachusetts, 1912

Section 2
Step-by-Step Instruction

Out on Strike
“We, the 20,000 textile workers of Lawrence, are out on strike for the right to live . . . free from overwork and underpay, free from a state of affairs that had become so unbearable and beyond our control, that we were compelled to march . . . in united resistance against the wrongs and injustice of years and years of wage slavery.”
—Proclamation of the Striking Textile Workers of Lawrence, Massachusetts, 1912

Big Business and Organized Labor

Why It Matters
The new Industrial Revolution did not affect all Americans equally. While many business owners earned huge profits, many of their employees endured harsh working conditions and extremely low pay. Today, Americans are still concerned about the gap between rich and poor. We still debate whether or not workers receive a fair share of corporate profits.

New Ways of Doing Business
Business expansion was led by bold entrepreneurs (ahn treh preh NVOOERZ). An entrepreneur is someone who sets up new businesses to make a profit. To raise capital, or money, entrepreneurs adopted new ways of organizing business.

The Corporation
Many businesses became corporations, or businesses owned by many investors. Corporations raise large amounts of capital by selling stock, or shares. Stockholders receive a share of the profits and pick directors to run the company.

Corporations limited the risk of investors. Owners of other types of businesses could lose their savings, homes, and other property if the business failed. Stockholders risked only the amount of money they had invested.

Banking
Banks lent huge amounts of capital to corporations. These loans helped American industry grow faster than ever before. They also made huge profits for the bankers.

614 Chapter 18 Industry and Urban Growth
Growth of Big Business

As in Jefferson’s time, the government took a laissez-faire approach to business in the late 1800s. Congress rarely made laws to regulate business practices. This atmosphere of freedom encouraged the growth of what came to be known as “big business.” Entrepreneurs formed giant corporations and monopolies. A monopoly is a company that controls most or all business in a particular industry.

Carnegie One of the giants of big business was Andrew Carnegie. A poor Scottish immigrant, he worked his way up in the railroad business. He then entered the growing steel industry. Slowly, Carnegie gained control of every step in making steel. His companies owned iron mines, steel mills, railroads, and shipping lines. In 1892, Carnegie combined his businesses into the giant Carnegie Steel Company. It soon produced more steel than all the mills of England.

As a business leader, Carnegie could be ruthless. Still, he believed that the rich had a duty to improve society. He called his philosophy the Gospel of Wealth. Carnegie donated hundreds of millions of dollars to build libraries and support other charities. “I started life as a poor man,” he said, “and I wish to end it that way.” Carnegie set up a foundation that continued to fund worthy causes after his death. Many business leaders followed his example.

Rockefeller Another business giant, John D. Rockefeller, also came from humble beginnings. Rockefeller was the son of a peddler in New York. At age 23, he invested in an oil refinery. He used the profits to buy other oil companies. Rockefeller was a brilliant entrepreneur. He also did not hesitate to crush competitors, slashing prices to drive rivals out of business.

In 1882, Rockefeller ended competition in the oil industry by forming the Standard Oil Trust. A trust is a group of corporations run by a single board of directors. Other industries followed his lead. By 1900, trusts dominated many of the nation’s key industries, from meatpacking to sugar refining to the manufacture of copper wire.

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Differentiated Instruction

**Instruction (continued)**

- Ask: How were trusts both good and bad for the nation? (Trusts were good for the nation because they helped the economy grow and created jobs. They were bad for the nation because they got in the way of free competition.)

- In order to help students better understand the power of big business, display the transparency Standard Oil. Have students answer the questions and then discuss the cartoonist’s bias.

**Color Transparencies, Standard Oil**

**Independent Practice**

Have students continue filling in the study guide for this section.

**Interactive Reading and Notetaking Study Guide, Chapter 18, Section 2 (Adapted Version also available.)**

**Monitor Progress**

As students fill in the study guide, circulate and make sure individuals understand how big business expanded. Provide assistance as needed.

**Answers**

**Reading Skill** Products refer to something that came forth from nature or was drawn out by human work.

**Checkpoint** Rockefeller slashed prices to eliminate competition.

**Reading Primary Sources** (a) The public gets cheaper products. (b) It suggests that the monopoly is consuming the nation without feeling, not helping Americans.

**Debate Over Trusts** Was big business good or bad for the nation? Americans at the time hotly debated that issue. Today, many historians believe that both views are partly true.

Critics saw trusts as a threat to free enterprise, the system in which privately owned businesses compete freely. They saw leaders like Carnegie and Rockefeller as “robber barons” who unfairly eliminated competition. Critics also pointed out that business leaders used their wealth to influence politicians.

Others saw big business leaders as bold “captains of industry” who built up the economy and created jobs. They argued that limiting costly competition allowed companies to lower prices for their products. As a result, American consumers were able to afford more goods and services.

**Social Darwinism** A new philosophy called Social Darwinism also supported the trend toward trusts. Scientist Charles Darwin had said that, in nature, forms of animal and plant life survived if they could adapt to change better than others. Social Darwinism applied this idea of “survival of the fittest” to human affairs.

Big business leaders used Social Darwinism to justify efforts to limit competition. Businesses that drove out their competitors, they said, were “fittest” and deserved to survive. As you will see, Social Darwinism was also used to justify harsh working conditions.

**Use Latin Word Origins**

The Latin word *ducere* can mean “to draw out.” Combine this with *pro-*, meaning “forth.” Connect these word origins to the modern usage of the word *products*.

**Vocabulary Builder**

**justify** (jus-tih fih) v. to give good reason for an action

**Checkpoint** How did Rockefeller control the oil industry?

**Trusts and Monopolies: Good or Bad?**

A newspaper editor, quoted below, defends the right of businesses to cooperate in forming trusts and monopolies.

“...The right to cooperate is as unquestionable as the right to compete... The trust denies competition only by producing and selling more cheaply than those outside the trust can produce and sell.”

—Benjamin R. Tucker, Chicago Conference on Trusts

**Reading Primary Sources**

**Skills Activity**

*By 1900, the question of trusts and monopolies had become one of the most hotly debated issues in the United States.*

(a) **Interpret Primary Sources** According to Tucker, how does the public benefit from trusts?

(b) **Detect Points of View** How does the view of monopoly expressed in the cartoon differ from Tucker’s view?

**Expressing Opinions** Have students write an essay agreeing or disagreeing with the following statement: “Competition is bad for businesses and workers.” Remind students to support their opinion with evidence from the chapter or outside sources. Ask students to have a brief debate on the pros and cons of the value of competition.
Changes in the Workplace

Before the Civil War, most factories were small. A boss knew every worker in the shop. As giant industries grew, however, the close relationships between owners and workers ended.

American industry attracted millions of new workers. Most were immigrants or native-born whites. Others were African Americans who left southern farms for northern factories.

Women and Children
In some industries, the majority of workers were women. They outnumbered men in the textile mills of New England, the tobacco factories of the South, and the garment sweatshops of New York. A sweatshop is a manufacturing workshop where workers toil long hours under poor conditions for low pay.

Children also worked in industry, often in hazardous jobs. In bottle factories, eight-year-old boys ran with white-hot bottles to cooling racks. Children toiled in textile mills, tobacco factories, coal mines, and garment sweatshops. Most child laborers could not go to school. Therefore, they had little chance of improving their lives.

Dangerous Conditions
Factory work could be dangerous. Breathing in fibers or dust all day, textile workers and miners came down with lung diseases. Steelworkers risked burns and death from vats of molten metal. Employers were not required to pay compensation for injuries suffered on the job. Social Darwinists claimed that such harsh conditions were necessary to cut costs, increase production, and ensure survival of the business.

An accident at a New York sweatshop tragically called attention to the dangers many workers faced. On March 25, 1911, fire broke out in the Triangle Shirtwaist Factory. Within minutes, the upper stories were ablaze. Hundreds of workers raced for the exits only to find them locked. The company had locked the doors to keep workers at their jobs. Panicked workers piled up against the exits.

Firetrucks rushed to the scene, but their ladders were too short to reach the fire. One after another, workers trying to escape the flames leaped to their deaths. Nearly 150 people, most of them young women, died in the Triangle Fire. As a result, New York and other states approved safety laws to help protect factory workers.

What dangers did factory workers face?

Workers Organize
Since the early days of the Industrial Revolution, factory workers had made attempts to organize. Most early efforts to form unions failed, however. Companies hired private security guards to attack strikers or union organizers. In addition, laws made it illegal for workers to go on strike. Still, workers continued their attempts to form unions, often in secret. Labor unions sought safer working conditions, higher wages, and shorter hours.
Differentiated Instruction

Gifted and Talented

Writing a News Story  Riots damaged the labor movement because press reports led the public to identify strikers with violence. Organize students into three groups to prepare a headline and news story on a labor riot from the perspective of (1) unionized workers, (2) factory owners and industrial leaders, and (3) neutral observers who did not make judgments. Have each group post its article on the board. Have other class members identify which one represents which group. Discuss how the two biased articles could be rewritten in a more balanced way.

Knights of Labor  In 1869, a group of Philadelphia clothing workers formed a union called the Knights of Labor. At first, the union was small and secret. Then, in 1879, the Knights elected Terence Powderly as president. Powderly rejected the use of strikes as a tool. Instead, he tried to win support by holding public rallies.

Under Powderly, the Knights of Labor admitted women, African Americans, immigrants, and unskilled workers. No earlier labor union had included all workers. For a time, the Knights became the biggest union in the country.

Union successes were undercut by a series of violent labor disputes. One of the worst episodes occurred in Chicago. On May 4, 1886, striking workers rallied in Haymarket Square. Suddenly, a bomb exploded and killed seven policemen. Police sprayed the crowd with bullets. As a result of such violence, public opinion turned against unions. The Knights of Labor, some of whom were at Haymarket Square, lost much of their influence.

Rise of the AFL  In 1886, the year of the Haymarket Riot, Samuel Gompers formed a new union in Columbus, Ohio. It was called the American Federation of Labor, or AFL. The AFL soon replaced the Knights of Labor as the leading union in the country.

Unlike the Knights, the AFL admitted skilled workers only. Gompers argued that skilled workers could create a powerful union because their skills made it costly and difficult to train replacements. He also believed that the most effective way to win improvements was through collective bargaining. In collective bargaining, unions negotiate with management for workers as a group. Gompers believed in using strikes, but only if all else failed.

This practical approach worked well. By 1904, the AFL had grown to more than a million members. But because it barred African Americans, immigrants, and unskilled workers, the AFL still included only a tiny fraction of American workers.
Women in the Labor Movement  Women played leading roles in building unions. Mary Harris Jones tirelessly traveled the country, campaigning for unions and giving support to striking miners. She called attention to the hard lives of children in textile mills. Because of her work with children, people began calling her Mother Jones.

Bitter Strikes  In 1893, the nation was hit by a severe economic depression. Many business owners cut production, fired workers, and slashed wages. A wave of violent strikes swept the country. One of the worst occurred near Chicago. George Pullman, a manufacturer of railroad cars, cut his workers’ pay by 25 percent. Still, he refused to lower rents on company-owned housing.

Angry workers struck the Pullman plant. Railroad workers walked off their jobs in support. By July, rail lines were shut down from coast to coast. President Grover Cleveland then sent federal troops to Chicago to end the strike. They were joined by deputies paid by the railroads. Marshals fired on the crowds, killing two protesters.

In such violent labor disputes, the public generally sided with the owners. Most Americans saw striking unions as radical and violent. By 1900, only about 3 percent of American workers belonged to a union.

Checkpoint  What methods did the AFL use?

Looking Back and Ahead  Big business grew at a rapid pace. Organized labor also grew but faced many obstacles. In the next chapter, you will learn how these trends began to shift.

Assess and Reteach

Assess Progress

Have students complete Check Your Progress. Administer the Section Quiz.

Interactive Teaching Resources, Unit 6, Section Quiz, p. 63

To further assess student understanding, use the Progress Monitoring Transparency.

Progress Monitoring Transparencies, Chapter 18, Section 2

Reteach

If students need more instruction, have them read this section in the Interactive Reading and Notetaking Study Guide.

Interactive Reading and Notetaking Study Guide, Chapter 18, Section 2 (Adapted Version also available.)

Extend

Have small groups research child labor practices or health and safety hazards in textile mills, mines, sweatshops, or steel mills in the early 1900s. Have each group pick a problem area and write a newspaper editorial or protest song, create a political cartoon, or prepare a short skit dramatizing the problem and showing how it affects workers. Have students present their work to the class.

Progress Monitoring Online

Students may check their comprehension of this section by completing the Progress Monitoring Online graphic organizer and selfquiz.

Checkpoint

Collective bargaining; if that failed, its members went on strike.

Answer

Adapted in this case means to take up a new approach and use it. The root suggests seeing a choice and then taking it out to make it your own.

Definitions in the chart should accurately define vocabulary words.

Answers will vary, but should be supported by specific examples from the sentences. Possible answer: Sentence b is the most emotional because it uses the word unfair. Sentences a and c are the most persuasive because each tells about a specific problem that caused the strike.