

The American Economy in 1900

America's business and economic sectors changed dramatically during the first decade of the twentieth century. Agriculture, which had been the nation's primary employer throughout the previous century, was gradually being replaced by industry. The [United States](#) was expanding its economic interests around the globe and emerging as a world power. This business expansion meant increased wealth as raw materials became cheaper to obtain, driving prices down and consumption up. Among the most prosperous businesses of the era were the oil, steel, textile, railroad, and food production industries. The decade was further marked by major technological innovations, such as the birth of the automobile and aviation industries. Americans who entered the century riding horse-drawn buggies could, by the end of its first decade, drive cars and dream of someday flying in a plane.

Many of the workers who were employed by the nation's expanding industrial base were immigrants. Nearly nine million immigrants journeyed to America during the decade, with most arrivals coming from Italy, Austria-Hungary, and Russia. The record year for immigration was 1907, when 1.29 million people entered the [United States](#). By the end of the decade, the U.S. population had risen to 91 million. Men and women rarely competed for jobs, primarily because of division of labor according to gender. In the industrial sector, men had opportunities and could claim jobs that required physical strength, while women were confined to low-paying jobs using light machinery. Although by 1910 one-third of the workforce was female, half of these women workers were involved in agriculture or [domestic service](#), leaving little female representation in industry. Children were often exploited as workers. Until regulation ended the practice, [child labor](#) was

common. In 1900 more than 250,000 children under the age of fifteen worked in factories for minimal pay. Average union wages in 1900 were thirty-four cents per hour, compared to non-union, unskilled pay of fifteen cents per hour. The average workweek in the decade was fifty-three hours. Unskilled laborers especially faced many difficulties, since their income would not support a family of five even if they worked twelve hours a day every day of the year.

The century began with businesses expanding by merging with similar companies (horizontal integration) and taking on additional functions in the production and sale of their products (vertical integration). The result was the elimination of competition. Many Americans became concerned about the continued rise of **big business** through trusts, trade associations, cartels, or pools. They feared that these business groups would destroy America's image as the land of opportunity where it was possible for an individual to succeed through his or her own business efforts.

The 1900s witnessed the founding of numerous corporations that have since become fixtures in American life: Firestone Tire and Rubber Company (1900), United States Steel Company (1901), **Quaker Oats Company** (1901), J.C. Penney Company (1902), Pepsi-Cola Company (1902), Texaco (1903), Harley-Davidson (1907), Hershey (1908), and General Motors Corporation (1908). The general prosperity of the decade made many Americans eager consumers, especially as companies began to spend more time and money on product advertising.

The rise of **big business** and poor working conditions for common laborers led to increased tensions between employers and employees. Throughout the decade many workers joined organized labor unions, but their efforts to improve pay and workplace conditions were often unsuccessful. Several long and

violent strikes occurred during the 1900s, and some of these work stoppages required government intervention to resolve the disputes. The great differences in the lifestyles of owners and workers was highly publicized, notably through the Anthracite Coal Strike. Nevertheless, union power became increasingly fragmented as worker unity was lost amid internal divisions based on race, gender, nationality, skill, and political beliefs.

Although the 1900s had a generally optimistic economic outlook, the confidence of many Americans was shaken by the sharp stock market drop in 1907. The first sign of financial panic was a run on the Knickerbocker Trust Company of [New York](#), which collapsed the banking and credit system. Confidence was restored because of the actions of the U.S. Treasury along with capitalists under the leadership of [J.P. Morgan](#), who stabilized the banks and corporations with their own funds. Despite the gap between America's rich and poor, the first decade of the century brought increasing commercialism to the lives of all Americans.