



Section 2

Standards-Based Instruction



SECTION 2

Big Business and Organized Labor



Standards at a Glance

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 the union movement.

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 work days.)*

Prepare to Read

Build Background Knowledge

L2

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. T38) to elicit responses.

Set a Purpose

L2

- Read each statement in the Reading Readiness Guide aloud. Ask students to mark the statements true or false.

All in One Teaching Resources, Unit 6, Reading Readiness Guide, p. 49

- Have students discuss the statements in pairs or groups of four, then mark their worksheets again. Use the Numbered Heads participation structure (TE, p. T38) to call on students to share their group's perspectives. The students will return to these worksheets later.



Standards Preview

H-SS 8.12.4 Discuss entrepreneurs, industrialists, and bankers in politics, commerce, and industry (e.g., Andrew Carnegie, John D. Rockefeller, Leland Stanford).

H-SS 8.12.6 Discuss child labor, working conditions, and laissez-faire policies toward big business and examine the labor movement, including its leaders (e.g., Samuel Gompers), its demand for collective bargaining, and its strikes and protests over labor conditions.

Prepare to Read

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.

E-LA Reading 8.1.2

Vocabulary Builder

High-Use Words

eliminate, p. 489

justify, p. 490

Key Terms and People

entrepreneur, p. 488

corporation, p. 488

monopoly, p. 489

Andrew Carnegie, p. 489

John D. Rockefeller, p. 489

trust, p. 489

free enterprise, p. 490

sweatshop, p. 491

Samuel Gompers, p. 492

collective bargaining, p. 492

Background Knowledge You have learned about the new Industrial Revolution that took place after the Civil War. In this section, you will see how this industrial boom had a very different impact on business owners and on workers.

New Ways of Doing Business

Business expansion was led by bold entrepreneurs (ahn treh preh NYOORZ). 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.

Main Idea

Business leaders developed new ways to raise money needed for expansion.

Universal Access

L1 English Language Learners

L1 Less Proficient Readers

L1 Special Needs

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 chalkboard. Have students find a defini-

tion 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.

One banker, J. Pierpont Morgan, made himself the most powerful force in the American economy. Morgan gained control of key industries, such as railroads and steel. In hard times, Morgan and his friends bought stock in troubled corporations. They then ran the companies in ways that eliminated competition and increased profits.

✓**Checkpoint** How did corporations raise capital?

Growth of Big Business

As in Jefferson's time, the government took a laissez-faire approach to business. (See Chapter 5.) 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 his first oil refinery. He used the profits to buy other oil companies. Rockefeller was a brilliant, creative 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.

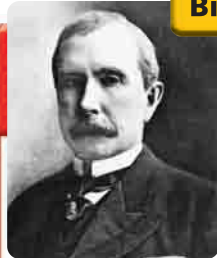
Vocabulary Builder

eliminate (ee LIHM ih nayt) v. to get rid of

Main Idea

By the late 1800s, many major industries were dominated by a few giant companies.

Biography Quest



John D. Rockefeller
1839–1937

John D. Rockefeller was one of the most hated and admired figures of his time. The ruthless tactics he used in building his oil empire won him many enemies. Yet, he also donated much of his fortune to charitable causes, funding parks and universities. Journalist Ida Tarbell described Rockefeller as "a man whose soul is built like a ship in air-tight compartments. . . . The life that goes on in compartment one has no relation to that of compartment two."

Biography Quest

What experience taught John D. Rockefeller his first lesson as a businessman?

For: The answer to the question about Rockefeller

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History Background

Andrew Carnegie As a teenager, Andrew Carnegie worked in a textile mill for \$1.20 a week. By the age of 50, he was the nation's "Steel King." He had this simple formula for business success: "Watch the costs, and the profits will take care of

themselves." His mills made steel for \$20 per ton less than his competitors. Modern machinery, innovative business practices, and the very low wages he paid his workers all contributed to his ability to keep costs down.

Teach

New Ways of Doing Business

 H-SS 8.12.4

Instruction

L2

■ Vocabulary Builder

High-Use Words Before teaching this section, preteach the High-Use Words **eliminate** and **justify** using the strategy on TE page 481.

Key Terms Have students continue to fill in the See It–Remember It chart for the Key Terms in this chapter.


■ Have students read *New Ways of Doing Business*, using the Paragraph Shrinking strategy (TE, p. T37).

■ Ask: **What are some advantages of corporations?** (*Possible answers: Investors take less risk, banks lend more money to corporations, and corporations can raise money from stockholders.*)

■ Ask: **How did banks help corporations grow?** (*by lending them large amounts of money, or capital*) Ask: **How did this help banks?** (*Banks and bankers made huge profits from these loans.*)

Independent Practice

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

 **Interactive Reading and Notetaking Study Guide**, Chapter 14, Section 2 (Adapted Version also available.)

Monitor Progress

As students fill in the study guide, circulate and make sure individuals understand how new inventions affected industry. Provide assistance as needed.

Answers

Biography Quest When he was 12 years old, he loaned a local farmer \$50 at 7% interest for one year. When the loan was repaid, Rockefeller learned the value of investing money.

✓**Checkpoint** by selling stock

Growth of Big Business

H-SS 8.12.4

Instruction


L2

- Have students read Growth of Big Business. Remind them to look for causes and effects.
- Discuss the success of the big business giants. Ask: **What business tactics did Carnegie and Rockefeller use to become successful?** (*Carnegie gained control of every step of the process of making steel. Rockefeller slashed prices to eliminate competition.*)
- 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 14, 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.

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



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 (JUHS tih fi) v. to give good reason for an action

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



This cartoon presents a different view of giant business monopolies.

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.

- Interpret Primary Sources** According to Tucker, how does the public benefit from trusts?
- Detect Points of View** How does the view of monopoly expressed in the cartoon differ from Tucker's view?

Universal Access

L3 **Advanced Readers**

L3 **Gifted and Talented**

Expressing Opinions Have students write an essay agreeing or disagreeing with the following statement: “Competition is bad for businesses and workers.” Remind stu-

dents 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.

Checkpoint 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.

Main Idea

As industry grew, working conditions often got worse.

Primary Sources

See Lewis Hine, *Child Labor in the Coal Mines*, in the Reference Section at the back of this textbook.



Child coal miners

Main Idea

Despite many obstacles, organized labor began to grow in the late 1800s.

Changes in the Workplace

H-SS 8.12.6


Instruction

L2

- Have students read *Changes in the Workplace*. Remind them to look for causes and effects.
- Discuss the problems of child labor. Ask: **What dangers and disadvantages did child workers experience?** (*They worked in hazardous jobs and had no schooling.*)
- Have students explain the concept of “Social Darwinism.” (*Those who succeed are more “fit” or deserving than those who do not.*) Ask: **Who benefited and who did not benefit from this philosophy? Why?** (*Big business owners and factory managers benefited because, according to the philosophy, they deserved to succeed. Workers did not benefit because the philosophy said they did not deserve to succeed.*)

Independent Practice

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

 **Interactive Reading and Notetaking Study Guide**, Chapter 14, Section 2 (Adapted Version also available.)

Monitor Progress

As students fill in the study guide, circulate and make sure individuals understand the effects of the growth of business on factory workers. Provide assistance as needed.

History Background

Long Days, Low Wages Some of the conditions for workers at the beginning of the twentieth century are almost impossible to imagine. In 1900, for example, the average factory worker earned less than 22 cents per hour. The average workweek was 59

hours, which meant about 10 hours every day except Sunday. Steelworkers spent even more time at their grueling jobs. These people worked 12 hours a day, 7 days a week.

Answer

Checkpoint lung disease, burns, and death from molten metal

Workers Organize

H-SS 8.12.6

Instruction


L2

- Have students read *Workers Organize*. Remind students to look for support for the Main Ideas.
- Ask: **What were the goals of labor unions?** (*higher wages, safer working conditions, and shorter hours*) Discuss the different approaches of the Knights of Labor and the AFL.
- Ask students whether or not they think the government supported striking unions. (*Possible answer: Government did not support strikes because they were disruptive to business and sometimes led to violence.*)
- In order to better understand the debate on working conditions, assign the worksheet *On Labor Unions*. Then discuss how these opinions relate to labor unions.

All in One Teaching Resources, Unit 6, On Labor Unions, p. 54

Independent Practice

Have students complete the study guide for this section.

 **Interactive Reading and Notetaking Study Guide**, Chapter 14, Section 2 (Adapted Version also available.)

Monitor Progress

- As students complete the study guide, circulate and make sure individuals understand the difficulties labor unions faced. Provide assistance as needed.
- Tell students to fill in the last column of the Reading Readiness Guide. Probe for what they learned that confirms or invalidates each statement.

All in One Teaching Resources, Unit 6, Reading Readiness Guide, p. 49

Answer

Evaluate Information The picture shows policemen shooting and workers throwing bricks.

A Violent Strike

Strikes often turned violent. This 1877 picture shows a confrontation between Maryland state militia and workers during a railroad strike, in which at least 10 strikers were killed. **Critical Thinking: Evaluate Information** How does this picture suggest that there was violence on both sides?



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.

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Universal Access

L3 Gifted and Talented

Writing a News Story Riots damaged the labor movement because press reports led the public to identify strikers with violence. Divide 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.

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 Chapter 15, you will learn how these trends began to shift.



Mother Jones

Assess and Reteach

Assess Progress

L2

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

All in One Teaching Resources, Unit 6, Section Quiz, p. 63

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

Progress Monitoring Transparencies, Chapter 14, Section 2

Reteach

L1

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 14, Section 2 (Adapted Version also available.)

Extend

L3

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.

Writing Rubrics Share this rubric with the students.

Score 1 Student misidentifies statements and gives unclear explanation.

Score 2 Statements are correctly identified, but explanation is unclear.

Score 3 Statements are correctly identified, and reasonable explanations are given.

Score 4 Statements are correctly identified, and the explanations are insightful.

Section 2 Check Your Progress



Standards Review

H-SS: 8.12.4, 8.12.6; E-LA: Reading 8.1.2

Progress Monitoring Online

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Comprehension and Critical Thinking

- (a) **Recall** What big business tactic did Rockefeller use to eliminate competition?
(b) **Compare and Contrast** How were trusts viewed as both a threat and an advantage to the free enterprise system?
- (a) **List** How did changes in the factory system affect workers in the late 1800s?
(b) **Draw Conclusions** Why was there an effort to organize workers into labor unions?

Reading Skill

- Use Latin Word Origins** Connect the roots *ad-*, meaning "out," and *optare*, meaning "choose or wish," to the modern English word *adopted* as it is used in the following sentence: To raise capital, Americans adopted new ways of organizing business.

Vocabulary Builder

- Draw a table with seven rows and two columns. In the first column, list these terms: **entrepreneur, corporation, monopoly, trust, free enterprise, sweatshop, collective bargaining.** In the next column, write the definition of each word.

Writing

- Which of the following statements seems the most emotional in its appeal? Which seems the most persuasive? Why?
Statements:
(a) One cause of the Pullman strike was George Pullman's failure to lower rents on company-owned housing.
(b) One cause of the Pullman strike was George Pullman's unfair treatment of workers.
(c) One cause of the Pullman strike was a conflict between George Pullman and his workers over wages and rent.

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Section 2 Check Your Progress

- (a) He slashed prices.
(b) Trusts eliminated competition but also created jobs and lowered the costs of goods.
- (a) It created jobs, but workers labored in bad conditions.
(b) to improve working conditions
- Adopted* 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*. Sentence a is the most persuasive because it tells about a specific problem that caused the strike.

Answer

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