Chapter 20: An Industrial Society, 1860-1914

Section 1: The Growth of Industry

Main Idea: The growth of industry during the years 1860 to 1914 transformed life in America.

After the Civil War ended, several factors caused U.S. industries to grow. First, the nation had many natural resources. Second, from 1860 to 1900, the number of people in the country more than doubled, causing a greater demand for goods. Third, better ways of transportation made it easier to ship goods. Fourth, new inventions and discoveries improved products and helped create new ones. And last, people and banks invested money in businesses.

In the late 1800s, America went through a series of economic good times, called booms, and bad times, called busts. Yet, U.S. industries continued to grow.

In the 1850s, two men developed a new technique for making steel. Called the Bessemer steel process, it greatly reduced the cost of steel production. As a result, the nation’s steel output increased. Steel was used for many products but especially for rails for the railroads.

With the invention of good generators, or machines that make electric current, people became eager to use electricity. Thomas Edison discovered many uses for electricity and invented the first safe, steady light bulb.

Alexander Graham Bell invented the telephone. He showed his invention at the Centennial Exhibition, which marked the 100th birthday of the United States.

New inventions changed U.S. life. The typewriter, invented in 1867, opened jobs for women. The sewing machine led to a new industry—factory-made clothes. Granville T.
Woods was an African-American inventor who improved telephone and telegraph systems. Margaret Knight invented machines to help with packaging and shoe-making.

Section 2: Railroads Transform the Nation

Main Idea: The railroads tied the nation together, speeded industrial growth, and changed U.S. life.

In 1862, Congress passed a bill that called for two companies to build a transcontinental railroad—one that would span the whole continent. The Central Pacific company would start in Sacramento, California, and would build east. The Union Pacific would start in Omaha, Nebraska, and would build west.

At the peak of construction, more than 10,000 Chinese worked on the Central Pacific. Union Pacific workers included men who had fought in the Civil War, freed slaves, Native Americans, and immigrants—especially men from Ireland.

On May 10, 1869, the presidents of the two railroad companies hammered in the last spike—a golden one. The Union Pacific-Central Pacific was the first transcontinental railroad. By 1895, four more lines had been built across the country.

Before the railroads, each community set its own time, based on the study of the sun’s travels. The railroad companies set up standard time. This system divided the United States into four time zones and made it easier to schedule trains.

The railroads linked the economies of the West and East. Trains carried such raw materials as lumber, livestock and grain eastward, where they were made into finished goods. Factories then shipped their goods west. Trains also brought precious supplies to western settlers and hauled farmers’ crops to markets in the East.

Hunters, settlers, and miners traveled to the West by train. These groups gradually pushed the Native Americans off their land. Railroads also made people less dependent on
waterways for travel and shipping. This gave people more freedom to settle where they wanted.

Section 3: The Rise of Big Business

Main Idea: Business leaders guided industrial expansion and created new ways of doing business.

During the late 1800s, many businesses became corporations, or businesses owned by many people. Corporations have strengths that small businesses do not. By selling stock, corporations can raise money. Corporations do not end when their founders die, so banks are more likely to lend them money. Also, corporations are less of a risk to investors. A few giant corporations dominated U.S. industry.

John D. Rockefeller led the oil industry. He created a monopoly—a company that wipes out its competitors and controls an industry. He also created a trust—a legal body that holds stock in many companies. By 1880, the Standard Oil Trust controlled 95 percent of U.S. oil refining. When the trust set a high price for oil, people had to pay it. The public viewed Rockefeller as a ruthless robber baron.

In the steel industry, Andrew Carnegie rose to power by making the best and cheapest product. To do so, he tried to control all the steps that went into making steel. He bought the mines that supplied iron ore and the railroads that carried the ore to his mills.

Carnegie and Rockefeller made hundreds of millions of dollars. They both became philanthropists—people who give large sums of money to charity.

Two writers named this era the Gilded Age, a term that referred to the false appearance of society. A small group of rich people made U.S. society look beautiful. But below this rich surface were corrupt politics and widespread poverty.

Poverty was especially widespread in the South. Left in ruins by the Civil War, the Southern economy grew very slowly. Under the sharecropping system, landowners rented
their land to sharecroppers who paid a large portion of their crops as rent. In the years after the Civil War, the price of cotton—the South’s main crop—was low. As a result, many sharecroppers made little money.

**Section 4: Workers Organize**

**Main Idea:** To increase their ability to bargain with management, workers formed labor unions.

As business owners in the late 1800s made money, many workers suffered. They often worked long hours in sweatshops—places where conditions were poor and wages low. The average weekly wage was less than $10.

Workers began to form labor unions. Unions are groups that bargain with business owners to gain better wages and working conditions. Some unions joined together to form national organizations such as the Knights of Labor. Unlike many unions, this loose federation let women and African Americans join.

Many business leaders blamed the labor movement on anarchists and socialists. Socialism is a system in which all members of society are equal owners of all businesses. They share in the work and profits. Anarchists are more extreme and want to do away with government.

In May 1886, a bomb exploded at a union rally in Chicago, killing seven people. This conflict was called the Haymarket Affair. As a result, police arrested hundreds of union leaders, socialists, and anarchists.

In 1892, Andrew Carnegie locked striking workers out of his steel mills in Homestead, Pennsylvania. Armed guards fought with strikers in a battle that left ten people dead.

In 1894, when the Pullman Palace Car Company cut wages, workers organized the Pullman Strike. Eugene Debs, president of the American Railway Union,
called on workers to refuse to handle Pullman cars. President Grover Cleveland used federal troops to end the strike.

In 1886, labor leader Samuel Gompers helped found a new national organization of unions called the American Federation of Labor. The AFL used strikes, boycotts, and negotiation to win better working conditions. By 1904, it had about 1.7 million members.