American Industrialization Document Analysis

Transcript of Sherman Anti-Trust Act (1890)

Fifty-first Congress of the United States of America, At the First Session,

Begun and held at the City of Washington on Monday, the second day of December, one thousand eight hundred and eighty-nine.

An act to protect trade and commerce against unlawful restraints and monopolies.

1. What is commerce and a monopoly? Define each word.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, **Sec. 1.** Every contract, combination in the form of trust or other- wise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, at the discretion of the court.

2. What is outlawed by section one?
3. Is this applying to current monopolies and trusts at the time?
4. What evidence supports your position?

Sec. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof; shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

5. In the US legal system, attempting to commit an act against the law can be punished for the attempt. Is Section 2 similar? Why or why not? Show evidence to support your position.

Sec. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

6. Where does the Sherman Anti-Trust act apply legally?

Sec. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney-General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises.

7. Who will enforce the law?

Sec. 5. Whenever it shall appear to the court before which any proceeding under section four of this act may be pending, that the ends of justice require that other parties should be brought before the court, the court may cause

them to be summoned, whether they reside in the district in which the court is held or not; and subpoenas to that end may be served in any district by the marshal thereof.

8. Where will disputes about this law end up? Why?

Sec. 6. Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned in section one of this act, and being in the course of transportation from one State to another, or to a foreign country, shall be- forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law.

9. What could happen to the property as a result of forming a trust?

Sec. 7. Any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this act, may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without. respect to the amount in controversy, and shall recover three fold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee.

Sec. 8. That the word "person," or " persons," wherever used in this act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country.

10. Write a summary (minimum 3 sentences) of the Sherman Anti-Trust Act

Source: Andrew Carnegie, *Wealth and Its Uses* (1907)

"It will be a great mistake for the community to shoot the millionaires, for they are the bees that make the most honey, and contribute most the the hive even after they have gorged themselves full."

"While the law (of competition) may be sometimes hard fo rthe individual, it is best for the race, because it insures the survivial of the fittest in every department. Wea ccept and welcome, therefore, as conditions to which we must accommodate ourselves, great inequality of environment, the concentration of business, industrial and commercial, in the hands of the few, and the law of competition between these, as being not only beneficial, but essential for the future progress of the race."

Source: Andrew Carnegie, *The Gospel of Wealth* (1889)

"Thus the problem of Rich and Poor to be solvd. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionaire will be a trustee for the poor; entrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done itself."

Document Analysis

1. In the first quote from Carnegie in *Wealth and Its Uses,* what does Carnegie mean by "contributing most to the hive"?
2. In the second quote from *Wealth and Its Uses,* what does Carnegie mean by "survival of the fittest"? What concept is Carnegie promoting with this quote?
3. What do you think Carnegie means by "the problem of the Rich and the Poor"?
4. In the first quote from *Wealth and Its Uses,* and in the quote from *The Gospel of Wealth*, what does Carnegie argue is the role of the millionaire in relation to the community?
5. What is the overall point that Carnegie is trying to make with these quotes?

This, then, is helf to be the duty of the man of wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; … and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer… to produce the most beneficial results for the community – the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience and ability to administer, doing for them better than they would or could do for themselves.

Source: Andrew Carnegie, *The Gospel of Wealth* (1889)

Document Analysis

1. In this quote from *The Gospel of Wealth*, what expample should the "man of wealth" set?
2. According to this excerpt, how should the "man of wealth" administer the trust fund of his surplus revenues?
3. According to Carnegie, what does the "man of wealth" have, that his 'poorer brethren" don't (besides money)?
4. Does this quote indicate that Carnegie is a Captain of Industry, or a Robber Baron? Why?

Standard Oil and the Sherman Anti-Trust Act

In 1863, Samuel Andrews developed an effective way to change, or refine, oil into Kerosene. John D. Rockefeller, who had accumulated some wealth in the produce business, invested in Andrews' business. Rockefeller played a significant role in helping Andrews buy additional refinery equipment and advising him on how to grow an effective business. Over time their business, called Standard Oil, became very successful. The company wanted to control all of the oil business in the United States. In order to gain additional customers and business, Standard Oil bought up many other oil companies. The company also cut the price of oil in half between 1865 and 1870 in order to attract new clients. Over time Standard Oil developed contracts with railroad companies that allowed it to ship oil across the country for very low prices. Through its efforts the company came to control all aspects of the oil industry, including the mining of oil, the transportation of oil and the refining of oil. Since Standard Oil controlled the oil industry they could now charge higher prices for oil and force customers to pay the prices. After all, if customers did not pay the prices charged by Standard Oil they did not get oil.

Soon, critics of Standard Oil Company, and other companies that had similar practices, protested that the practices were not fair. They argued that when companies held monopolies and/or trusts they could charge unreasonable prices for the products or services they sold. A trust is a combination of firms that have joined together for the purpose of reducing competition and controlling prices throughout a business or an industry.

In 1890, the United States Congress passed the Sherman Anti-Trust act. It was named for United States Senator John Sherman. The act, based on the constitutional power of Congress to control trade between businesses that occurs across state borders, declared contract or business partnerships that sought to limit trade between customers and other companies illegal. Monetary fines and prison time could be imposed for violating these laws.

Though Standard Oil Company has sought to create a profitable monopoly for itself, the company's actions instead led to the outlawing of monopolies.

1. What was John Rockefeller's role in the Standard Oil Company?
2. How did lowering prices help Standard Oil Company attract new customers?
3. How did buying other oil company's help Standard Oil gain control of the oil industry?
4. Why do you think that the United States Congress prohibited monopolies and trusts?

Directions: Read the article below and answer the writing prompts that accompany it.

What Was the Greatest Era for Innovation?

Which was a more important innovation: indoor plumbing, jet air travel or mobile phones?

By NEIL IRWIN MAY 13, 2016

We're in the golden age of innovation, an era in which digital technology is transforming the underpinnings of human existence. Or so a techno-optimist might argue.

We're in a depressing era in which innovation has slowed and living standards are barely rising. That's what some skeptical economists believe.

The truth is, this isn't a debate that can be settled objectively. Which was a more important innovation: indoor plumbing, jet air travel or mobile phones? You could argue for any of them, and data can tell plenty of different stories depending on how you look at it. Productivity statistics or information on inflation-adjusted incomes is helpful, but can't really tell you whether the advent of air-conditioning or the Internet did more to improve humanity's quality of life.

We thought a better way to understand the significance of technological change would be to walk through how Americans lived, ate, traveled, and clothed and entertained themselves in 1870, 1920, 1970 and the present. This tour is both inspired by and reliant on Robert J. Gordon's authoritative examination of innovation through the ages, "The Rise and Fall of American Growth," published this year. These are portraits of each point in time, culled from Mr. Gordon's research; you can decide for yourself which era is truly most transformative. (Readers later added their favorites here.)

Trains, turnips and pigs

1870

The Civil War was over and a transcontinental railway newly completed, allowing easy (or at least easier) passage from the great cities of the East Coast to California and many points between.

But even as the glimmers of the technological future were emerging, much would seem primitive today. People lit their houses with candles and whale oil, and heated them with wood or coal-burning stoves that kept homes unevenly heated and smelling of smoke.

Only a quarter of the population lived in cities, most of them in the Northeast. Families were large, and the population skewed young; there were 5.3 people per household, twice as many as in 2010, and 59

percent of the population was under age 25, while today it is more like 34 percent. By modern standards, the population was extremely poor, with the average citizen spending $2,808 a year in 2010 prices — less than the equivalent of the modern-day per-capita economic output of the Republic of Congo.

They ate pork. Lots and lots of pork — 131 pounds of it per person per year in 1870 (that number was half as much by 1929 and is around 55 pounds today). Unlike other meat-producing animals, pigs could live almost anywhere and could survive largely on food scraps. Their meat, easily salted or smoked, could be preserved in an era without refrigeration.

Fresh vegetables were scarce; farmers emphasized crops that could be stored or preserved, like turnips, pumpkins, beans and potatoes, instead of leafy greens that would deteriorate quickly. Apples were the only fruit widely consumed, and much of the apple crop was turned into cider or brandy for preservation.

The diet of mainly meat and starch frequently resulted in ailments likerickets and scurvy.

Most rural adults had two sets of work clothes, both made at home, and better-off families had a nicer set of clothing for church or social outings. There was not much in the way of consumer goods, and department stores were in their infancy, just starting to appear in large cities.

Instead of a toilet, you used a chamber pot or an open window in the city, an outhouse with an open pit underneath in the country. Modern toilets were an invention that was in its earliest phases during the decade of the 1870s. Big cities had sewers for both rainwater and human waste, but they flowed into rivers unfiltered.

The New York City subway wouldn't open for another 34 years. Boston had 700 horses per square mile. The average horse produced 40 to 50 pounds of manure and a gallon of urine daily, which made the streets of major cities no pleasant place to be.

By today's standards, entertainment options were limited. Total circulation of newspapers was 2.6 million in a country of 40 million people. There was no telephone, record player, movie or radio. Men could go to the local saloon to drink; women generally couldn't. Vacations and weekends were not really a thing.

Childbirth usually took place at home, and deaths were common both at birth and during early years from diseases like yellow fever, cholera and many others. There was no licensing of doctors, so quacks were common.

The lights go on

1920

The Great War was over, the Great Depression had not yet started, and life in the United States in 1920 was profoundly different from 50 years earlier.

The most fundamental shift over those decades was that the American home became, in Mr. Gordon's word, "networked." Houses that were once dark and isolated were becoming intertwined. They were starting to be connected to electric grids, providing clean, bright light without emitting smoke. Urban water networks supplied clean water, and sewer systems removed waste without the pungent odors of chamber pots and outhouses. Telephones allowed people to converse with distant friends.

These advances were enabled not just by technological innovation in plumbing and electricity, but also by urbanization. In 1870, 23 percent of the United States population lived in cities, which rose to 51 percent by 1920. Large, ornate Victorian mansions were giving way to small bungalows affordable to the working class, which took off in Chicago starting in 1905. Sears offered prefabricated materials for a bungalow that it boasted could be built with 352 hours of carpenter labor. A less obvious factor in making mass housing available: The inflation-adjusted price of nails dropped by a factor of 10 from 1830 to 1930 with the advent of factory production.

The Empire State Building took like a year or two to erect, while the Twin Towers area was left empty for a decade due to liberal politics....

It's hard to overstate how revolutionary the advent of electric light was. In the 1870s, a kerosene lamp could produce 5,050 candle hours worth of light a year at a cost of $20. That same $20 in 1920 bought 4.4 million candle hours a year from bulbs.

In Muncie, Ind., in 1890, there were not more than a dozen bathrooms with running water and sewers across town. By 1925, 75 percent of Muncie's homes had running water and two-thirds had sewer connections, including almost all newly constructed houses.

This is thought to be a major reason public health and life expectancy improved in the years leading to 1920. Many of the major advances in medical treatment, like antibiotics, were yet to arrive, but clean water and waste removal — chlorination and filtration were introduced — cut back the death rate from typhoid fever by a factor of five from 1900 to 1920. The number of modern hospitals grew to 6,000 in 1920 from 120 in 1870, and medicine became more of a science, with doctors getting away from selling dubious cure-alls.

Transportation was undergoing its own transformation, and people were becoming far more connected to one another physically. In 1900, just 8,000 motorcars were registered in the United States, but there were 9 million in 1920 and 23 million in 1929. Streetcars and subways, unheard-of in 1870, were in all the major cities by 1920. Intercity trains were becoming steadily faster and more reliable — a train trip from New York to Chicago that took 38 hours in 1870 was 24 hours in 1900 and 16 hours in 1940.

Add it all up, and Americans who in 1870 would rarely travel farther than they could go on foot or horseback could suddenly range much more widely.

The social effect was particularly great in rural areas. Between 1900 and 1910, one local paper in Illinois reported on the arrival of each new automobile in its town. The automobile "seemed designed to loosen

ties and dangle the horizon before the unsettled," wrote the geographer John A. Jakle. Suddenly a farmer had options beyond the general store and the local bank.

The age of processed food had begun. National food brands including Heinz sauces, Campbell's soup, Quaker oats, Jell-O and Coca-Cola had been invented and began to fill cupboards. Instead of a 1870s breakfast of pork and grain mush, a 1920s American ate Kellogg's cornflakes, invented in 1894, and orange juice.

Refrigerated railroad cars and in-home iceboxes meant that vegetables were now available in winter, and not just turnips. Growers in California developed "iceberg" lettuce in 1903, advertising that it could stay fresh as it crossed the country by rail.

Still, much about a 1920 household would still seem foreign to a modern visitor. There were no standardized electrical plugs, so even households with electricity didn't have appliances we would recognize today. Electric refrigerators and washing machines were virtually unknown.

Restaurants were starting to arise, with fancy hotels in the biggest cities employing French chefs, and less expensive restaurants owned by Chinese, German and Italian immigrants starting to appear. While traveling by car, options were few, but the White Castle hamburger stand would open in 1921 and Howard Johnson's restaurant in 1925. A wave of German immigration meant sausages and sauerkraut were becoming widespread. The hot dog on a bun had made its first appearance at Coney Island in 1900, and was becoming ever more popular.

Consumers were starting to have more options, as chain stores arose to offer more variety and lower prices than the small-town general store, which in many places had a monopoly on all manner of goods. The grocery chain A.&P. had 67 stores in 1876 and 15,000 by 1930. Local merchants fought the rise of the chains much as they have fought the rise of Walmart more recently.

And increasingly, anything not available in a local store could be obtained by a mail-order catalog — the Montgomery Ward catalog was first issued in 1872, the Sears catalog in 1894. By 1900, Sears was fulfilling 100,000 orders a day, and its catalog featured fur coats, furnaces, furniture and much more. The catalog business was helped along by a technological innovation — parcel post, which arrived in 1913. By contrast, in 1890, only about a quarter of American households received mail at their door.

It wasn't just consumer goods arriving at Americans' doors. Better printing presses and transportation made publishing newspapers more economical, and the average American household read more than three newspapers in the time frame from 1910 to 1930, up from 0.9 in the 1870s.

Telephones were not yet ubiquitous but were spreading quickly. In 1880, the telephone was used for 10 conversations per household per year, a number that reached 800 by 1929; a popular form of entertainment in rural areas became using a "party line" to talk with far-flung neighbors.

The phonograph, invented in 1877 and in wide use by the 1920s, opened up another entertainment option: listening to professional-quality music at home, unheard-of in earlier generations. Outside the home, motion pictures — still silent, until 1927 — were the latest thing, offering an affordable way to

consume a new form of entertainment. They were wildly popular by modern standards; a 1919 study in Toledo, Ohio, found 316,000 movie visits in a week — in a city with a population of only 243,000!

The age of electronic information had not yet begun as of 1920, however: The first commercial radio station opened that year (and by 1923, there were 556 of them).

From newfangled to normal

1970

The changes in transportation and communication starting to be seen in 1920 had become fundamental parts of daily life half a century later.

Air travel was a perilous, uncomfortable endeavor in 1920 (Charles Lindbergh did not cross the Atlantic until 1927, and many died trying that and similar feats); by 1970 jumbo jets connected major cities around the world and were quite safe. Indeed, in many ways flight in 1970 was more pleasant than today, with no security lines and larger, more comfortable seats in coach class — albeit at a much higher price than today.

Traveling from the West Coast to the East Coast went from being a multiday affair by train to a trip made in less than a single day, at least for those who could afford it.

Cars in 1920 were uncomfortable and prone to breakdowns, and were driven on dirt or irregularly paved roads. A 1920 Ford Model T had to be hand-cranked to start. By 1970, cars were comfortable, with options like radios and air-conditioning. They were driven on comparatively smooth, safe surfaces on the Interstate highway system, most of which had been built by 1972.

Homes were changing, as the innovations that were being increasingly adopted in 1920 became truly universal. Electric light was in 79 percent of households in 1940 and 100 percent in 1970; running water was in 98 percent of homes, up from 74 percent.

Refrigerators rose to 100 percent adoption in 1970 from 44 percent in 1940, and their quality improved a great deal as well; Consumer Reports described constant repair needs in 1949 that had been mostly solved by 1971. The same was true of almost all household appliances.

Air-conditioning, first introduced in the United States in 1923, transformed cities with hot weather, propelling the population growth of places like Las Vegas, Miami and Houston. There were 48,000 room air-conditioning units sold in 1946, which rose to two million by 1957. Still, by 1970 only a minority of households had air-conditioning — 11 percent with central air, and 26 percent with room units.

Americans started eating a lot less pork and a lot more chicken and turkey; consumption of fresh fruits and vegetables fell as the proportion of people living on or near farms fell, while diets shifted toward much more canned fruits and vegetables (canned vegetable consumption rose from 34 pounds per

person per year in 1940 to 93 pounds in 1970). Margarine replaced lard and butter as the cooking fat of choice.

The size of grocery stores exploded, with a wide variety of processed foods; a small chain store in the 1920s offered 300 to 600 items, while a 1950 supermarket stocked 2,200, and its 1985 equivalent 17,500.

The age of mass communication radically shifted the way Americans entertained themselves. A person living in 1920 could listen to a phonograph at home or go to a silent movie at the nearest theater. By 1970, color television and radio were both widely available. Movie attendance in any given week fell to 20 percent of the population in 1970 from 60 percent in 1940. But those who did go could view lush epics with color and sound.

A person had fewer TV channels and fewer movies to choose from than today; the videocassette recorder was years away, so you were captive to what broadcast networks happened to be showing. This resulted in huge audiences; in 1953, 69 percent of televisions were tuned in to the broadcast of the episode of "I Love Lucy" in which Lucy has a baby.

Awash in a sea of content

2016

In 1970, anyone who needed to reheat leftovers faced a messy, time-consuming task at the stove — not the quick minute in a microwave of today. The microwave was introduced in 1965 and was not widely purchased until the 1980s, partly owing to falling price. It cost $495 in 1968, and a compact model with more bells and whistles fell to $191 by 1986.

But the microwave is the exception. Most of the advances in home appliances since 1970 have been trivial in the scheme of things: a little more energy efficiency here, a more ergonomic handle there, greater reliability, meaning fewer repair calls. Indeed, while fashions have changed in homes since then, in terms of décor and layout, the American household works largely as it did then.

Airplanes continued getting safer, with the number of deaths per 100 billion miles traveled falling to less than 1 from more than 100 in 1970. Travel became considerably less expensive — though the rate of price decrease for air travel was slower from 1960 to 1980 than it had been from 1940 to 1960. Still, air travel had been an upper-middle-class activity in 1970, and now is affordable to the masses.

By some measures, air travel has become more onerous since 1970. There were no security screening lines (those were introduced after a series of hijackings in the late 1960s and early '70s). Seats were larger and came with free meals and drinks. Arguably, though, the bundle offered by circa-1970 airlines for coach class seats is still available: You can still get a bigger seat and free drinks at a higher price, but now it's called first class.

Once you factor in the time it takes to arrive early and get through security, flying from New York to Chicago takes about the same time, and costs about the same in inflation-adjusted dollars, as it did in

1936; modern planes are faster, but then one could show up at the airport 10 minutes before the scheduled flight time and hop on the plane.

Automobiles became more reliable, and car travel far safer, with widespread use of seatbelts, adoption of airbags and anti-lock brakes, better technology to understand how to build a car so that it protects occupants in a crash, and legal and public-awareness efforts against drunken driving. Deaths per 100 million miles driven have fallen from about 11 in 1940 to about five in 1970 to around one today.

Compared with 1970, Americans today eat a good bit less beef, pork and eggs, and about twice as much chicken. They eat more fruits and vegetables. But that's only part of the story. Americans are eating more of their meals away from home, and in restaurants more varied than people in 1970 could have imagined. Thai, Japanese, Middle Eastern and Indian food is now for sale even in small cities.

Some of the biggest changes to everyday life since 1970 have been around information and entertainment. The cliché about TV going from three channels a generation ago to hundreds actually understates it. The television itself has gone from a 19-inch screen to 50 or more inches, with much more vivid color and definition. Besides many more channels, thousands of movies and television shows are available at any moment of the day or night through on-demand streaming services.

And that doesn't even account for the Internet more broadly. In effect, a person can get access to nearly any notable work mankind has ever produced — novels, movies, visual art — instantly and at home. Or thanks to Internet-enabled mobile devices that have become widespread in the last decade, nearly anywhere the person is.

Keeping up with distant friends and relatives once required expensive calls on land-based phone lines; now there are free or nearly free conversations through text messages, mobile phone calls or video communication services like FaceTime and Skype. Sending a more detailed message once meant writing it by hand or on a typewriter, putting it in an envelope, driving it to the post office, and waiting a few days for the recipient to get it; now it is an instant, free email.

In short, the sheer number of ways a person can be in touch with others, and consume information or entertainment, has exploded, and the price has collapsed.

This is the area in which human life has changed the most in the last 46 years. We live and travel much as we did in 1970. We eat more variety of foods. Products of all types keep getting a little safer, a little more efficient, a little better designed.

But the real revolution of recent decades is in the supercomputer most people keep in their pocket. And how that stacks up against the advances of yesteryear is the great question of whether an era of innovation remains underway, or has slowed way down.

1. Write 4-6 sentences about what you think the greatest invention ever is and why.
2. Write a 7 sentence paragraph arguing in favor of the time period you picked. Explain why you picked it and what makes it better than the others.