

Topics to Review

Ch 20

- Railroads –time zones created to increase efficiency, rebates discounts for huge farms - hurt small farmers, rate wars RR companies competed against each other, pools several RR agree to divide up businesses in a certain area to end competition
- Free Enterprise System – The U.S. Economic System
- Trusts & Monopolies – Eliminate competition & threaten the free enterprise system
- Vanderbilt powerful RR baron; consolidated ownership of the railroads. Robber Barons- used ruthless business practices
- Steel – Bessemer Process (more efficient method to make steel) enabled steel makers to produce strong steel at a lower cost,
- Carnegie, steel tycoon Vertical Integration he owned & controlled all phases of an industry from the raw materials to a finished product. Carnegie donated \$ to improve society (philanthropist)
- Corporations – a business that is owned by investors (sold stock to raise capital)
- J.P. Morgan powerful banker; bought his way onto the board of struggling corporations and then would take over the company; owned many corporations (created trusts) Trusts eliminate competition
- Rockefeller –controlled a monopoly of the American oil industry; Horizontal Integration(owned all of one aspect of a production) owned the refineries to make crude oil usable - Standard Oil Trust became a Monopoly (controls all or nearly all of the business in an industry)
- Inventors – Samuel Morse Morse code a way of communicating, Thomas Edison invented the lightbulb and the phonograph (used teams of inventors), Alexander Graham Bell invents the telephone
- Henry Ford – Assembly Line allows workers to stand still as the product moves along a belt it is put together (Mass Production = prices go down)
- Labor – child labor- worked long hours for low pay in poor & dangerous conditions to support family, Factories became larger after the Civil War - bosses are removed from workers and treat them like parts to a machine.
- Haymarket Riot labor rally in Chicago, ended in violence with a bomb exploding - led to Anti-labor feelings across the U.S.
- Unions –(Organized Labor) Uriah Stephens (KOL), founded the KOL, did not believe in strikes, KoL was secret - workers who joined unions would be fired
- Terrance Powderly (KOL) President of the Knights of Labor; strengthened the union by allowing immigrants, Blacks, women, and unskilled workers to join the union. Ended secrecy of KoL

- Samuel Gompers (AFL) Organized the American Federation of Labor (AFL), which was a union for skilled laborers. People joined the AFL by joining a trade union first, such as carpenters, electricians, and plumbers. AFL used strikes (stop working - causes employer to lose \$ and hopefully give in to workers demands)
- Knights of Labor (KOL) – fought for better pay, 8 hr work day, against child labor, fought for better working conditions
- American Federation of Labor (AFL) – The goal of the AFL was shorter hours, improved working conditions, and higher wages. Many Blacks, women and immigrants were barred from the AFL because they were not allowed to join trade unions.
- Mother Jones, First woman of the labor movement. She spoke out against child labor. She worked for reform in the workplace., helped workers on strike.
- ILGWU (accomplishments), Garment workers organized the International Ladies' Garment Workers Union. They were part of the AFL. In 1909, there was a strike for twenty days. It resulted in better pay and better working conditions.
- Triangle Fire: many of the exits were locked or blocked with garbage, companies locked their doors so workers would not take breaks or have lunch, fire was on the upper levels of the building, many fire ladders could not reach the windows. Many people jumped to their death, about 150 young women died, caused many states to create new safety laws to protect workers.

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Locomotion

The Story of the Railroad

Chap 20

1. Why is the RR more than just a way of getting around?

☐ *They are the building blocks for modern society.*

2. How was the RR business different from other businesses of that time?

Other businesses existed in only one city. The RR's were state to state and city to city. They dominated the country and built huge fortunes.

3. How long did it take to build the first transcontinental RR? *It took four years.*

4. How did RR's raise capital? What is speculation?

RR companies sold stock on Wall Street. Speculation is a gamble that they would make a profit. Ordinary people would invest in the RR's.

5. What were immigrant trains? Why did immigrants travel on these trains?

Immigrant trains were when entire families traveled with all of their goods. They were in search of cheap land and a better life.

6. What was a colonization agent?

☐ *Person who recruited farmers from Europe & the East, to settle along the RR's out West.*

7. What was the reaction of settlers when they arrived on the homestead?

They were disappointed. There were no trees, which meant there was no timber to build houses. It was a life filled with hardships.

8. What were farmers expected to do for the RR's after they settled?

They were expected to be successful and ship crops back east on the RR. Educational trains were schools which taught farming methods.

9. How did RR's effect the cattle industry?

It was a delivery system which allowed cattle to be raised in the mid-west and then they could be shipped to the east. Cattle Boom

10. What was the effect of the refrigeration car?

It allowed the meat packing industry to grow. Meat could be shipped frozen across the country. It would change America's diet, increasing more beef.

☐ 11. What was the RR's impact on industry in the U.S.?

New companies opened up in Chicago. Companies could now ship items across the country. It spurs the industrial boom, which is large scale industry.

12. How did Edward Sears use the RR?

He created mail order catalogues, which allowed his company to sell goods across the country. This brought farmers in contact with goods from the cities.

☐ 13. How did farmers feel about RR companies?

Farmers felt exploited and that the RR was stealing their product.

14. What was the Populist Movement?

A political movement of farmers to fight the RR's.

15. How did people feel about RR tycoons?

They felt they had unfair business practices.

16. What did the Erie RR Company do when Vanderbilt tried to buy it?

They printed more stock. Vanderbilt bought fake shares.

17. Who was Jay Gould?

Jay Gould was in charge of the Erie RR and was a robber baron.

18. Describe the relationship between Robber Barons and Politicians.

☐ *Robber Barons bribed politicians, which led to more corruption. Robber Barons had to bribe politicians before their competition did.*

19. Describe George Pullman's Industrial Community.

Pullman built luxury RR cars. His RR workers lived in a community near his factories. The workers were close to the shops, were not allowed to go to saloons, and Pullman charged the workers rent.

20. What did Pullman do when the Depression of 1893 came?

Pullman cut the workers wages, but did not reduce the rent. Then he laid off workers.

21. Describe the Pullman Strike.

1894, RR workers walked off the job. Other RR workers across the country joined in support. The strike became violent and 34 people were killed. 12,000 troops were sent to restore order. The Union leaders were thrown in jail.

22. What was the purpose of the Interstate Commerce Commission? What effect did it have on RR companies?

☐ *1887 the ICC was created to regulate RR rates. The RR companies lost profits, could no longer give rebates, and price was not a means of competition.*

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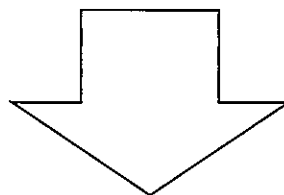


Competition

Consolidation: Large RR companies take over small RR companies

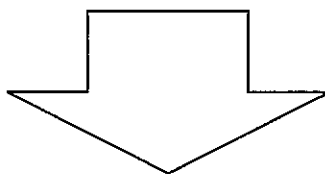
Rate Wars: Slash prices to win customers

Rebates: Discounts given to large grain shipments → Hurt small farmers



Ending competition

Pools: RR's divided up areas, each RR controlled one area & fixed high prices

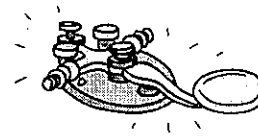


Impact

- High shipping prices for small farmers
- Farmers try to fight RR's
- Populist Party forms → Try to regulate RR rates

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Directions: For each invention listed below, identify the inventor and list at least 2 changes the invention had on American's lives.

Invention	Inventor	Changes
1) Electric Light	<i>Thomas Edison</i> 1879	<i>-no more candles; made things safer (Great Chicago fire caused A cow knocking over a lantern)</i> <i>Electricity gave off more light; Factories worked at night</i>
2) Typewriter	Chris Sholes 1868	- made things easier to read - not as many mistakes
3) Camera	George Eastmen	- improves camera - makes photography easier - family memories - capturing historical moments - picture of crime scenes - newspapers
4) Telephone	Alexander Graham Bell 1876	- faster way to communicate - faster then mail or telegraph - Increase business productivity - easier and clearer communication
5) Electric Street Car	Stephen Dudley 1874	- not an automobile - cleaner then horses - transportation for cities; expands to outer parts of the city Suburbs Are Created

Name _____

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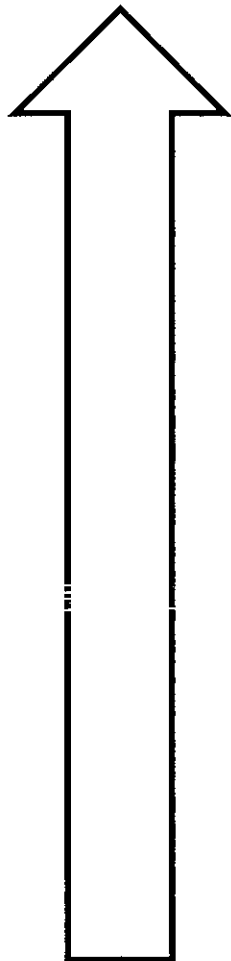


Bessemer Process:

Impact:

-Easy way to make steel at a lower cost

Andrew Carnegie:

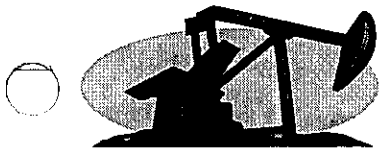


- RR's to ship products to customers

- Factory – produces steel products

-RR's – Ship ore to factory

-Mining Ore



John D. Rockefeller

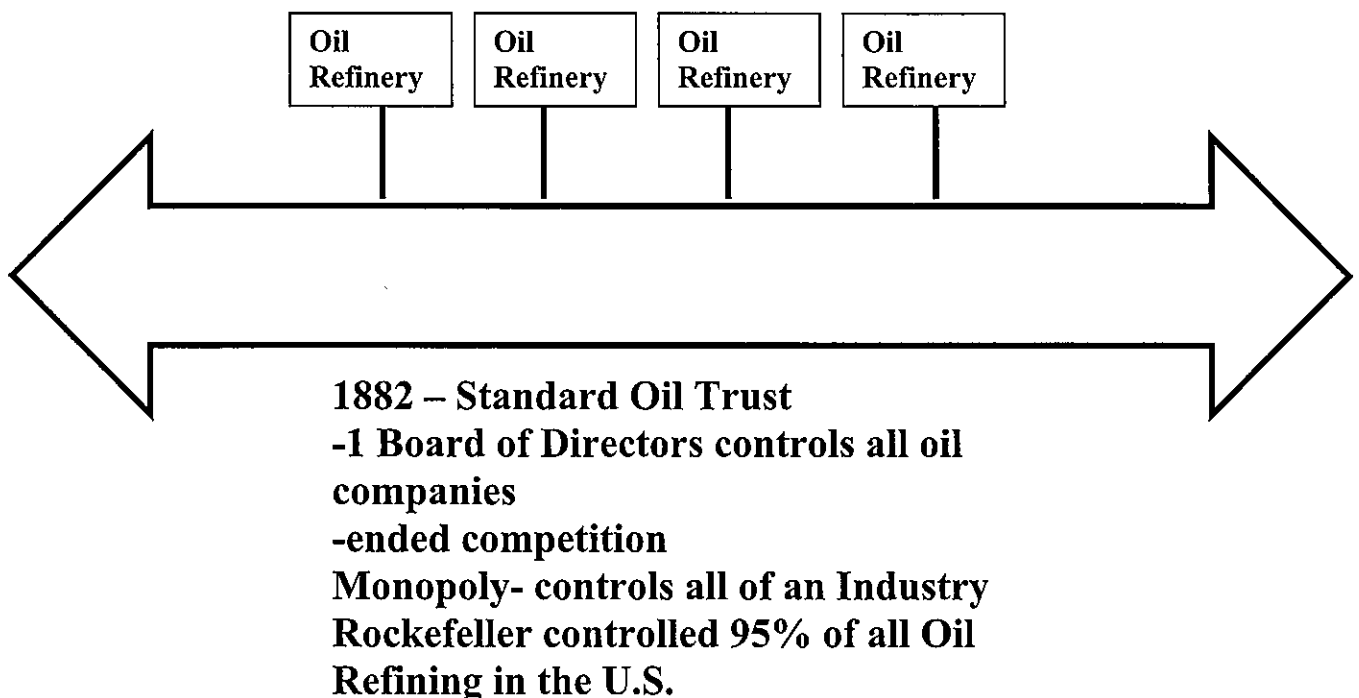


Invested in Oil Refineries

Standard oil company

Methods of Competition:

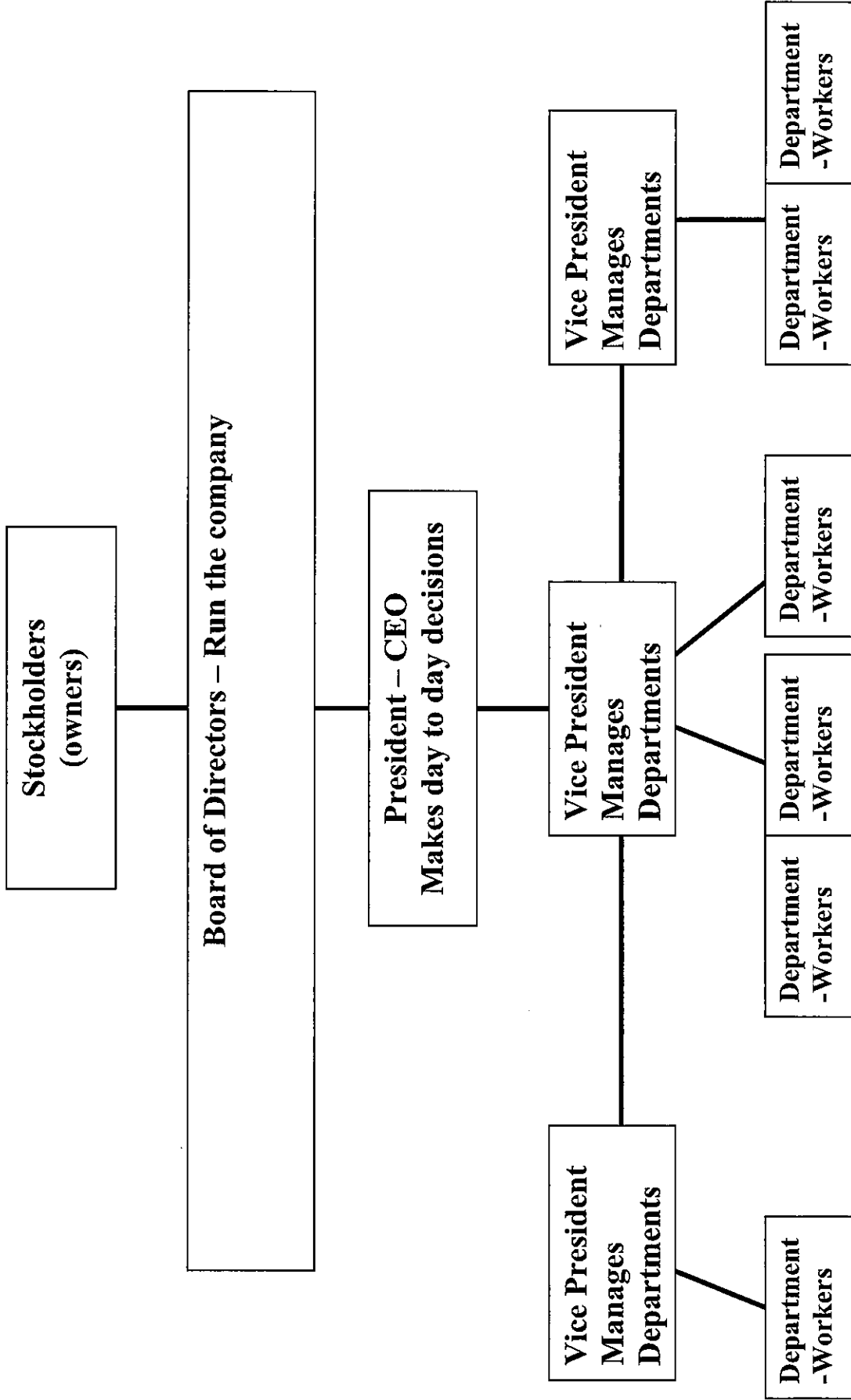
- **Slashed prices – Drove other companies out of business by slashing prices so low he would not make a profit.**
- **Pressured customers to deal only with Standard Oil**
- **Persuaded RR companies to give rebates to Standard Oil**



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Corporate Structure



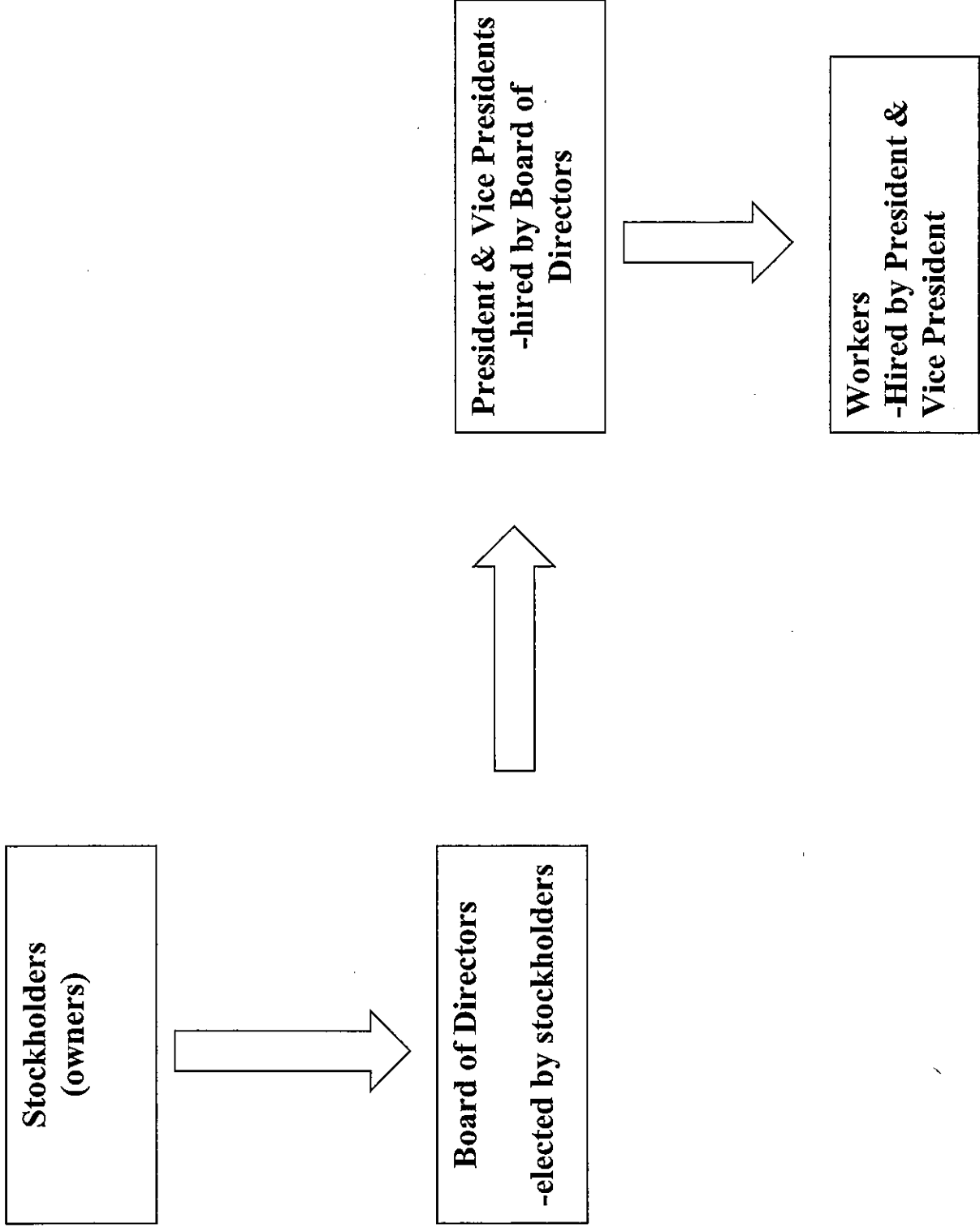


Name _____



Date _____

The Corporate Decision Making Scheme



Name _____

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Trusts vs. Free enterprise

Trust = A group of corporations controlled by 1 Board of Directors.

Free Enterprise – Companies controlled by private citizens.

Trusts

Free Enterprise

Positives

-- High Dividends for stockholders

Negative

- Difficult for new companies to start up.
- Products are not improved
- Prices are higher
- Corruption in Politics (Bribes)
- Workers are treated poorly

Positives

- competition = encouraged lower prices
- Products are always being improved

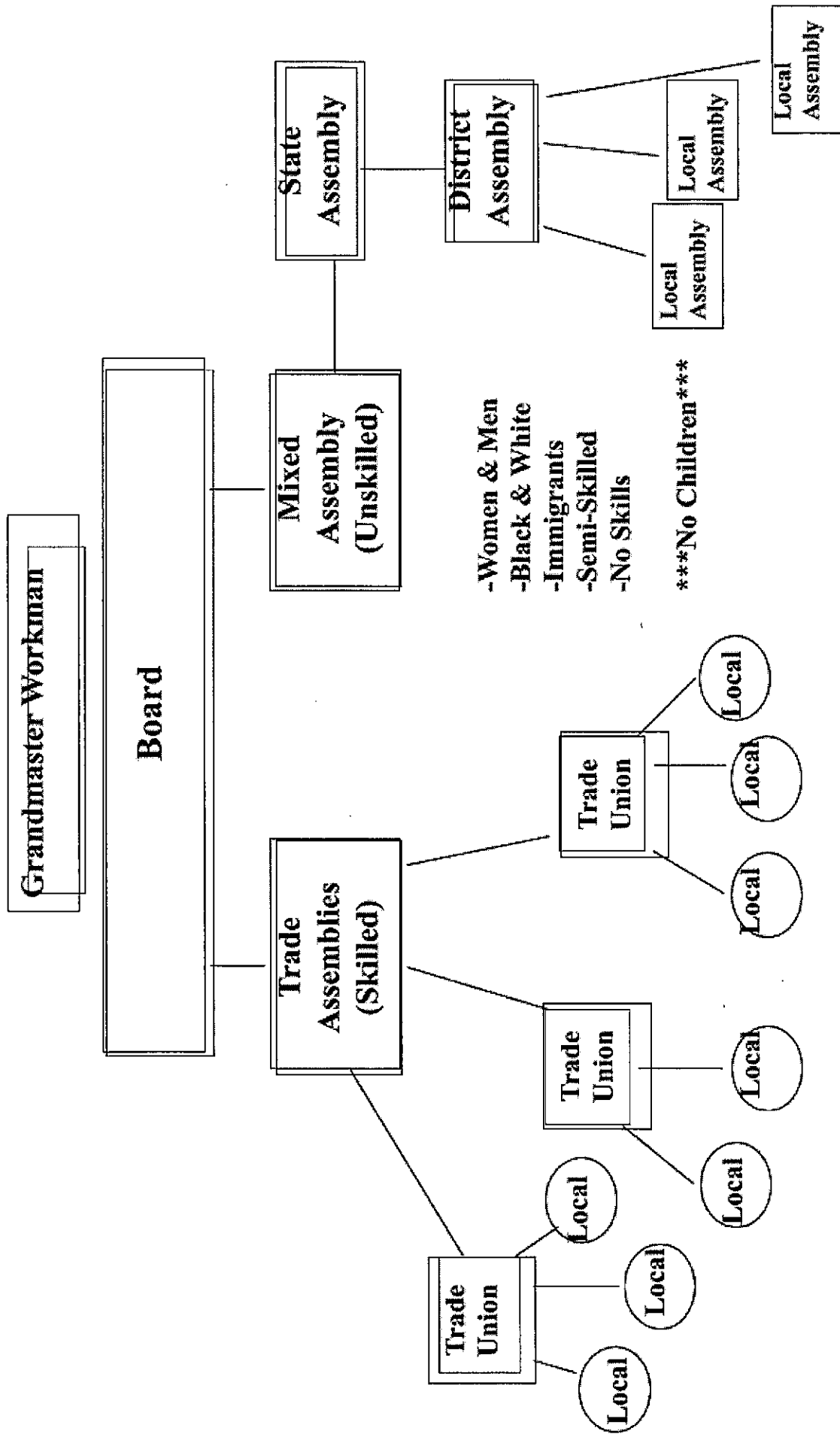
Negative

- Competition can be bad for the companies
- = Lower profits

Sherman Antitrust Act: 1890 – Banned the formation of trusts – Too weak to be enforced

Name _____

Knights of Labor
-founded by **Uriah Stephens** Date _____



Did NOT Use Strike!!



Name _____

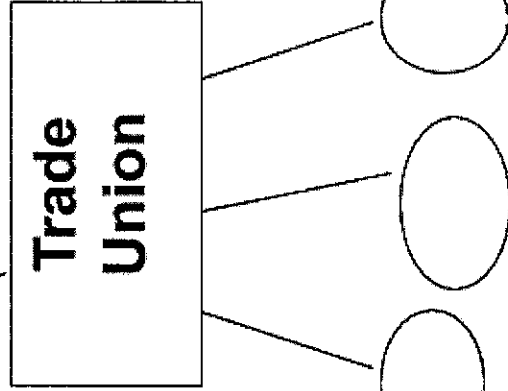
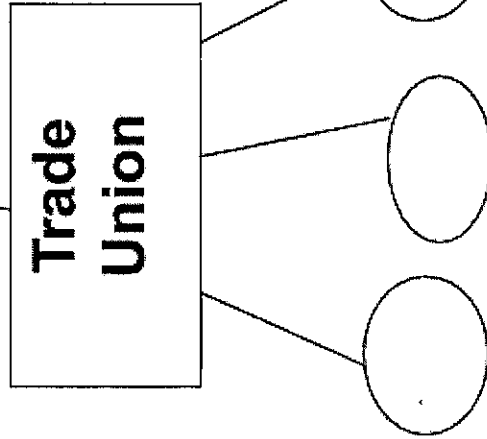
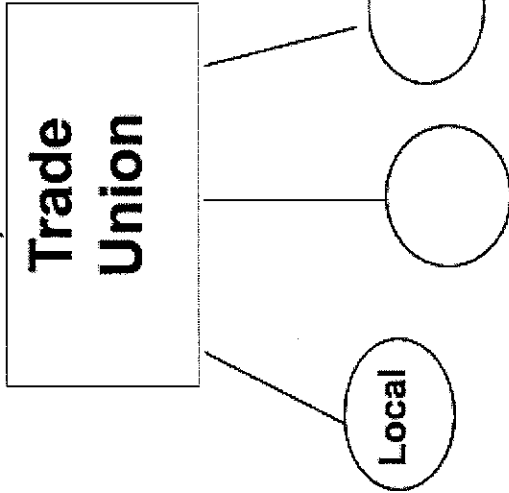
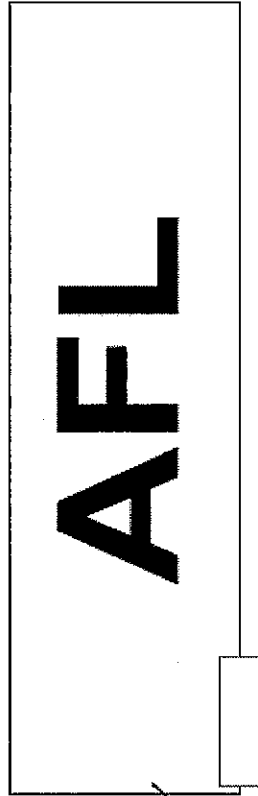


American Federation of Labor (AFL)



Date _____

- Founded by Samuel Gompers
- *Only Skilled Workers
- *Used Strikes
- *No Af. Amer.



Social Studies Chapter 20 Vocabulary

Consolidation	The practice of combining different companies into one
Railroad Barons	Powerful business leader who controlled a major railroad
Standard Gauge	4 feet, 8.5 inches, the distance between rails agreed upon by all railroad companies
Rebates	A discount or return of part of a payment
Pool	A group sharing in some activity, for example, among railroad barons who made secret agreements and set rates among themselves
Telegraph	Invented by Alexander Graham Bell in 1876; a device for transmitting speech (modern telephone)
Patent	A licence issued by the government that gives someone the right to make, use, and sell an invention without others copying it.
Phonograph	A device for reproducing sounds by means of using a needle that follows grooves made on cylinders or a disc
Mechanism	A set of moving or working parts in a machine or other device
Model T	An early Ford car
Assembly Line	Factory method in which work moves past stationary workers who perform a single task
Mass Production	Factory production of goods in large quantities
Factors of Production	Land, labor and capital used to make goods and services
Entrepreneurs	A person who starts a business
Capital	Things people use in order to make goods and services. (Machines, buildings, and tools to make cars are examples of capital goods. Money is also a type of capital
Corporation	Legally defined organization of people and resources with the

	purpose of doing business
Stock	Shares of ownership a company sells in its business
Shareholder	A person who invests in a company by buying stock
Dividends	A stockholder's share of a company's profits, usually as a cash payment.
Trust	A combination of firms or corporations formed by a legal agreement, especially to reduce competition
Monopoly	Total control of a type of industry by one person or company
Mergers	The combining of two or more businesses into one
Sweatshops	A shop or factory where workers working long hours at low wages under unhealthy conditions
Labor Union	Organization of workers who seek better pay and working conditions
Collective Bargaining	Discussion between an employer and union representative of workers over wages, hours, and working conditions for the union membership
Strikebreaker	A person hired to replace a striking worker in order to break up a strike
Injunction	A court order to stop something from happening