

Prompt: To what extent did government assist in the rise of corporate capitalism following the Civil War? (In your answer be sure to discuss the government's a) pro-active role in promoting big business; b) the role it played in suppressing labor; c) as well as the pro-business decisions handed down by the courts.

1. Corporate Capitalism:

- a. capitalism: economy based on business that adopts Adam's Smith's invisible hand (consumer determines the market) and governmental laissez-faire
- b. corporation: business that sells shares of stock to gain "fast capital" that they will use to EXPAND their business... goal is to OUT-COMPETE competition

A) Govt is PRO-ACTIVE in promoting business

- a) creation of corporations: expand business to expand strength of economy
- b) Land Grant (subsidies) of Union Pacific RR
- c) Land Grant RR: govt gave away tracts of land to RR speculators to build RR → to expand business and US economy
- d) Hatch Act 1887: expansion of the Morrill Act: granted land for colleges (agricultural)... OSU; University of Florida; University of California
- e) Dawes Act: attempt to settle westward; split up Indian Reservation.... gave Indians that agreed to assimilate acreage.

- f) Sherman Anti-Trust 1890: forced monopolies to dissolve → created capitalism again (survival of the fittest at the hands of the consumers) -- brings competition back;  
REGULATION OF INTERSTATE  
COMMERCE; if company can hurt interstate trade... then it's ILLEGAL
- g) ICC: Interstate Commerce Commission: federal government gets to regulate interstate trade

## B) Suppressing Labor:

\*\*\* unions were associated with: equality for all (communism); violence; against police (anarchy)

1) Labor Union: group of workers who get together for the same cause (better working conditions, wages, etc)

a) National Labor Union: 1st labor union

b) Knights of Labor: Powderly; SKILLED & UNSKILLED; strike → violence → Haymarket Square Bombing (McCormick Factory)

c) American Federation of Labor (AFL): Gompers; skilled workers

## \*\*\*2) Suppression of Labor

a) Great RR Strike: Hayes sent in army to squash

b) Pullman Strike: Cleveland

i) court injunction: court paper that say stop striking (Debs sent to jail for violating)

ii) Cleveland sent in troops to stop strikes

iii) in re Debs: union had no authority to ignore court injunctions

### 3) Court Cases (pro-business)

- a. Wabash v. Illinois: SC states that the federal government has the authority to regulate interstate commerce → leads to the creation of the ICC
- b. Munn v. Illinois (before Wabash): states can regulate interstate commerce
- c. Standard Oil v. US → Standard Oil is a monopoly and must break up via Sherman Anti-Trust Act
- d. in re Debs
- e. US v. EC Knights: fed govt cannot rule manufacturing sugar plant a monopoly bc it's a plant in 1 state
- f. Adair v. US 1908: yellow dog contracts are LEGAL