

WK 32 CAPTAINS OF INDUSTRY 5.4.09

READ } FOLLOW CHART
BIG BUSINESS 3pg HANDOUT
ABOUT A. CARNEGIE (PBS ONLINE, WORLD BOOK, ETC...)

WRITE } OUTLINE BIG BUSINESS HANDOUT
EACH PARAGRAPH AT LEAST 1 SENTENCE

DOE } 5.11 - EXPOSITORY ESSAY PLANNING WORKSHEET
5.18 - TIME LINE W/RUBRIC
6.1 - FINAL RESEARCH PAPER

GENERAL INFORMATION FOR ALL GRADES

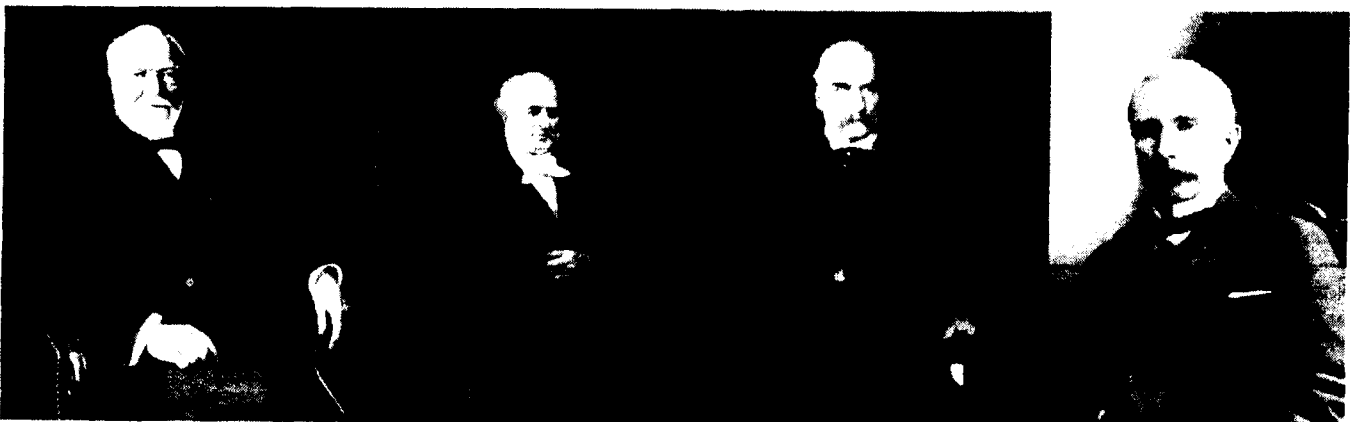
This week, we are continuing to study American life during the Gilded Age. Students at all levels will read about the single term of President Benjamin Harrison. He was the Republican who defeated Grover Cleveland, then lost to Cleveland in the election at the end of his one term. The years in which he served were difficult ones for all Americans as rapid change continued to dismay and threaten many people. Urbanization and industrialization rocketed along as Americans pursued wealth. Immigrants continued to flood the country. Farmers struggled to survive and demanded aid from their government. The laboring poor remained in oppressive circumstances and grew increasingly desperate. Veterans of the Civil War loudly called for increased benefits and pensions. With the benefit of hindsight, it is hard to see how any one man acting as President could have met the needs and desires of all the jostling segments of American society.

Besides the administration of President Harrison, grammar students are reading about the leading industrialists of the era. Lower-grammar students focus on Andrew Carnegie as a representative of this group of business leaders, while upper-grammar students meet more than one Captain of Industry. Lower-grammar students are also reading about the land rush in Oklahoma, while upper-grammar students continue their study of immigration as well.

In addition to reading about President Harrison, the focus for dialectic students remains on the immigrants this week. You will continue your four-week study of immigration in America by looking at the people, experiences, and stories of Ellis Island. You will also read about Andrew Carnegie's hard work and determination to make a better life for himself and his family in America.

Rhetoric students will read about President Harrison, too, but your central focus this week is learning about the men who laid the foundations of the American system of big business. Some of these men started as poor immigrants. Others were born on American soil. Because of the methods they chose to use in building their businesses, some grew fabulously wealthy and powerful, but the choices they made in conducting their businesses often had great human cost. Laborers worked long hours in terrible conditions for little pay so that businessmen could profit. Smaller competitors were purposefully undercut when they stood in the way of big business leaders. While these facts are undeniable, it is also true that these leaders constructed from nothing the modern capitalistic system by which Americans do business today.

Some have characterized such leaders as unfeeling monsters who climbed on the backs of the impoverished masses to become the super-rich fat cats of their day—the so-called Robber Barons of their age. Others called them Captains of Industry, seeing them as pioneer entrepreneurs who courageously launched out into the unknown and charted new paths through it for others to follow. Though trade and business had been around for centuries, the kind of business empires, the amount of wealth that was concentrated in them, and the speed with which they grew and changed had never before been seen in world history. The debate about the morals of the men who built these empires still goes on today. This week, we'll be reading about them from a variety of views.



Carnegie

Vanderbilt

Morgan

Rockefeller

Chapter One

Big Business, Industry, and the American Dream

In 1848, at the age of 13, Andrew Carnegie emigrated from Scotland to the United States with his parents and younger brother. The family settled near Pittsburgh, and young Carnegie quickly found a job as a bobbin boy in a cotton factory, working for \$1.20 a week to help support his family. Educating himself by reading history and literature at a local library on weekends, Carnegie soon secured a job as a telegraph messenger boy and then as a telegraph operator for the Pittsburgh division of the Pennsylvania Railroad. He quickly rose to the position of office boy and then clerk; within several years he headed the Pittsburgh division. In 1865, when he was 30, Carnegie left the railroad to establish his own firm, Keystone Bridge Co., which manufactured and built iron bridges. Keystone Bridge soon expanded into iron and steel mills. By 1872 Carnegie, with the aid of investment partners, established his first steel mill near Pittsburgh. Twenty years later, Carnegie Steel had emerged as the largest steel company in the world, and Andrew Carnegie as one of its richest men.

Carnegie's success stemmed from his ability to cut production costs, allowing him to sell steel at a lower price than his rivals. Yet Carnegie's workers often paid the price for his obsession with economy, working long and dangerous 12-hour shifts for minimal wages.

In 1901 the former factory worker and immigrant sold Carnegie Steel for \$480 million to banker J. Pierpont Morgan, creating the first

The steel industry emerged as one of the Gilded Age's hallmark "big businesses." Steel companies, such as Carnegie Steel, engaged in cut-throat competition in order to eliminate rivals, incorporating new technology, inventing new managerial methods, and keeping wages low—all to produce the best steel at the cheapest price.

An Age of Invention

Inventions, which proliferated during the Gilded Age, sometimes generated their own corporations. Thomas Edison, who invented the incandescent light bulb in 1879, founded the Edison Electric Illuminating Company in 1882—the first electric utility company—which supplied electricity to customers throughout New York City. By 1892 Edison Electric had merged with several competitors to form General Electric. Alexander Graham Bell patented the telephone in 1876 and, with several investors, formed the National Bell Telephone Company, which, by 1885, had become the American Telephone and Telegraph Company (AT&T), a massive company that dominated both local and long-distance telephone service. Together electricity and the telephone revolutionized American life. Other Gilded Age inventions included the phonograph and moving pictures, both developed by Thomas Edison.



Thomas Edison patented 1,093 inventions in his lifetime, far more than any other inventor in American history, including 195 for the phonograph alone. Edison ascribed his achievement to hard work, explaining, "Genius is 1 percent inspiration and 99 percent perspiration."

billion-dollar corporation in U.S. history, United States Steel. Believing that no man should die wealthy, Carnegie spent the remainder of his life giving away most of his fortune. He established public libraries, museums, and pension funds for steelworkers, railroad workers, and college professors as well as a foundation dedicated to international peace.

Carnegie's life story reflects many of the currents and cross-currents of the Gilded Age. To some, he represented the self-made man and the limitless possibilities of the age, when even an immigrant boy, through hard work and determination, could become a powerful, world-famous millionaire, benefactor, and captain of industry. To others, he epitomized the evils of the age, of power and wealth concentrated in the hands of a few, of cutthroat business practices and the exploitation of workers. He was considered a robber baron who actually limited opportunity for average Americans.

Whether judged a hero or villain, Andrew Carnegie can tell us a great deal about the transformations in the U.S. economy that

defined the Gilded Age. Railroads, such as the Pennsylvania, which employed Carnegie as a young man, provided the foundation for the second U.S. Industrial Revolution. By the mid-1860s ribbons of steel rails tied the nation together. The first big business in an era of massive industrial growth, railroads led the way for the growth of other big businesses. Keystone Bridge actually manufactured and built iron railroad bridges that spanned the Mississippi, allowing trains to cross the continent by 1869 and opening up vast markets for U.S. industry. The telegraph, which Carnegie mastered as a young man, provided a communications network that coordinated rail

travel as well as the distribution of goods. A reliable transportation and communication system provided the foundation for modern, large-scale corporations, many of which produced a variety of products, such as Carnegie Steel, as well as clothing, shoes, and bicycles. All of these goods could be shipped by railroad to the most remote regions of the country.

To establish large industries and factories required tremendous amounts of money—more than one investor could provide. To establish the Carnegie Steel Company, Carnegie formed a partnership with several other investors. Other capitalists founded large, modern corporations that sold shares publicly to finance

their massive enterprises; shareholders, in turn, earned profits on their investment if the corporation prospered. Railroads, such as the Pennsylvania, were among the first to embrace corporate organization, but this form of enterprise spread to other industries following the Civil War, quickly dominating the American business world. Ownership of industries by shareholders, rather than an individual, became the modern enterprise structure.

Modern corporations were defined not only by their scale but also by their organization. A big business, such as Carnegie Steel, required an army of managers to oversee every aspect of the making and distribution of steel. Carnegie employed managers with specialized skills, who oversaw an array of divisions and departments. They monitored productivity, worked to increase efficiency, and cut costs in order to maximize profits and eliminate rival firms. Carnegie's emergence as the nation's leading steel maker was attributable mainly to the fact that he and his managers mastered the process of producing steel more cheaply than his competitors.

Cheap production depended largely on a corporation's ability to control all of its aspects. Known as vertical integration, this was the hallmark of the modern corporation. Carnegie Steel, for example, owned—in addition to steel mills—the mines that produced raw materials, such as coal, coke, and iron ore, needed for the production of steel as well as railroads to distribute it. Carnegie and his managers attempted to control every stage of steel manufacturing, from raw materials, to production and distribution, to the cost of labor itself.

Control of the manufacturing process alone did not account for business success in the Gilded Age; a competitive spirit often also prevailed. Carnegie's fierce competition with rival steel makers led him to enter into secret agreements with competitors, known as pools, in which steel manufacturers fixed the price of their products, allowing all to share in the market. But Carnegie, always seeking ways to dominate the steel industry, soon got a reputation for breaking pooling agreements and destroying his rivals by selling his products at a lower price.

Firms like Carnegie Steel contributed to the emergence of the United States as the world's greatest industrial power by 1900. By 1892 Carnegie Steel—a single American company—manufactured more than half of all the steel made by all the steel companies in Great Britain. Rapid industrialization and the emergence of large enterprises shaped nearly every aspect of American life in the Gilded Age—where Americans worked, the conditions of their work, what they ate and wore, and where they lived.



Even after becoming the world's richest man, Andrew Carnegie liked to think of himself as a workingman and as a champion of working people, although his own workers frequently challenged that view. Through most of the Gilded Age, Carnegie managed to maintain a positive public image. He frequently contributed articles to popular magazines and journals commenting on pressing political and social issues.

Supplement 12: Expository Essay Planning Worksheet

DATE: ___/___/___

Working TITLE: _____

YOUR THESIS STATEMENT (A matter of debatable opinion, which you will prove true. Do not use "I think". Just state your thesis as fact) **AND THREE SUPPORTIVE POINTS** in as many sentences as it takes.

Checkpoint! Does your thesis paragraph contain three "parts" that you know enough about to write three paragraphs? If not, change it now so it will!

Now, write three topic sentences that support your thesis above. They should follow the same order as the one in which they are mentioned above (this is called parallelism). You should reuse words from the thesis section above.

POINT A. Write the words from the thesis section above which introduce this point here...

Now, turn these words into a topic sentence for a paragraph:

POINT B. Write the words from the thesis section above which introduce this point here...

Now, turn these words into a topic sentence for a paragraph:

POINT C. Write the words from the thesis section above which introduce this point here...

Now, turn these words into a topic sentence for a paragraph:

CONCLUSION: Now restate your thesis, but say what you said before in a "summing up" way, using some different words.

Note: For long research papers, your points A, B, and C will represent sub-sections, or mini-theses, which then each need one of these sheets filled out for them.

If you are writing a long paper, GO ON TO THE BACK SIDE OF THIS WORKSHEET (page 2)

Under point A _____ my sub-points will be:

1. _____
2. _____
3. _____
4. _____

Under point B _____ my sub-points will be:

1. _____
2. _____
3. _____
4. _____

Under point C _____ my sub-points will be:

1. _____
2. _____
3. _____
4. _____