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Title: Supply and Demand for Labor and the Homestead Steel Strike (also What is a “Fair” Wage?)

Subject: Economics

State: Connecticut

Curriculum Plan on Supply and Demand for Labor

- This lesson will look at a background of the steel industry and ask students to dig into the ideas of how the labor market changed due to various factors.
- We will look at how this changed costs and skilled and unskilled workers and think about how this allowed the lockout to happen and drove Frick’s actions and made the outcome of the 1889 strike different than the 1892 strike.
- This lesson should be done after supply and demand are introduced.
- It will then allow the introduction of: supply and demand of labor.
- Can also talk about cartels, unions, price ceilings, price floors.
- Allow students to read newspaper articles from the day in order to piece together what was happening in the labor market.

(Relevant articles are listed in parenthesis)
Go here for pdfs of articles:
https://drive.google.com/drive/folders/1G085zpTZXUdlD5NUXtXGJbIq9RnYy0bv?usp=sharing

1. Previous lessons should occur based on supply and demand to introduce this model:
   https://openstax.org/books/principles-economics-2e/pages/3-introduction-to-demand-and-supply
2. Intro to Steel Production: https://youtu.be/wUOUjogRpRc
   a. This video shows modern steel production. How do you think it differed in the late 1800s?
   b. Talk about demand for steel
   c. Talk about supply of steel
3. A look at how supply and demand for labor are decided. A look at derived demand:
4. A discussion of how the different steel methods drove the demand for labor and supply of labor.
   a. Have the students find data or sources which demonstrate these activities in the steel industry in the late 1800s. Use the information to model the labor market for Steel and the market for Steel. Also see: The Battle for Homestead, 1880-1892: Politics, Culture and Steel. By Paul Krause for various pages to use in these topics.
i. Number of Competitors (After Carnegie Article and Gigantic Steel Combine and Steel Pool Formed)

ii. Prices of Coke (Coke Monopoly Article and Coke Rails and Railways)

iii. Technology. (The Great Invention and The Bessemer Process and Revolution in Iron and The River Ran Red Pages 18 to 23 and Slide by Dr. Skrabec)

iv. Immigration (Immigration and Homestead Investigation)

v. Required Education (Use Technology Articles)

vi. Price of Steel (see The Iron Trades Future and Iron and Steel)

5. Watch about the Homestead Steel Strike.  https://youtu.be/SKlbyGZms6g
   a. Talk about the goal of unions and what they are trying to achieve. Here bring back labor supply and demand. How do unions try to put in a wage floor? (Wages article from The Sun)
   b. Tie in the methods of supply and demand to discuss why Frick and Carnegie are successful in 1892 and why they were not in 1889. (Protection Does Not Protect and Carnegie Sets the Pace and Mr. Carnegie’s Latest Victory and The Big Strike Settled)

**Follow-up Lesson Ideas about “Fair” Wages and Goals of Society:**

As a follow-up…..

Much of the discussion of the Homestead Strike is about a “fair” wage. How do we decide a “fair” wage?

1. Talk about GDP and what it measures.

2. What is the goal of society and business?
   a. Profits. (Show Carnegie Steel Profits)
   b. Wages. (Talk about pay scale: Andrew Carnegie’s Plans and Wages At Homestead)
   c. Productivity (Look at steel processes again)
   d. Costs. (Cost of Steel Making)
   e. Other (Is there something else we should be measuring for “success”?)

   a. Look at cost of living
   b. Look at profits of businesses
   c. Look at risks business owners take on
   d. Other

4. Role play. One group is the business owners. The other is the workers. How would you present your case about how much you should be paid? Have students write one page position paper on why their side is correct.
Sources for supply and demand for labor:


   a. Page 48 and 49 (Technology)
   b. Page 52 and 53 (Bessemer)
   c. Page 66 and 67 (Fair Wage)
   d. Page 74 (Bessemer less skill)
   e. Page 93 (Profits and Fair Wage)
   f. Page 105 to 108 (new pay rates and fair wage)
   g. Page 120 (Supply and Demand for Labor)
   h. Page 234 and 235 (Goals of Society)
   i. Page 236 (The Sliding Scale)
   j. Page 239 (Good Life)
   k. Page 305 to 307 (Fair Wage)
   l. Page 340 to 342 (Power of Workers and Owners)


16. "THE GREAT INVENTION: THE MANUFACTURE OF MALLEABLE IRON AND STEEL WITHOUT FUEL." New York Daily Tribune (1842-1866), Sep 16, 1856. 6,


25. "CARNEGIE SETS THE PACE.: CUTS WAGES AND PREPARES FOR BIG STRIKE. FIGHT BETWEEN UNION AND KNIGHTS IN WHITMAN FACTORY. INJUNCTION AGAINST LYNN LASTERS SERVED ON SANDWICH BOY. TRIANGULAR FIGHT. UNION MEN FALL OUT WITH KNIGHTS OF LABOR AT WHITMAN. SERVED ON SANDWICH BOY. SUPREME COURT INJUNCTION AGAINST LYAN ... STRIKE ON WATER FRONT. THOUSAND STOREMEN IN BROOKLYN DEMAND BETTER WAGES. LOCAL LABOR MEETINGS. KNIGHTS OF LABOR CAUTIONED. RUTLAND FREIGHT HANDLERS OUT. ENFORCING BILL OF PRICES. TWO SIDES TO THE WINDOWS. PROTEST AGAINST LWO LAND TAX." Boston Daily Globe (1872-1922), May 18, 1889. 8, https://www.proquest.com/historical-newspapers/carnegie-sets-page/docview/493614766/se-2.


Sources for follow-up activity on “Fair Wages”:


   a. Page 48 and 49 (Technology)
   b. Page 52 and 53 (Bessemer)
   c. Page 66 and 67 (Fair Wage)
   d. Page 74 (Bessemer less skill)
   e. Page 93 (Profits and Fair Wage)
   f. Page 105 to 108 (new pay rates and fair wage)
   g. Page 120 (Supply and Demand for Labor)
   h. Page 234 and 235 (Goals of Society)
   i. Page 236 (The Sliding Scale)
   j. Page 239 (Good Life)
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