

CHAPTER
6

GUIDED READING *Big Business and Labor*

Section 3

As you read this section, answer the questions below about government's attempts to regulate big business.

a. What is it?

b. How did it help businesses such as the Carnegie Company and tycoons like Andrew Carnegie?

1. Vertical integration	a. b.
2. Horizontal integration	a. b.
3. Social Darwinism	a. b.
4. Monopoly	a. b.
5. Holding company	a. b.
6. Trust	a. b.

c. How did it harm businesses such as Standard Oil and tycoons like John D. Rockefeller?

7. The perception of tycoons as "robber barons"	
8. Sherman Antitrust Act	

CHAPTER
6**Section 3****RETEACHING ACTIVITY** *Big Business and Labor***Reading Comprehension**

Choose the best answer for each item. Write the letter of your answer in the blank.

- _____ 1. A corporation that did nothing but buy out the stock of other companies was known as a
- trust.
 - holding company.
 - Grange.
 - monopoly.
- _____ 2. John D. Rockefeller became a magnate of the
- oil industry.
 - steel industry.
 - railroad industry.
 - cotton industry.
- _____ 3. To improve their labor conditions, many industrial workers formed
- trusts.
 - unions.
 - holding companies.
 - the Grange.
- _____ 4. The Great Strike of 1877 involved workers for some of the nation's
- steel plants
 - oil plants.
 - railroads.
 - textile mills.
- _____ 5. The violent incident that turned much of the public against the labor movement was known as the
- Homestead Strike.
 - Pullman Company Strike.
 - Triangle Shirtwaist Factory fire.
 - Haymarket Affair.
- _____ 6. By World War I, membership in the American Federation of Labor was around
- 500,000.
 - 1 million.
 - 2 million.
 - 3 million.

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PRIMARY SOURCE *from* “Wealth and Its Uses”
by Andrew Carnegie

Andrew Carnegie, the rags-to-riches industrialist, wrote books, lectures, and articles in which he praised American democracy and the free enterprise system. As you read this excerpt from an 1895 speech, consider his ideas about wealth and its uses.

You may be sure, gentlemen, that the question of the distribution of wealth is settling itself rapidly under present conditions, and settling itself in the right direction. The few rich are getting poorer, and the toiling masses are getting richer. Nevertheless, a few exceptional men may yet make fortunes, but these will be more moderate than in the past. This may not be quite as fortunate for the masses of the people as is now believed, because great accumulations of wealth in the hands of one enterprising man who still toils on are sometimes most productive of all the forms of wealth. . . .

But assuming that surplus wealth flows into the hands of a few men, what is their duty? How is the struggle for dollars to be lifted from the sordid atmosphere surrounding business and made a noble career? Now, wealth has hitherto been distributed in three ways: The first and chief one is by willing it at death to the family. Now, beyond bequeathing to those dependent upon one the revenue needful for modest and independent living, is such a use of wealth either right or wise? . . . It is not the good of the child which the millionaire parent considers when he makes these bequests, it is his own vanity; it is not affection for the child, it is self-glorification for the parent which is at the root of this injurious disposition of wealth. There is only one thing to be said for this mode, it furnishes one of the most efficacious means of rapid distribution of wealth ever known.

There is a second use of wealth, less common than the first, which is not so injurious to the community, but which should bring no credit to the testator. Money is left by millionaires to public institutions when they must relax their grasp upon it. There is no grace, and can be no blessing, in giving what cannot be withheld. It is no gift, because it is not cheerfully given, but only granted at the stern summons of death. The miscarriage of these bequests, the litigation connected with them, and the manner in which they are frittered away seem to prove that the Fates do not regard them with a

kindly eye. We are never without a lesson that the only mode of producing lasting good by giving large sums of money is for the millionaire to give as close attention to its distribution during his life as he did to its acquisition. . . .

The third use, and the only noble use of surplus wealth, is this: That it be regarded as a sacred trust, to be administered by its possessor, into whose hands it flows, for the highest good of the people. Man does not live by bread alone, and five or ten cents a day more revenue scattered over thousands would produce little or no good. Accumulated into a great fund and expended as Mr. Cooper expended it for the Cooper Institute, it establishes something that will last for generations. It will educate the brain, the spiritual part of man. It furnishes a ladder upon which the aspiring poor may climb, and there is no use whatever, gentlemen, trying to help people who do not help themselves. You cannot push any one up a ladder unless he be willing to climb a little himself. When you stop boosting, he falls, to his injury. Therefore, I have often said, and I now repeat, that the day is coming, and already we see its dawn, in which the man who dies possessed of millions of available wealth which was free and in his hands ready to be distributed will die disgraced. . . .

*from Andrew Carnegie, “Wealth and Its Uses,” January 1895. Reprinted in Louis M. Hacker, ed. *The Shaping of the American Tradition* (New York: Columbia University Press, 1947), 807–810.*

Discussion Questions

1. What did Carnegie say are three ways to use wealth?
2. Which of the three uses did he endorse?
3. From what you know about Carnegie’s life, did he live up to his own philosophy of wealth and its uses? Why or why not? Cite evidence from your textbook to support your opinion.

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PRIMARY SOURCE *from The History of the Standard Oil Company*

Journalist Ida M. Tarbell exposed John D. Rockefeller's ruthless building of Standard Oil Company, the first major industrial monopoly in the United States. As you read this excerpt from Tarbell's book, think about how Rockefeller controlled the oil industry.

To know every detail of the oil trade, to be able to reach at any moment its remotest point, to control even its weakest factor—this was John D. Rockefeller's ideal of doing business. It seemed to be an intellectual necessity for him to be able to direct the course of any particular gallon of oil from the moment it gushed from the earth until it went into the lamp of a housewife. There must be nothing—nothing in his great machine he did not know to be working right. It was to complete this ideal, to satisfy this necessity, that he undertook, late in the seventies [1870s], to organize the oil markets of the world, as he had already organized oil refining and oil transporting. Mr. Rockefeller was driven to this new task of organization not only by his own curious intellect; he was driven to it by that thing so abhorrent to his mind—competition. If, as he claimed, the oil business belonged to him, and if, as he had announced, he was prepared to refine all the oil that men would consume, it followed as a corollary that the markets of the world belonged to him. . . .

When Mr. Rockefeller began to gather the oil markets into his hands he had a task whose field was literally the world, for already, in 1871, the year before he first appeared as an important factor in the oil trade, refined oil was going into every civilized country of the globe. Of the five and a half million barrels of crude oil produced that year, the world used five millions, over three and a half of which went to foreign lands. This was the market which had been built up in the first ten years of business by the men who had developed the oil territory and invented the processes of refining and transporting, and this was the market, still further developed, of course, that Mr. Rockefeller inherited when he succeeded in corralling the refining and transporting of oil. It was this market he proceeded to organize.

The process of organization seems to have been natural and highly intelligent. The entire country was buying refined oil for illumination. Many refiners had their own agents out looking for markets; others sold to wholesale dealers, or jobbers, who placed trade

with local dealers, usually grocers. Mr. Rockefeller's business was to replace independent agents and jobbers by his own employees. The United States was mapped out and agents appointed over these great divisions. Thus, a certain portion of the Southwest—including Kansas, Missouri, Arkansas and Texas—the Waters-Pierce Oil Company, of St. Louis, Missouri, had charge of; a portion of the South—including Kentucky, Tennessee and Mississippi—Chess, Carley and Company, of Louisville, Kentucky, had charge of. These companies in turn divided their territory into sections, and put the subdivisions in the charge of local agents. These local agents had stations where oil was received and stored, and from which they and their salesmen carried on their campaigns. This system, inaugurated in the seventies, has been developed until now the Standard Oil Company of each state has its own marketing department, whose territory is divided and watched over in the above fashion. The entire oil-buying territory of the country is thus covered by local agents reporting to division headquarters. These report in turn to the head of the state marketing department, and his reports go to the general marketing headquarters in New York. . . .

But the Standard Oil agents were not sent into a territory back in the seventies simply to sell all the oil they could by efficient service and aggressive pushing; they were sent there to sell all the oil that was bought. "The coal-oil business belongs to us," was Mr. Rockefeller's motto, and from the beginning of his campaign in the markets his agents accepted and acted on that principle. If a dealer bought but a barrel of oil a year, it must be from Mr. Rockefeller.

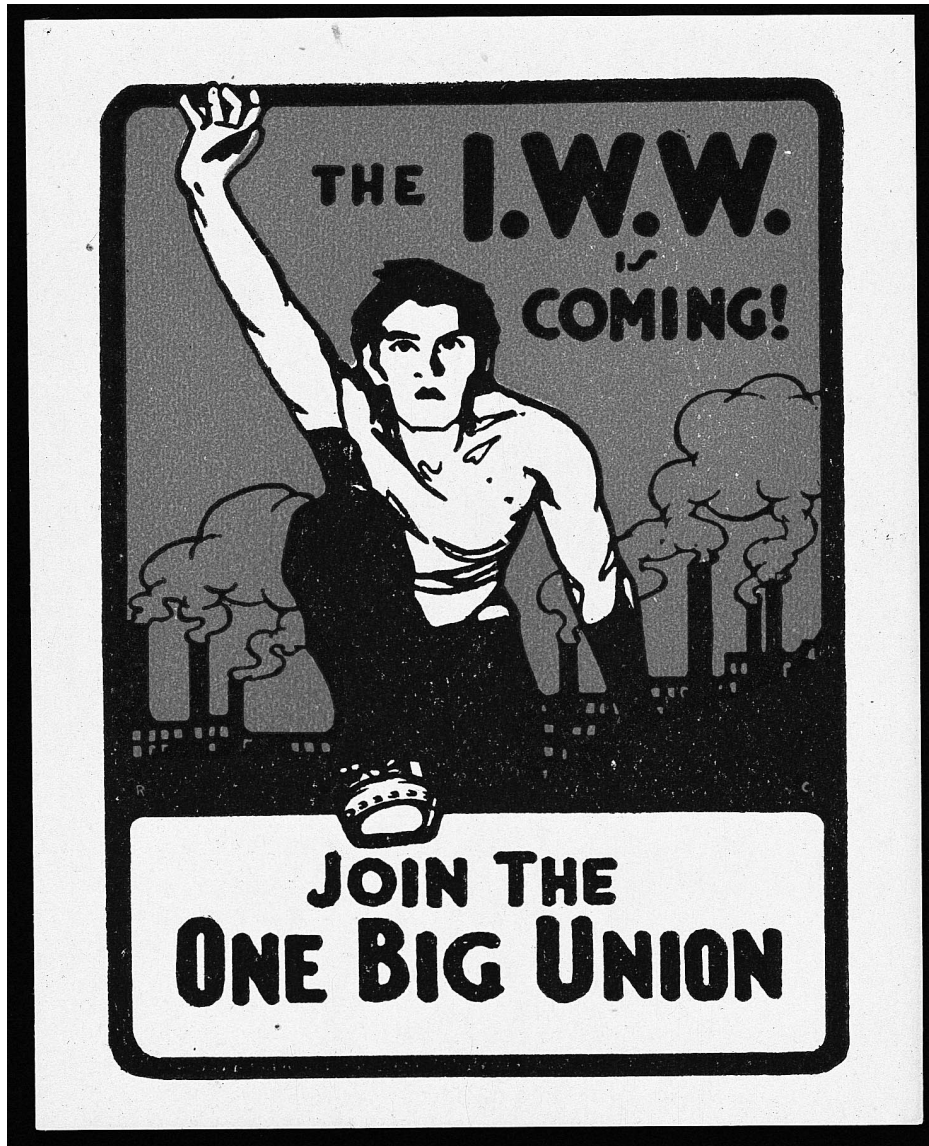
from Ida M. Tarbell, The History of the Standard Oil Company (New York: Norton, 1966), 110–112.

Discussion Questions

1. How did Rockefeller set out to acquire control of the oil industry?
2. Do you think Rockefeller deserved to be called a "robber baron?" Why or why not?

CHAPTER
6**Section 3****PRIMARY SOURCE** Labor Poster

In 1905 radical unionists and socialists formed the Industrial Workers of the World (IWW) to organize unskilled and semiskilled workers such as western miners, migrant farm workers, lumbermen, and some eastern textile workers. IWW members, known as Wobblies, pasted small posters like this one on fence posts or in railroad boxcars to call attention to their cause. What impression of the IWW do you get from this poster?



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Discussion Questions

1. What message do the images and slogans included in this poster convey to you?
2. What do you find most persuasive about this poster? Why?
3. Why do you think IWW posters were often called “silent agitators”?

CHAPTER
6**Section 3****AMERICAN LIVES** **Andrew Carnegie**
Hard Worker, Generous Patron

"Make no effort to increase fortune, but spend the surplus each year for benevolent purposes. Cast aside business for ever, except for others."— Andrew Carnegie, memo to himself (1868)

Andrew Carnegie showed how hard work and shrewd thinking can be used to build a fortune. He then showed how that fortune can be used to benefit others.

Born in Scotland, Carnegie (1835–1919) emigrated to the United States with his family when his father could no longer find work. They settled near Lake Erie, and Carnegie—only 13—began working in a textile mill. He regretted not having had the chance for an education but found a substitute. He took advantage of the offer of a local man who provided access to his personal library to any working boys in the area. Carnegie borrowed more books than anyone else. He maintained his wide reading all his life, using it to make himself entertaining at social gatherings.

His main goal was to rise on the job, though. Carnegie soon became a telegraph messenger. He gained attention by learning to decipher messages by sound and was promoted to telegraph operator. Soon a top manager in the Pennsylvania Railroad hired him as his personal secretary. Carnegie was only 18.

He advanced through many positions at the railroad, eventually taking his former boss's job as head of the Pittsburgh division by age 30. He helped organize troop transportation and telegraph systems used in the Civil War. After the war, Carnegie resigned from the railroad and started his own company to build iron bridges. Railroad contacts helped him win business, and his company thrived.

By 1873, Carnegie was ready to launch a new business: making steel. He formed the Carnegie Company and led it to success. With strong organizational skills and a knack for spotting and promoting talent, Carnegie built a huge empire. He was committed to improving technology whenever possible. Shrewdly, he chose recessions as the time to improve his factories. The improvements cost less then, and when the economy improved he was ready to produce steel more cheaply than competitors. The strategy worked: his company earned \$40 million in prof-

its in 1900, of which \$25 million was his.

Carnegie wrote and spoke, hoping to spread his ideas about success and the responsibilities of the successful. He told students at a Pittsburgh business school how to succeed: "The rising man must do something exceptional, and beyond the range of his special department."

In 1889, he published an article called "Wealth," also known as "The Gospel of Wealth." In his essay, Carnegie argued that after accumulating a fortune, a wealthy man had a duty: he should use some of his money for "the improvement of mankind." He sold his steel company in 1901 and spent most of the rest of his life fulfilling this "gospel."

He donated about \$350 million. More than a third went to endow the Carnegie Corporation, which could continue his generosity beyond his death. He gave some \$20 million to U.S. colleges and another \$10 million to Scottish universities. He created the Carnegie Institute of Pittsburgh, which had a library, an art museum, and a music hall. He also created the Carnegie Institute of Washington for basic research in science. He also gave \$60 million to create more than 3,000 public libraries.

Carnegie lost some of his good name in the Homestead strike of 1892. Steel workers were shut out of one of his plants and lost their jobs. Although he did not direct the company's actions, he did nothing to help the situation, which cost him public support. Long after, though, he was remembered as a generous benefactor.

Questions

1. What evidence do you find that Carnegie followed his own advice in rising to the top?
2. Do you agree with Carnegie's "gospel of wealth"? Why or why not?
3. What do you consider the most important example of Carnegie's generosity?

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AMERICAN LIVES

Mary Harris “Mother” Jones

Labor’s Inspiration

“The workers asked only for bread and a shortening of long hours of toil. The agitators gave them visions. The police gave them clubs.”—The Autobiography of Mother Jones (1925)

Mary Harris “Mother” Jones was a short woman whose grandmotherly looks hid a steely determination and a fiery tongue. She put both to use in her quest for workers’ rights.

Mary Harris was born in Ireland in 1830 and emigrated with her family to Canada when she was 11. They settled in the United States some years later, and she worked at teaching and dressmaking. In 1861, she married George Jones, an iron worker and devoted union man. They had four children, but tragedy struck. Jones and all the children died in an 1867 Memphis yellow-fever epidemic. Later Mary Jones remembered bitterly that the victims of the epidemic “were mainly among the poor and the workers. The rich and the well-to-do fled the city.” She moved to Chicago to work as a dressmaker again—and then lost everything in the great fire that destroyed much of that city in 1871.

Wandering the devastated city, Jones stopped into a union meeting hall. It belonged to the Knights of Labor, a union that tried to organize both skilled and unskilled workers. She began to attend regularly, and she soon fully embraced the cause. At one meeting, she entered in a lively debate with a Knights of Labor official. He asked to speak to her afterwards and was impressed by her awareness of labor issues. He was Terence Powderly, soon to be the head of the Knights. They became friends, and Jones became a dedicated union organizer and agitator.

Her strength was not organizational skills but inspiration. “No matter what impossible ideas she brought up,” one observer wrote, “she made the miners think she and they together could do anything.” Despite her small size, she was a strong and vocal union advocate. Workers affectionately called her “Mother” Jones.

Jones crisscrossed the country, helping workers wherever she thought she was needed. She supported striking railroad workers in Pittsburgh in 1877 and in Birmingham, Alabama, in 1894. She worked for miners in Pennsylvania from 1900 to

1902, in Colorado from 1903 to 1906, in Idaho in 1906, and back in Colorado in 1913 to 1914. Then she moved to New York City to support garment workers and streetcar workers.

She also staged clever events. During the 1902 coal strike, she led miners’ wives to march to a mine’s gates as nonstriking workers arrived for work. The women persuaded these miners to join the strike after all. She planned another move the following year—a 22-day march of child workers from Pennsylvania to New York. Her goal was to show President Theodore Roosevelt the suffering caused by child labor. The march lost strength over time, and the president refused to see her. But the event won newspaper space that publicized the problem.

Revered by workers, she was feared and hated by management and law-enforcement officials. A West Virginia prosecutor called her “the most dangerous woman in America” because she could rouse workers to act. She was arrested many times and in 1913 was convicted on a trumped-up charge of conspiracy to murder that was later overturned.

She continued the fight throughout her long life, joining the steel strike of 1919 and helping coal miners in 1923—at age 93. In 1930, Jones received many honors on reaching 100. One congratulatory note came from millionaire businessman—and long-time foe—John D. Rockefeller. He praised Jones for “loyalty to your ideals.” Before the end of that year, though, Jones died. She was taken to Illinois, where she was laid to rest in the Union Miners Cemetery along with those who died in an 1898 mine riot.

Questions

1. Do you think that Jones’s appearance helped her or hurt her in the effort to unionize?
2. Why did getting publicity help the union cause?
3. Why did management and law-enforcement officials fear Jones?