

## Industry and American Society 1865 to 1900

Many historians have argued that the American industrial period fundamentally altered the character of the nation. Many dramatic changes certainly did occur. Indeed, by 1900 industrial output had surpassed agricultural product as the foundation of the United States economy. Did the changes brought on by the American industrial period in fact change the nature of the nation's character?

### **The Railroads:**

First Railroad "Tycoon"= Cornelius Vanderbilt (introduced standard gauge for tracks) railcars could now run on other companies' track.) Pacific Railway Act, 1862: government gave railroads right of way and financial aid to build the Transcontinental railroad. Leland Stanford became leading boss of Central Pacific Railroad, worked to join with the Union Pacific Railroad. Stanford hired over 7,000 Chinese immigrants at \$1 per day to build track eastward. Grenville Dodge of the Union Pacific Railroad hired Irish immigrants to build westward. Tracks met Promontory Point, Utah on May 10, 1869. (Over 1200 immigrant workers died building the Transcontinental Railroad.)

Direct Results: 1) Created jobs 2) required increased immigration for labor 3) moved population west  
4) set pattern for western industrialization as towns bypassed by railroads often died out.  
5) model of consolidation set a pattern for other industries (especially steel and oil)

Delayed Result: 1) Created an "Empire of Rails" - by 1900 U.S. had more miles of rail than all of Europe  
2) created a National Market requiring an efficient distribution system (time zones, rate scales)  
3) Cities began to grow into urban centers as more food came via the railroads  
4) improvements brought many possibilities ie.) George Pullman = Sleeping Car, Westinghouse developed the air brake in 1868, Elisha Otis Elevators helped load freight cars. Biggest impact felt in cities as tall buildings became more tolerable living quarters.  
5) Upward growth of cities supported an urban population explosion.

### **Rise of Big Business:**

Using Vertical and Horizontal Integration industrialists like Vanderbilt, Jay Gould, Andrew Carnegie, John D. Rockefeller build huge corporations which monopolized a variety of industries, particularly railroads and the steel and oil concerns. The Corporate model provided for public investment in stock to raise capital and extend the risk any one industrialist would shoulder. Supreme Court defined a corporation as an artificial legal person under the 14th Amendment (*Santa Clara County v. Southern Pacific RR Company* - 1886)

Advantages of the Corporate Model:

1. Can raise capital to create an economy of scale where it is cheaper per unit to produce large quantities
2. Limits liability of stockholders = personal assets cannot be seized to satisfy claim against corporation
3. Corporation has a perpetual life as stock can be inherited when an investor, or owner dies. Company will not die with the owner.

Results: 1) Government began to favor the cause of industry as it quickly recognized the potential for raising large amounts of money and getting fast results within American society. (Development of the Boss System to be examined in Chapter 19)  
2) Morrill Tariff of 1861 - protected industrial concerns from foreign competitors  
3) National Banking Act of 1863 had allowed a way to rapidly increase capital for government investment (member banks had to put one-third of assets into U.S. bonds) Also provided for a uniform currency across state lines.  
4) Pools, trusts, monopolies and unfair/illegal trade practices were adopted by industrialists government began to be seen as being in the pocket of business (Gold Scam Credit Mobilier)

