1b. The New Tycoons: John D. Rockefeller

He was America's first billionaire.

In a pure sense, the goal of any capitalist is to make money. And John D. Rockefeller could serve as the poster child for capitalism. Overcoming humble beginnings, Rockefeller had the vision and the drive to become the richest person in America.

At the turn of the century, when the average worker earned $8 to $10 per week, Rockefeller was worth millions.

Robber Baron or Captain of Industry?

What was his secret? Is he to be placed on a pedestal for others as a "captain of industry?" Or should he be demonized as a "robber baron." A robber baron, by definition, was an American capitalist at the turn of the 19th century who enriched himself upon the sweat of others, exploited natural resources, or possessed unfair government influence.

Whatever conclusions can be drawn, Rockefeller's impact on the American economy demands recognition.

Rockefeller was born in 1839 in Moravia, a small town in western New York. His father practiced herbal medicine, professing to cure patients with remedies he had created from plants in the area. John's mother instilled a devout Baptist faith in the boy, a belief system he took to his grave. After being graduated from high school in 1855, the family sent him to a Cleveland business school.

Young John Rockefeller entered the workforce on the bottom rung of the ladder as a clerk in a Cleveland shipping firm. Always thrifty, he saved enough money to start his own business in produce sales. When the Civil War came, the demand for his goods increased dramatically, and Rockefeller found himself amassing a small fortune.

He took advantage of the loophole in the Union draft law by purchasing a substitute to avoid military service. When Edwin Drake discovered oil in 1859 in Titusville, Pennsylvania, Rockefeller saw the future. He slowly sold off his other interests and became convinced that refining oil would bring him great wealth.

Waste Not...

Rockefeller introduced techniques that totally reshaped the oil industry. In the mid-19th century, the chief demand was for kerosene. In the refining process, there are many by-products when crude oil is converted to kerosene. What others saw as waste, Rockefeller saw as gold. He sold one byproduct paraffin to candlemakers and another byproduct petroleum jelly to medical supply companies. He even sold off other "waste" as paving materials for roads. He shipped so many goods that railroad companies drooled over the prospect of getting his business.

Rockefeller demanded rebates, or discounted rates, from the railroads. He used all these methods to reduce the price of oil to his consumers. His profits soared and his competitors were crushed one by one. Rockefeller forced smaller companies to surrender their stock to his control.
Standard Oil — a Trust-worthy Company?

This sort of arrangement is called a trust. A trust is a combination of firms formed by legal agreement. Trusts often reduce fair business competition. As a result of Rockefeller's shrewd business practices, his large corporation, the Standard Oil Company, became the largest business in the land.

As the new century dawned, Rockefeller's investments mushroomed. With the advent of the automobile, gasoline replaced kerosene as the number one petroleum product. Rockefeller was a bona fide billionaire. Critics charged that his labor practices were unfair. Employees pointed out that he could have paid his workers a fairer wage and settled for being a half-billionaire.

Before his death in 1937, Rockefeller gave away nearly half of his fortune. Churches, medical foundations, universities, and centers for the arts received hefty sums of oil money. Whether he was driven by good will, conscience, or his devout faith in God is unknown. Regardless, he became a hero to many enterprising Americans.

Use the text and links from The New Tycoons: John D. Rockefeller to answer the questions below.

1. What is a "robber baron"? How is the connotation of this term different from that of "captain of industry"?
2. What are some details from Rockefeller's early life that may hint at the secrets of his later success?
3. What was Rockefeller's contribution to the oil industry?
4. Why do you think railroad companies were so willing to give Rockefeller discounted shipping rates?
5. What is a trust? Do you think a trust is good or bad for the economy? Defend your answer.
6. Do you think Rockefeller was more a "robber baron" or a "captain of industry"? Explain your answer.
Oil was not the only commodity in great demand during the Gilded Age. The nation also needed steel. The railroads needed steel for their rails and cars, the navy needed steel for its new naval fleet, and cities needed steel to build skyscrapers. Every factory in America needed steel for their physical plant and machinery. Andrew Carnegie saw this demand and seized the moment.

**Humble Roots**

Like John Rockefeller, Andrew Carnegie was not born into wealth. When he was 13, his family came to the United States from Scotland and settled in Allegheny, Pennsylvania, a small town near Pittsburgh. His first job was in a cotton mill, where he earned $1.20 per week. His talents were soon recognized and Carnegie found himself promoted to the bookkeeping side of the business. An avid reader, Carnegie spent his Saturdays in the homes of wealthy citizens who were gracious enough to allow him access to their private libraries. After becoming a telegrapher for a short while, he met the head of a railroad company who asked his services as a personal secretary.

During the Civil War, this man, Thomas Scott, was sent to Washington to operate transportation for the Union Army. Carnegie spent his war days helping the soldiers get where they needed to be and by helping the wounded get to hospitals. By this time, he had amassed a small sum of money, which he quickly invested. Soon iron and steel caught his attention, and he was on his way to creating the largest steel company in the world.

**Vertical Integration: Moving on Up**

Carnegie became a tycoon because of shrewd business tactics. Rockefeller often bought other oil companies to eliminate competition. This is a process known as horizontal integration. Carnegie also created a vertical combination, an idea first implemented by Gustavus Swift. He bought railroad companies and iron mines. If he owned the rails and the mines, he could reduce his costs and produce cheaper steel.

Carnegie was a good judge of talent. His assistant, Henry Clay Frick, helped manage the Carnegie Steel Company on its way to success. Carnegie also wanted productive workers. He wanted them to feel that they had a vested interest in company prosperity so he initiated a profit-sharing plan.

All these tactics made the Carnegie Steel Company a multi-million dollar corporation. In 1901, he sold his interests to J.P. Morgan, who paid him 500 million dollars to create U.S. Steel.
Giving Back

Retirement did not take him out of the public sphere. Before his death he donated more than $350 million dollars to public foundations. Remembering the difficulty of finding suitable books as a youth, he helped build three thousand libraries. He built schools such as Carnegie-Mellon University and gave his money for artistic pursuits such as Carnegie Hall in New York. Andrew Carnegie was also dedicated to peace initiatives throughout the world because of his passionate hatred for war. Like Rockefeller, critics labeled him a robber baron who could have used his vast fortunes to increase the wages of his employees. Carnegie believed that such spending was wasteful and temporary, but foundations would last forever. Regardless, he helped build an empire that led the United States to world power status.

Use the text and links from The New Tycoons: Andrew Carnegie to answer the questions below.

1. Why was steel an ideal industry to enter during the Gilded Age?
2. What are horizontal and vertical integration? How did Carnegie employ the strategy of vertical integration?
3. How did Carnegie help make his employees feel they had a vested interest in the company?
4. Why did Carnegie choose to spend more money on philanthropy than on his employees' salaries? Do you agree with this rationale? Why or why not?
5. Do you think Carnegie was a "robber baron"? Why or why not?
1d. The New Tycoons: J. Pierpont Morgan

Child of Privilege
Not all of the tycoons of the Gilded Age were rags-to-riches stories. J. Pierpont Morgan was born into a family of great wealth. His father had already made a name for himself in the banking industry. With Morgan's family resources, he enjoyed the finest business education money could buy.
He did not scratch and claw his way to the top of any corporate ladder. His father arranged for an executive track position at one of New York's finest banks. Regardless of his family's advantages, Morgan had a great mind of his own. He set out to conquer the financial world, and conquer it he did.

Morgan the Banker
Morgan's first business ventures were in banking. By 1860, he had already established his own foreign exchange office. He knew the power of investment. Not content to control just the banking industry, he bought many smaller ventures to make money.
During the Civil War, he paid the legally allowed fee to purchase a substitute soldier and evaded military service. Morgan made handsome profits by providing war materials. One of his enterprises sold defective rifles to the Union army. Upon later investigations, he was declared ignorant of the poor quality of his guns and was cleared of all charges.
After the war, he set out to corner the nation's financial markets. When the Panic of 1873 rocked the nation's economy, Morgan protected himself wisely and emerged in the aftermath as the king of American finance.

Despite his label as a robber baron, Morgan felt his investments benefited America. His railroad dealings helped consolidate many smaller, mismanaged firms, resulting in shorter trips and more dependable service. Two times during financial panics he allowed the federal government to purchase his vast gold supplies to stop the spiral of deflation.
He owned a bridge company and a tubing company. His most renowned purchase was in 1901, when he bought the Carnegie Steel Company for $500 million to create U.S. Steel. Within ten years U.S. Steel was worth over a billion dollars.

Morgan's actions marked a shift in thinking among American industrialists. He proved that it was not necessary to be a builder to be successful. Smart investment and efficient consolidation could yield massive profits. Young entrepreneurs shifted their goals to banking in the hopes of mirroring Morgan's success.

Trouble with the Government
For all his accomplishments, he was harshly criticized. The first decade of the twentieth century brought challenges to Morgan from the government. His Northern Securities railroad company was deemed illegal under federal antitrust law, the first such action by the national government.
He was investigated by Congress for his control of the financial markets. Even U.S. Steel was forced to relinquish its monopoly.

![Image of a cancelled check for three million dollars from J.P. Morgan to the Northern Pacific Syndicate.]

Things you don't see everyday: A cancelled check for three million dollars from J.P. Morgan to the Northern Pacific Syndicate.

Jaded by the criticism, Morgan moved to Europe, where he lived his final days. He was a favorite target of intellectuals who claimed that such tycoons robbed the poor of their deserved wealth. He was a hero to enterprising financiers across the land who dreamed of following his example. That is, of course, unless they were destroyed by his shrewd, fierce tactics.

Use the text and links from The New Tycoons: J. Pierpont Morgan to answer the questions below.

1. How did J. P Morgan's early life differ from that of Carnegie and Rockefeller? Do you think this had any effect on his business philosophy?
2. Both Morgan and Rockefeller legally paid substitutes to take their places in the Civil War draft. What do you think of this practice? Can you draw any conclusions about the industrialists' business practices from the way they avoided the war? Explain.
3. How did J. P. Morgan's industry benefit America?
4. In what way did Morgan's path to fortune change the thinking of many wealth-seekers?
5. Why have Morgan and his business practices been so severely criticized?
1e. New Attitudes Toward Wealth

Not everybody was getting rich. The new wealthy class, although more prominent, larger, and richer than any class in American history, was still rather small.

People soon began to ask fundamental questions. How did one get rich in America? Was it because of a combination of hard work and intelligence? Was it because of inheritance? Did education and skill play a role? Or was it simply luck?

Old attitudes about the importance of inheritance were still prevalent, but new ideas also emerged. Among the most popular were Social Darwinism, the Gospel of Wealth, and Algerism.

Survival of the Fittest

When a popular conception of "survival of the fittest" grew from Charles Darwin's idea of the process of natural selection in the wild, the world was forever changed. Church leaders condemned him as a heretic, and ordinary people everywhere cringed at the idea that humans may have evolved from apes. It was inevitable that intellectuals would soon point Darwin's concepts at human society.

These Social Darwinists, led by Herbert Spencer and William Graham Sumner, believed that the humans who were the most fit became the most successful. Whatever people had the necessary skills to prosper — perhaps talent, brains, or hard work — would be the ones who would rise to the top. Why were some people poor? To the Social Darwinist, the answer was obvious. They simply did not have the required skills.

Social Darwinists went further in their application of Darwin. Darwin stated that the weaker members of a species in nature would die and that over time only the stronger genes would be passed on. Social Darwinists believed the same should happen with humans. They opposed government handouts, or safety regulations, or laws restricting child labor. Such actions would coddle the weak, and the unfit would be allowed to survive.

Gospel of Wealth

Some Americans tried to reconcile their Christian beliefs with Social Darwinism. Because the Church had been such an opponent of Darwin's ideas, it was difficult for religious folks to accept Social Darwinism.

Andrew Carnegie and John Rockefeller both agreed that the most successful people were the ones with the necessary skills. But they each believed that God played a role in deciding who got the skills.

Because God granted a select few with the talent to be successful, Christian virtue demanded that some of that money be shared. This is where the difference lies between the hardcore Social Darwinist and the proponent of the Gospel of Wealth. Carnegie and Rockefeller became
philanthropists — wealthy citizens who donated large sums of money for the public good.

**Horatio Alger's American Dream**

A third influence American thinking was Horatio Alger. Alger was not an intellectual; rather, he wrote dime novels for the hordes of immigrant masses rushing to America's shores. Although he penned many stories, each book answered the question of how to get rich in America. Alger believed that a combination of hard work and good fortune — pluck and luck, in his words — was the key.

A typical Alger story would revolve around a hardworking immigrant who served on the bottom rung of the corporate ladder, perhaps as a stock boy. One day he would be walking down the street and see a safe falling from a tall building. Our hero would bravely push aside the hapless young woman walking below and save her life. Of course, she was the boss's daughter. The two would get married, and he would become vice-president of the corporation.

This is what the masses wished to believe. Success would not come to a select few based on nature or divine intervention. Anyone who worked hard could make it in America if they caught a lucky break. This idea is the basis for the "American Dream."

Is Alger's dream a reality or just folklore? There simply is no answer. Thousands of Americans have found this idyllic path, but as many or more have not.

---

**Study Questions**

Use the text and links from *New Attitudes Toward Wealth* to answer the questions below.

1. What is Social Darwinism? Do you agree with this theory? Why or why not?
2. Compare and contrast the Social Darwinism with the Gospel of Wealth?
3. How were Rockefeller and Carnegie influenced by the Gospel of Wealth?
4. Who is Horatio Alger? How did he influence American thinking?
5. What is the "American Dream"? Do you think this dream is a reality? Why or why not?
2a. The Great Upheaval

**A Spontaneous Eruption**

It started with a 10% pay cut. When leaders of the Baltimore and Ohio Railroad Company ordered this second reduction in less than eight months, railroad workers in Martinsburg, West Virginia decided they had had enough. On July 16, 1877, workers in that town drove all the engines into the roundhouse and boldly declared that no train would leave until the owners restored their pay. The local townspeople gathered at the rail yard to show their support for the strikers. A great showdown was on.

Strikes or other actions seen as disturbances are usually handled at the local level. The mayor of Martinsburg tried in vain to threaten the striking workers, but the crowd merely laughed and booed. The local police were far too insubstantial to match the numbers of the rabble. In desperation, the mayor turned to the governor of West Virginia for support. The governor sent units of the National Guard to Martinsburg to accompany the trains out of town by force of arms. There was little support for the effort among the Guardsmen, however, because a majority of them were railroad workers themselves. After two people were killed in the standoff, the Guard simply lay down their weapons and began chatting with members of the crowd. Only when federal troops sent by President Hayes arrived did the trains leave the station. Even then they were sabotaged and harassed along their routes. Only one train reached its destination.

**The Strike Spreads**

The Martinsburg strike might have gone down in history as one of many small local strikes put down by force, but this time the strike spread. Soon other B & O units joined the Martinsburg strike. The movement spread into Pennsylvania, when workers on the Pennsylvania and Reading Railroads joined their compatriots. Pittsburgh is the gateway to the Midwest, and so the strike widened to that region. The police, the National Guard, and the United States Army clashed with angry mobs throughout America. Throughout the land, wealthy individuals feared that the worst had finally come. A violent revolution seemed to be sweeping the nation.

But then it stopped. In some cases the strikes were ended by force. In others, the strikers simply gave up. After all, most workers were not trying to overthrow the government or the social order. They simply wanted higher wages and more time to spend with their families. The Great Upheaval was not the first strike in American History; it was the first mass strike to involve so many different workers separated by so much space.
What Did This Mean for America?

Was it successful? From a distance, it seems to have failed. However, in many cases, workers did have their demands met. There is no telling how many future pay cuts were avoided because of fear of reprisal from the laborers. The Great Upheaval was spontaneous. There was absolutely no advanced planning, showing how many rank and file workers had the same concerns about quality of life, as well as the same anger at those who controlled the wealth. More than 100,000 workers had gone on strike, shutting down nearly half of the nation's rail systems.

When the strike ended in the first week in August, over 100 people were killed and a thousand more were imprisoned. Untold millions of dollars of damage was caused to rail lines, cars, and roundhouses. The fight was over, but America had not seen the last of the mass strike.

Study Questions

Use the text and links from The Great Upheaval to answer the questions below.

1. What sparked the Great Upheaval? How did it spread?
2. Why were federal troops brought in to stop the strikes?
3. How did the strikes end?
4. Do you think the Great Upheaval a success? Why or why not?
5. Do you think an incident similar to the Great Upheaval could occur today? Why or why not?
2b. Labor vs. Management

The battle lines were clearly drawn. People were either workers or bosses, and with that strong identity often came an equally strong dislike for those who were on the other side. As the number of self-employed Americans dwindled in the Gilded Age, workers began to feel strength in their numbers and ask greater and greater demands of their bosses. When those demands were rejected, they plotted schemes to win their cases.

Those who managed factories developed strategies to counteract those of labor. At times the relationship between the camps was as intellectual and tense as a tough chess match. Other times it was as ugly as a schoolyard fight.

Strikes, Boycotts, and Sabotage
The most frequently employed technique of workers was the strike. Withholding labor from management would, in theory, force the company to suffer great enough financial losses that they would agree to worker terms. Strikes have been known in America since the colonial age, but their numbers grew larger in the Gilded Age.

Most 19th century strikes were not successful, so unions thought of other means. If the workers at a shoe factory could garner enough sympathy from the local townspeople, a boycott could achieve desirable results. The union would make its case to the town in the hope that no one would buy any shoes from the factory until the owners agreed to a pay raise. Boycotts could be successful in a small community where the factory was dependent upon the business of a group of people in close proximity.

In desperate times, workers would also resort to illegal means if necessary. For example, sabotage of factory equipment was not unknown. Occasionally, the foreman or the owner might even be the victims of worker-sponsored violence.

Management Strikes Back
Owners had strategies of their own. If a company found itself with a high inventory, the boss might afford to enact a lockout, which is a reverse strike. In this case, the owner tells the employees not to bother showing up until they agree to a pay cut. Sometimes when a new worker was hired the employee was forced to sign a yellow-dog contract, or an ironclad oath swearing that the employee would never join a union.

 Strikes could be countered in a variety of ways. The first measure was usually to hire strikebreakers, or scabs, to take the place of the
regular labor force. Here things often turned violent. The crowded cities always seemed to have someone hopeless enough to "cross the picket line" during a strike. The striking workers often responded with fists, occasionally even leading to death. Prior to the 20th century the government never sided with the union in a labor dispute. Bosses persuaded the courts to issue injunctions to declare a strike illegal. If the strike continued, the participants would be thrown into prison. When all these efforts failed to break a strike, the government at all levels would be willing to send a militia to regulate as in the case of the Great Upheaval.

What was at stake? Each side felt they were fighting literally for survival. The owners felt if they could not keep costs down to beat the competition, they would be forced to close the factory altogether. They said they could not meet the workers' unreasonable demands. What were the employees demanding? In the entire history of labor strife, most goals of labor can be reduced to two overarching issues: higher wages and better working conditions. In the beginning, management would have the upper hand. But the sheer numbers of the American workforce was gaining momentum as the century neared its conclusion.

Use the text and links from Labor vs. Management to answer the questions below.

1. Describe the growing division between labor and management?
2. What were some strategies on both sides of the labor conflict? To what degree were these strategies successful? Explain your answer.
3. What is a "scab"?
4. How did the government tend to side in labor disputes? Why do you think this is?
5. What were the two major issues in any labor dispute?
6. Why do you think labor disputes in this era were so intense?
Divide and conquer. That simple strategy gave the owners the advantage over labor until the dawn of the 20th century. Laborers did not all have the same goals. By favoring one group over another, the bosses could create internal dissent in any union. Unions were spread from town to town. Unity among them might make a more effective boycott or strike, but bringing diverse groups together across a large area was extremely difficult.

Owners were smart enough to circulate blacklists. These lists contained the names of any workers active in the union. If anyone on the list would show up in another town trying to get hired (or to start another union), the employers would be wise. Still, the ratio of labor to management was so large that national organization was inevitable. The first group to clear the hurdles was the National Labor Union.

**William Sylvis and the NLU**

By 1866, there were about 200,000 workers in local unions across the United States. William Sylvis seized the opportunity presented by these numbers and established the first nationwide labor organization, named the National Labor Union. Sylvis had very ambitious goals. Not only did the NLU fight for higher wages and shorter hours, Sylvis took labor activity into the political arena. The NLU supported legislation banning prison labor, land reform laws to keep public holdings out of the hands of speculators, and national currency reform to raise farm prices. It brought together skilled and unskilled workers, as well as farmers. The National Labor Union stopped short of admitting African Americans. Racist tendencies of the times prevailed, despite the wisdom of bringing as many workers as possible into the fold. Unfortunately for the NLU, it tried to represent too many different groups. Farmers had their own agenda, and skilled workers often had different realities than the unskilled. When the Panic of 1873 hit America, the union was severely disabled. Soon after, the National Labor Union withered away.

**The Knights of Labor**

The Knights of Labor soon inherited the mantle of organized labor. Begun by Uriah Stephens as a secret society in 1869, the Knights admitted all wage earners into their ranks, including women and African Americans. The philosophy was simple: class was more important than race or gender. For such a group to influence the federal government, complete solidarity would be required.
The Knights supported the entire political agenda of the NLU and more. They advocated limits on immigration, restrictions on child labor, and government ownership of railroads, telegraphs, and telephones. At the height of its membership in 1886, the Knights boasted 750,000 workers. But then disaster struck.

**Tragedy in Haymarket Square**

On May 1, 1886, International Workers Day, local chapters of the Knights went on strike demanding an eight-hour day for all laborers. At a rally in Haymarket Square in Chicago on May 4, someone threw a bomb into the crowd. One police officer died and several crowd members sustained injuries.

Who was responsible? No one was really sure, but the American press, government, and general public blamed the Knights of Labor. Leader Terence Powderly condemned the bombing to no avail. Americans associated labor activity with anarchists and mob violence. Membership began to fall. Soon the Knights were merely a shadow of their former size. But labor leaders had learned some valuable lessons. The next national organization of workers would endure.

**Study Questions**

Use the text and links from *Early National Organizations* to answer the questions below.

1. Explain the divide and conquer strategy of business owners.
2. What was the first nationwide labor organization? Who started it? What were its goals?
3. What were some shortcomings of the NLU? Why did it ultimately fall?
4. Who were the Knights of Labor? Compare and contrast the Knights of Labor to the NLU.
5. Why did the Knights of Labor fall apart?
2d. American Federation of Labor

Keeping it Simple

Keep it simple. That was the mantra of labor leader Samuel Gompers. He was a diehard capitalist and saw no need for a radical restructuring of America. Gompers quickly learned that the issues that workers cared about most deeply were personal. They wanted higher wages and better working conditions. These "bread and butter" issues would always unite the labor class. By keeping it simple, unions could avoid the pitfalls that had drawn the life from the National Labor Union and the Knights of Labor.

Samuel Gompers was born in London in 1850 to a family of Jewish cigarmakers. Coming to Manhattan at the height of the American Civil War, the Gompers family maintained that trade. An effective organizer and speaker, Gompers became the head of the local cigarmakers' union at the age of only twenty-seven.

A Union for the Skilled

In December of 1886, the same year the Knights of Labor was dealt its fatal blow at Haymarket Square, Gompers met with the leaders of other craft unions to form the American Federation of Labor. The A.F. of L. was a loose grouping of smaller craft unions, such as the masons' union, the hatmakers' union or Gompers's own cigarmakers' union. Every member of the A.F. of L. was therefore a skilled worker.

Gompers had no visions of uniting the entire working class. Tradespeople were in greater demand and already earned higher wages than their unskilled counterparts. Gompers knew that the A.F. of L. would have more political and economic power if unskilled workers were excluded. He served as president of the union every year except one until his death in 1924.

Although conservative in nature, Gompers was not afraid to call for a strike or a boycott. The larger A.F. of L. could be used to support these actions, as well as provide relief for members engaged in a work stoppage. By refusing to pursue a radical program for political change, Gompers maintained the support of the American government and public. By 1900, the ranks of the A.F. of L. swelled to over 500,000 tradespeople. Gompers was seen as the unofficial leader of the labor world in America.

Simplicity worked. Although the bosses still had the upper hand with the government, unions were growing in size and status. There were over 20,000 strikes in America in the last two decades of the 19th century. Workers lost about half, but in many cases their demands were completely or partially met. The A.F. of L. served as the preeminent national labor organization until the Great Depression when unskilled workers finally came together. Smart leadership, patience, and realistic goals made life better for the hundreds of thousands of working Americans it served.
Use the text and links from *American Federation of Labor* to answer the questions below.

1. Why did Samuel Gompers want to "keep it simple"? Do you think this was a good strategy? Why or why not?
2. How did the American Federation of Labor begin?
3. Why did Gompers concentrate on tradespeople as opposed to unskilled laborers?
4. Was Gompers' conservative approach a success? Why or why not?
5. Describe the dispute between Samuel Gompers and Buck's Stove and Range Company. What did the Supreme Court decide? Do you agree? Why or why not?
Despite the success of the American Federation of Labor, American radicalism was not dead. The number of those who felt the American capitalist system was fundamentally flawed was in fact growing fast.

American socialists based their beliefs on the writings of Karl Marx, the German philosopher. Many asked why so many working Americans should have so little while a few owners grew incredibly wealthy. No wealth could exist without the sweat and blood of its workforce. They suggested that the government should own all industries and divide the profits among those who actually created the products. While the current management class would stand to lose, many more people would gain. These radicals grew in number as industries spread. But their enemies were legion.

### The Father of American Socialism

Eugene V. Debs was born in Terre Haute, Indiana in 1855 to a family of French Alsatian immigrants. Making his way in the railroad industry, Debs formed the American Railway Union in 1892.

Two years later he found himself leading one of the largest strikes in American history — the great Pullman strike. When its workers refused to accept a pay cut, The Pullman Car Company fired 5000 employees. To show support, Debs called for the members of the American Railway Union to refrain from operating any trains that used Pullman cars. When the strike was declared illegal by a court injunction, chaos erupted. President Cleveland ordered federal troops to quell the strikers and Debs was arrested. Soon order was restored and the strike failed. Debs was not originally a socialist, but his experience with the Pullman Strike and his subsequent six-month jail term led him to believe that drastic action was necessary. Debs chose to confine his activity to the political arena. In 1900 he ran for President as a socialist and garnered some 87,000 votes.

The following year, leading sympathizers joined with him to form the Socialist Party. At its height, the party numbered over 100,000 active members. Debs ran for President four more times. In the election of 1912 he received over 900,000 votes. After being arrested for antiwar activities during World War I, he ran for President from his jail cell and polled 919,000 votes. Debs died in 1926 having never won an election, but over one thousand Socialist Party members were elected to state and city governments.

### The Wobblies

Even more radical than the Socialists were the members of the Industrial Workers of the World. This union believed that compromise with owners was no solution. Founded in 1905 and led by William "Big Bill" Haywood, the "Wobblies," as they were called, encouraged their members to fight for justice directly against their employers. Although small in number, they led hundreds of
strikes across America, calling for the overthrow of the capitalist system. The I.W.W. won few battles, but their efforts sent a strong message across America that workers were being mistreated. When the United States entered World War I, the "Wobblies" launched an active antiwar movement. Many were arrested or beaten. One unlucky member in Oregon was tied to the front end of an automobile with his knees touching the ground and driven until his flesh was torn to the bone. Membership declined after the war, but for two decades the I.W.W. was the anchor of radical American activism.

Use the text and links from Eugene V. Debs and American Socialism to answer the questions below.

1. Describe the beliefs of the American socialists.
2. Describe the events that led Eugene V. Debs to adopt socialism.
3. Who were the "Wobblies"? What was their philosophy?
4. Compare and contrast the Wobblies to Deb's socialists?
5. Why do you think the Wobblies and Eugene V. Debs both positioned themselves against World War I?