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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:
  - a. <https://openstax.org/books/principles-economics-2e/pages/4-1-demand-and-supply-at-work-in-labor-markets>
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/SKIbyGZms6g>
- 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.
  - a. <https://openstax.org/books/principles-economics-2e/pages/19-1-measuring-the-size-of-the-economy-gross-domestic-product>
  - b. <https://openstax.org/books/principles-economics-2e/pages/19-5-how-well-gdp-measures-the-well-being-of-society>
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”?)
3. Which is most important? Why? How do we decide whether a wage is fair? How would you measure well-being of a person? Of a business? The Battle for Homestead, 1880-1892: Politics, Culture and Steel. By Paul Krause for various pages to use in these topics.
  - 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:**

1. Skrabec, Quentin. *Understanding Homestead*. July, 2022.  
<https://docs.google.com/presentation/d/1vR3NWtzWxJEvZymTeq4-MG-RSFrS7-XZ/edit?usp=sharing&ouid=116417134286151754805&rtpof=true&sd=true>. Powerpoint Presentation.
2. *The River Ran Red: Homestead 1892*. David Demarest, general editor. Pittsburgh, PA, University of Pittsburgh Press, 1992. Pages 18 to 23
3. *The Battle for Homestead, 1880-1892: Politics, Culture and Steel*. By Paul Krause. Pittsburgh, PA, University of Pittsburgh Press, 1992.
  - 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)
4. Big Coke Monopoly. A Result of the South - *Wheeling Register* - July 31, 1885 - page [1]  
July 31, 1885 | Wheeling Register | Wheeling, West Virginia | News Article | Volume 23 | Issue 21 | Page [1]
5. "COKE, RAILS, AND RAILROADS.: A BIG COMBINATION CREDITED TO ANDREW CARNEGIE." *New York Times (1857-1922)*, Feb 04, 1886. 1,  
<https://www.proquest.com/historical-newspapers/coke-rails-railroads/docview/94359967/se-2>.
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<https://www.proquest.com/historical-newspapers/after-carnegie/docview/1035638924/se-2>.

8. THE IRON TRADE'S FUTURE: WHY PRICES OF STEEL RAILS HAVE BEEN ADVANCED. ANDREW CARNEGIE BELIEVING IT JUSTIFIED--CONGRESSMAN HEWITT SEEING NO GOOD REASON FOR IT. (1886, Jan 04). *New York Times (1857-1922)* Retrieved from <https://www.proquest.com/historical-newspapers/iron-trades-future/docview/94410541/se-2>
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10. ANDREW CARNEGIE'S PLANS.: TO REGULATE WAGES BY THE PRICE OF PRODUCTS. (1888, Mar 29). *New York Times (1857-1922)* Retrieved from <https://www.proquest.com/historical-newspapers/andrew-carnegies-plans/docview/94606074/se-2>
11. MR. CARNEGIE'S LATEST VICTORY. (1889, Jul 17). *New York Times (1857-1922)* Retrieved from <https://www.proquest.com/historical-newspapers/mr-carnegies-latest-victory/docview/94727946/se-2>
12. "SURROUNDED BY PICKETS: THE HOMESTEAD STRIKERS ARE QUIET, BUT UNYIELDING. PERFECT SYSTEM WITH WHICH THE WORKS ARE WATCHED - - APPARENT DISPOSITION TO COMMIT NO VIOLENT ACTS -- PREPARING FOR A SIEGE." *New York Times (1857-1922)*, Jul 04, 1892. <https://www.proquest.com/historical-newspapers/surrounded-pickets/docview/94928867/se-2>.
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**Sources for follow-up activity on “Fair Wages”:**

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