

THE  
GILDED  
AGE  
A TALE OF TO DAY.

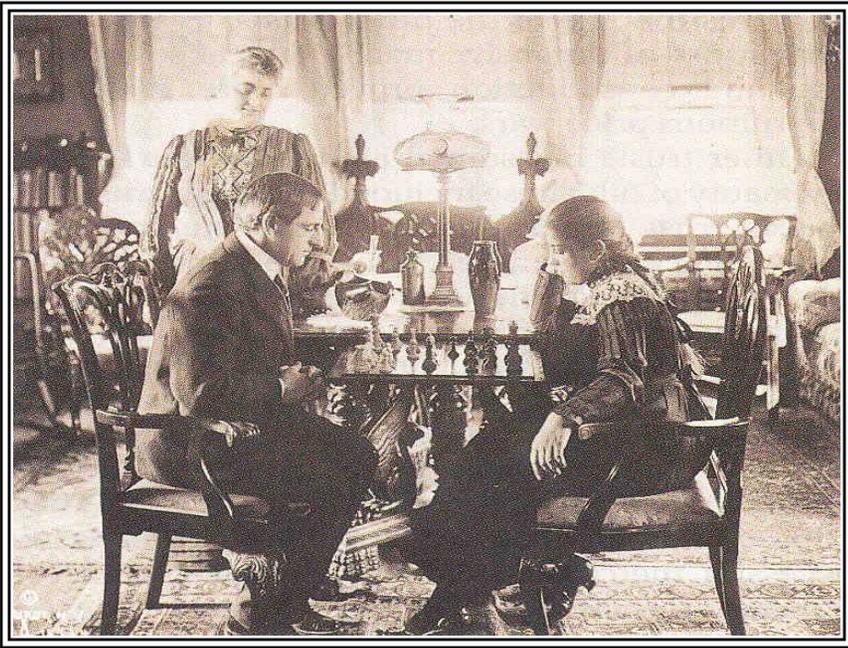
# **GILDED AGE, 1870 to 1900**

*Phrase penned by Mark Twain as satire for the way America had become. It revealed the “best and worst” of America.*

❖ *The Gilded Age* suggests that there was a glittering layer of prosperity that covered the poverty and corruption that existed in much of society.

❖ American society will need *reform*.

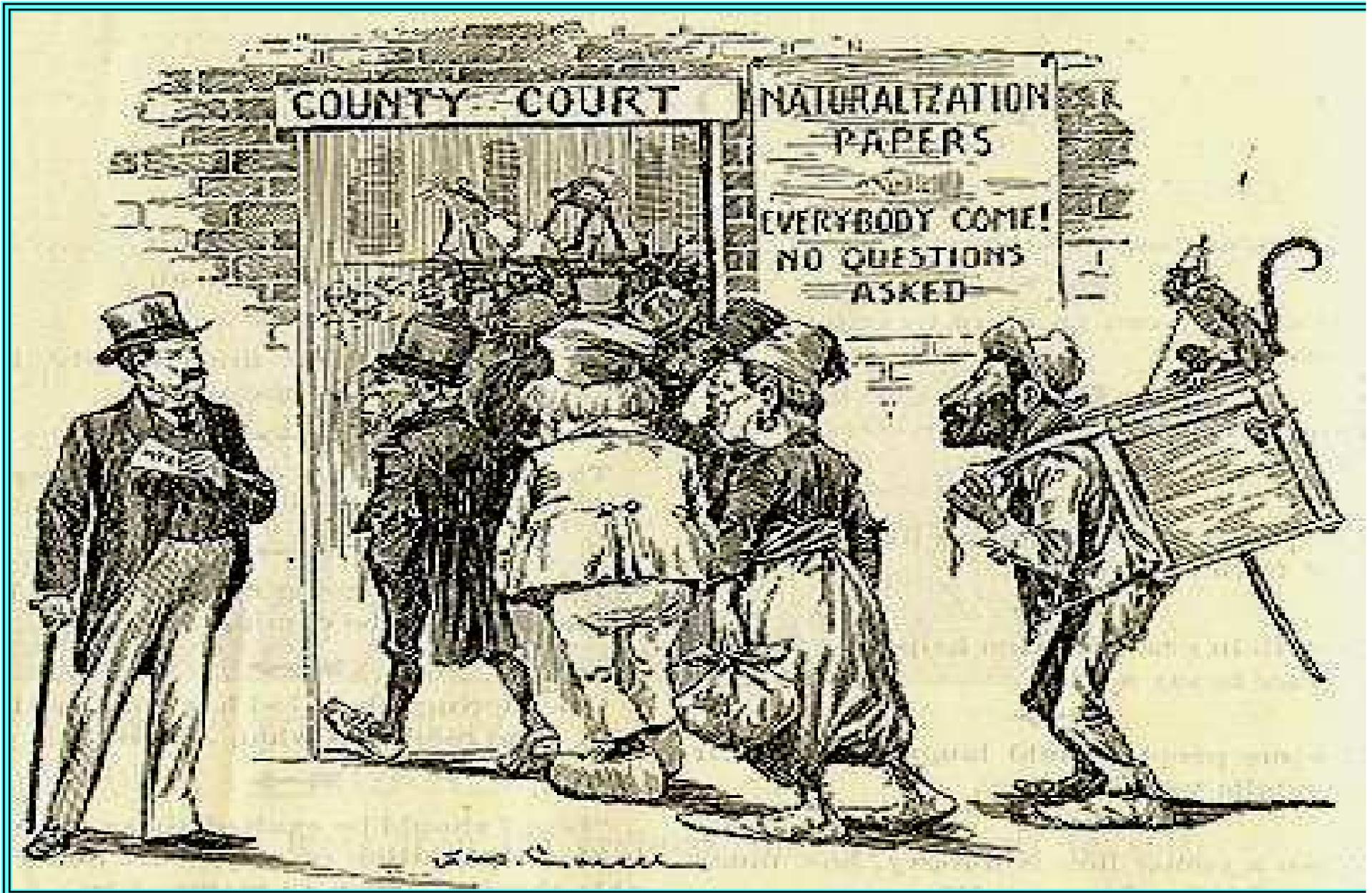
# TWO DIFFERENT WORLDS



❖ There was a caste system in the U.S. during the Gilded Age

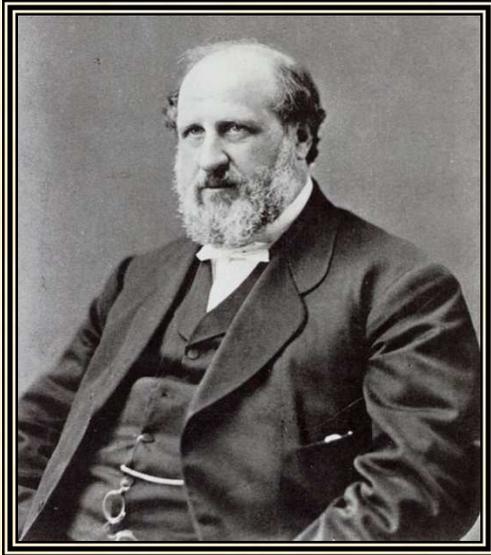
❖ 1861-----3 millionaires

❖ 1900, 90% of wealth, controlled by 10% of population.



**American Citizens:** “What weight can my vote have against this flood of ignorance, stupidity and corruption?”

# POLITICAL MACHINES



## Political Corruption

- After Civil War, machines gain control of major cities
- Favors or services to voters & businesses in return for political or financial support

## Immigrants and the Machine

- Naturalization, jobs, housing

## Election Fraud

- Tammany Hall



# Transcontinental Railroad

- **What act?**
  - **Pacific Railway Act**
- **Eastern rail?**
  - **Union Pacific**
- **Western rail?**
  - **Central Pacific**
- **Connect at?**
  - **Promontory Pt, Utah 5/10/1869**

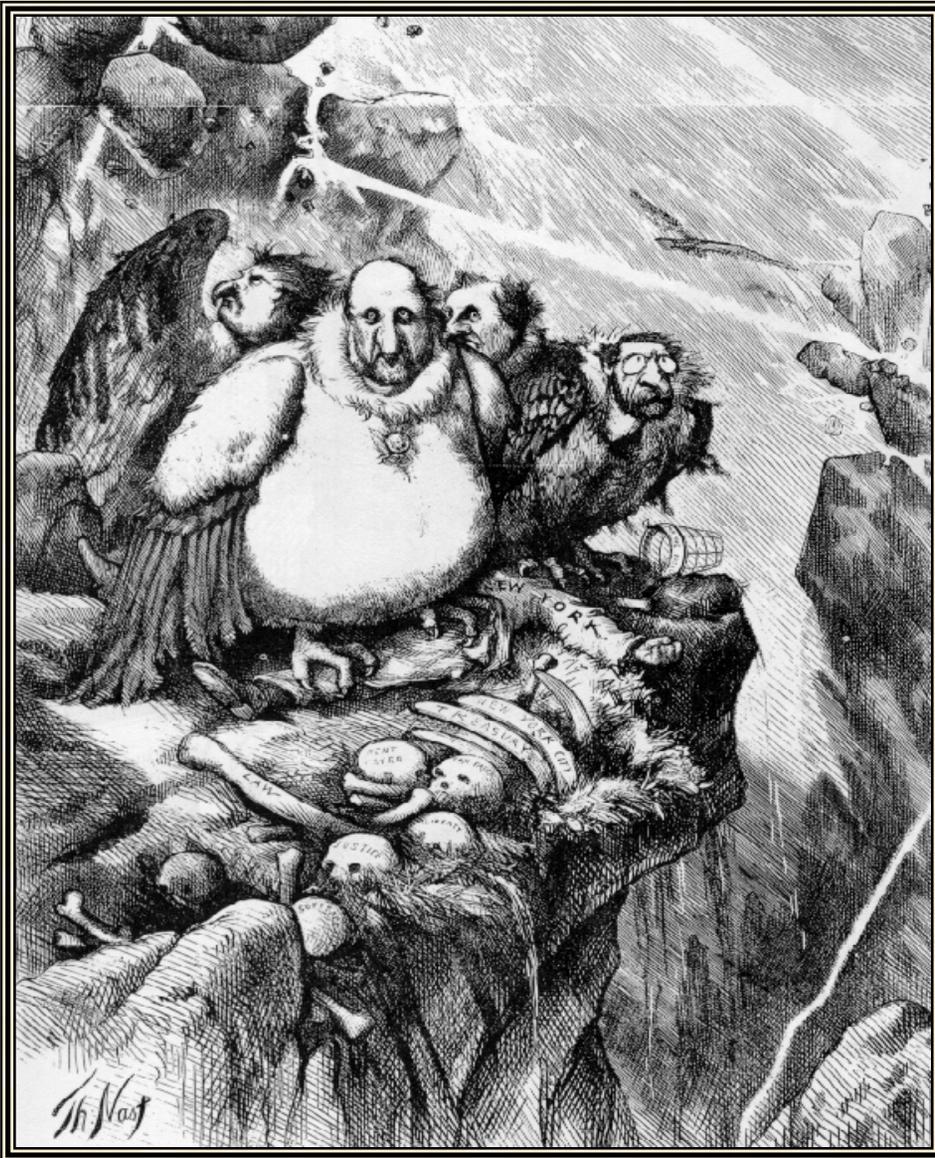
# Trans R/R Significance

- Linked country by rail & telegraph
- Led to growth of West
- Trade with Orient/East
- Am Achievements: Dec of Ind, free slaves, R/R

# Significance of America's R/R Network

- Industrialization post-Civil War
- Nation united
- Created domestic market
- 3 frontiers
- City mvmt
- Immigration
- Time zones
- Maker of millionaires
- Indians displaced

# WILLIAM BOSS TWEED



❖ Exposed by cartoonist and editor, **Thomas Nast**

❖ Tweed Ring fell 1873; Tweed was convicted of embezzlement

# PRESIDENT GRANT'S SCANDALS

## *Credit Mobilier*



- Phony construction company
- Charged the U.S. government nearly twice the actual cost of the project.
  - They then bribed Congress to stop the investigation.

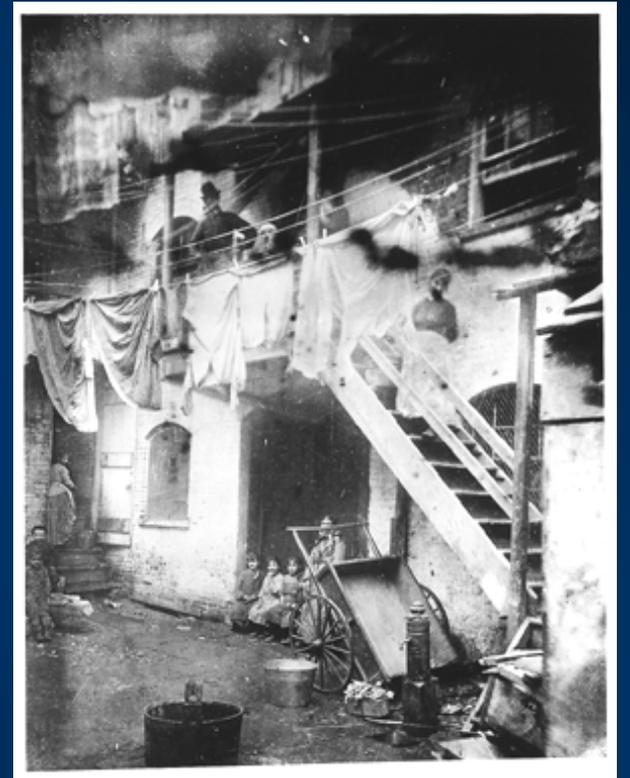
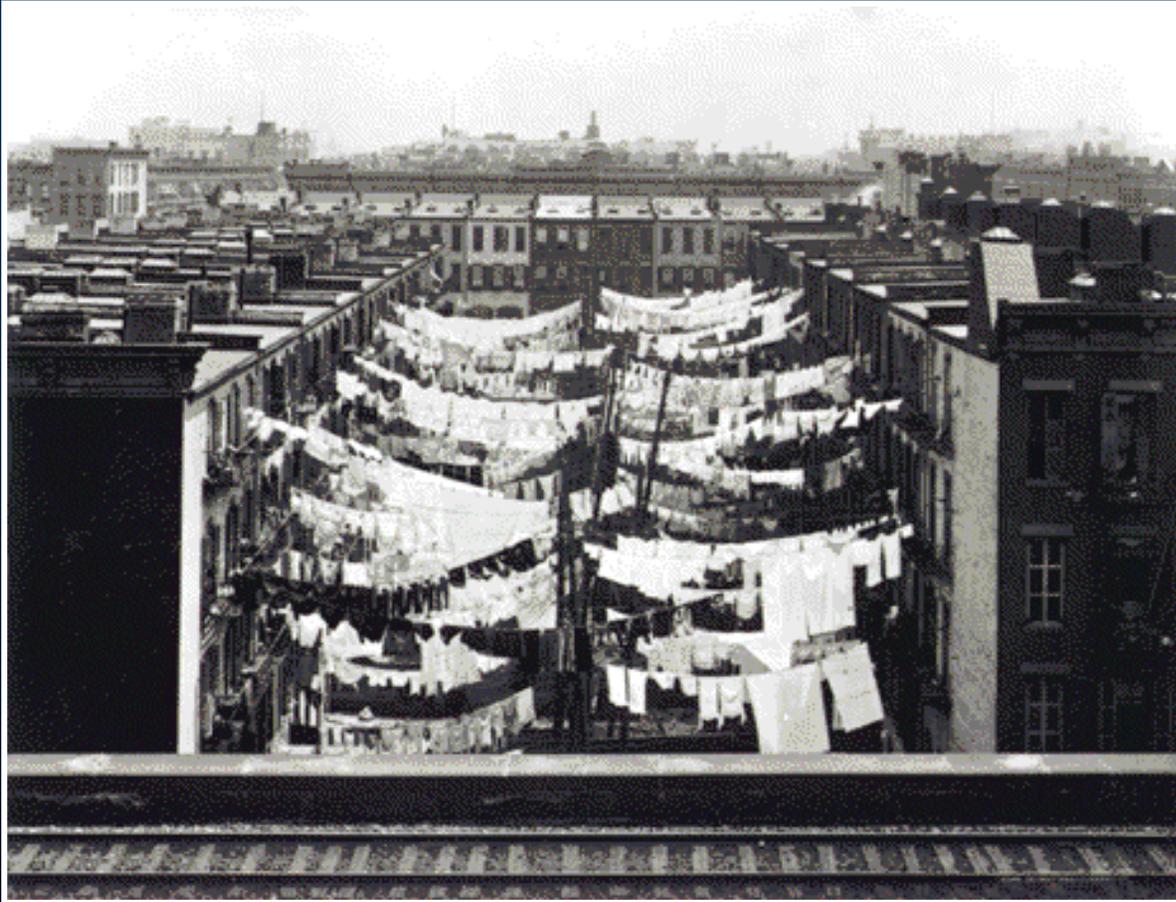
# URBANIZING AMERICA

- ❖ Immigration and industrialization leads to urbanization, or growth of cities in late 1800s
- ❖ Most immigrants settle in cities; get cheap housing, factory jobs
- ❖ Americanization

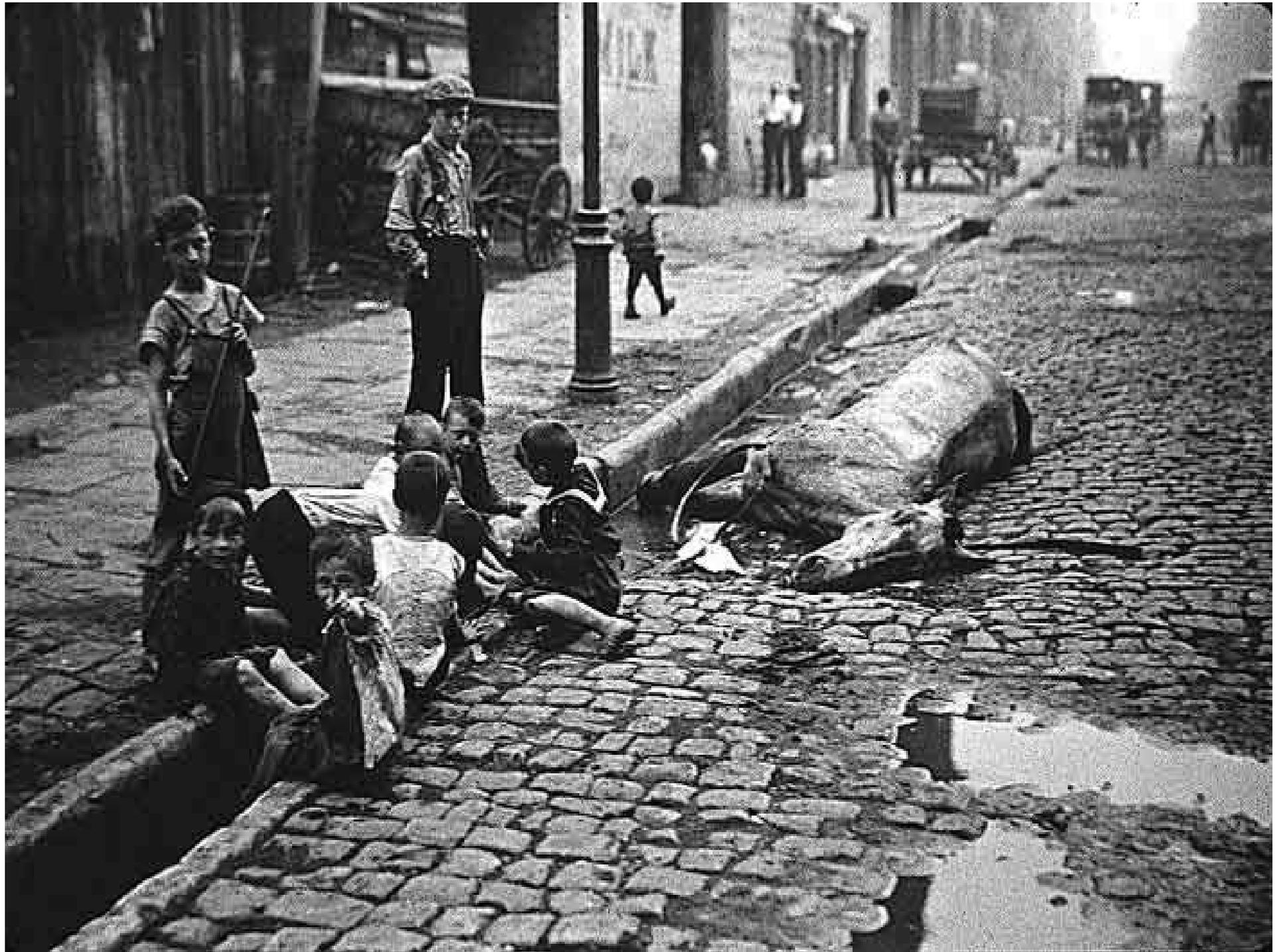
# Migration from Country to City

- ❖ Farm technology and the “end of the frontier” decreases need for laborers; people move to cities
- ❖ Many African Americans in South move up North
  - Effect?

# URBAN PROBLEMS

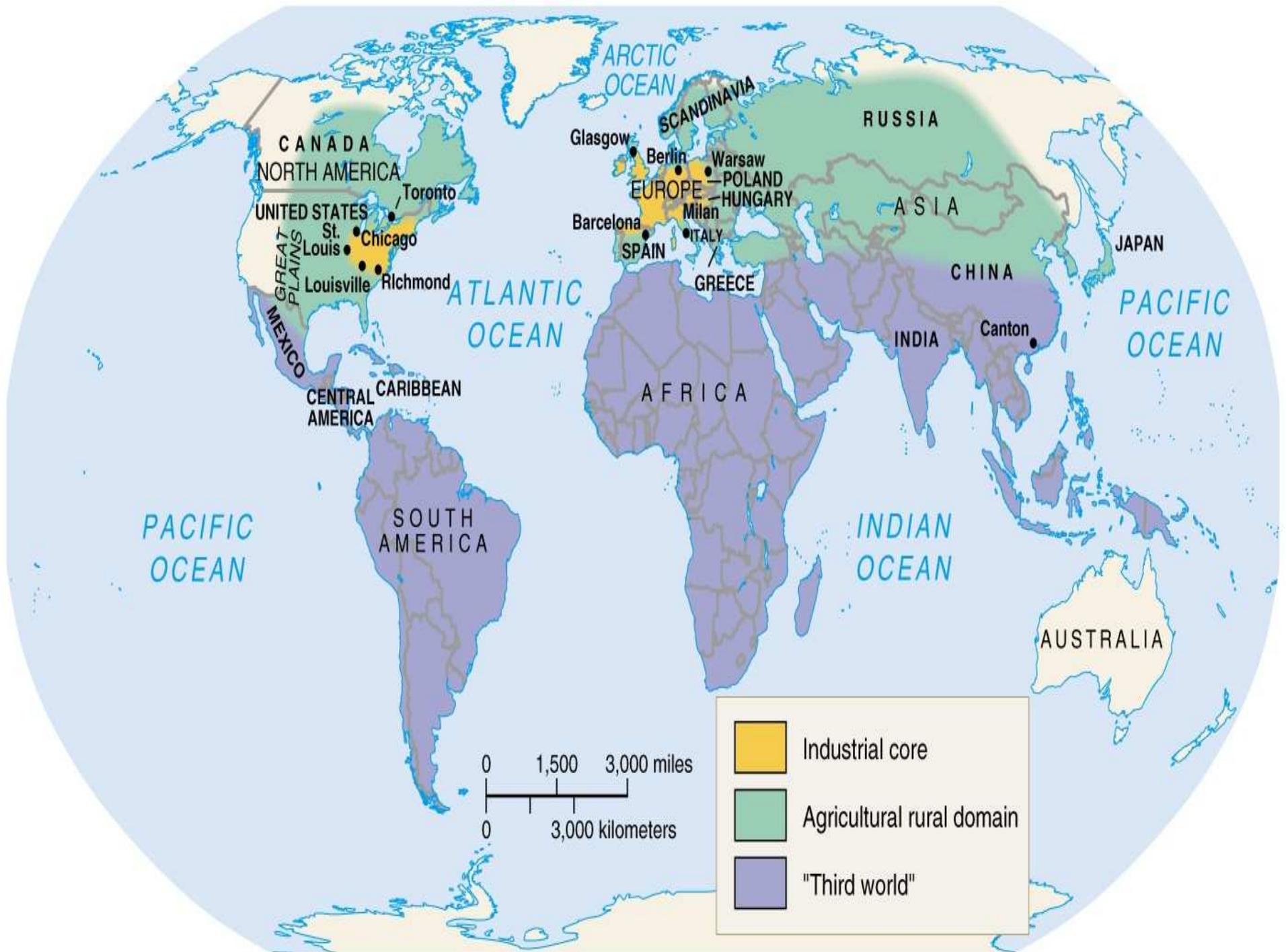






# INGREDIENTS FOR INDUSTRIAL GROWTH

- **Natural Resources**
- **Capital /Investment**  
**(gold, silver and banking)**
- **US Government support**
- **Desire: Creative inventors and industrialists**
- **Transportation System**
- **Labor force (immigrants)**



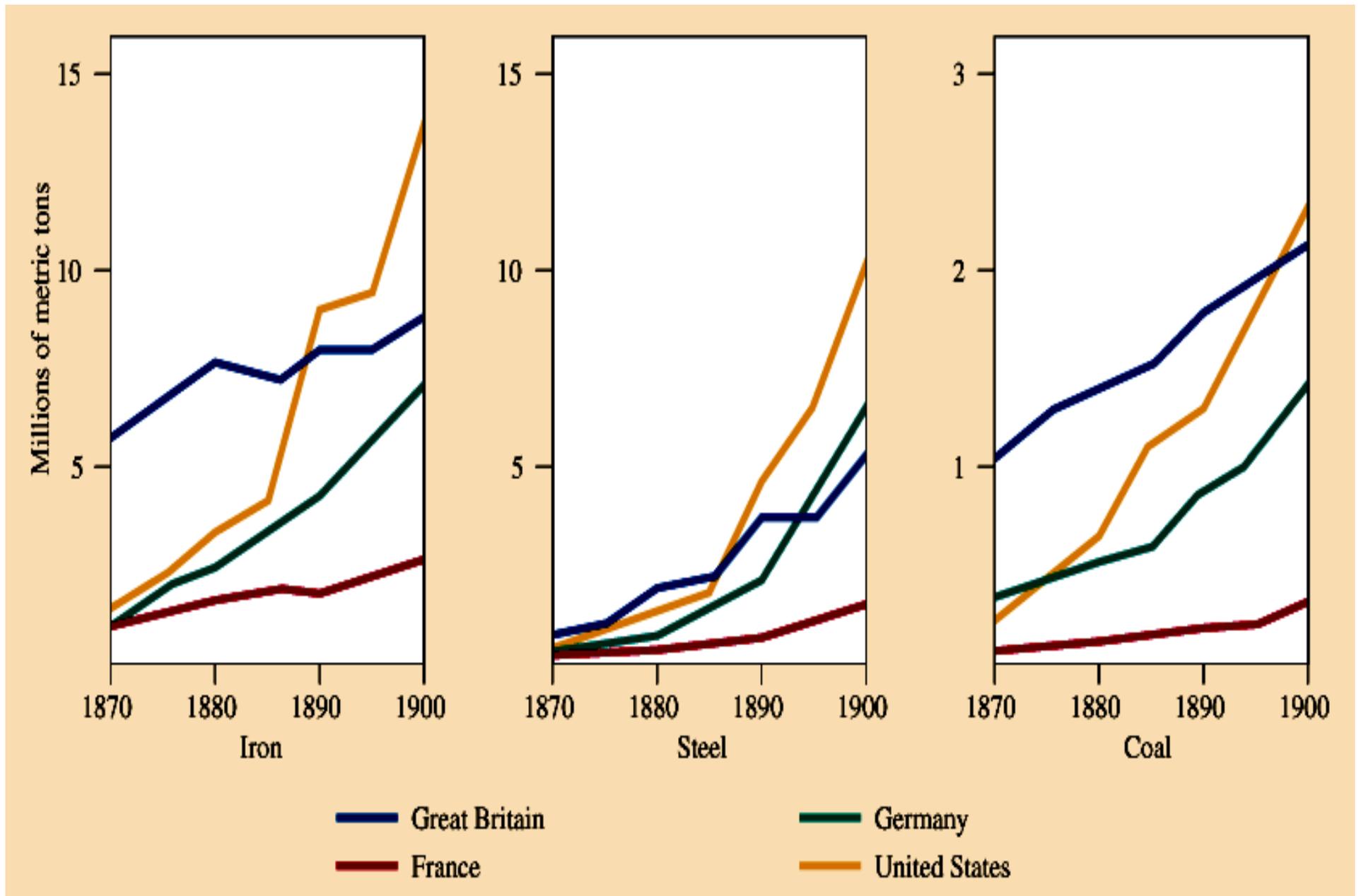


Figure 17.3 Iron, Steel, and Coal Production 1870–1900

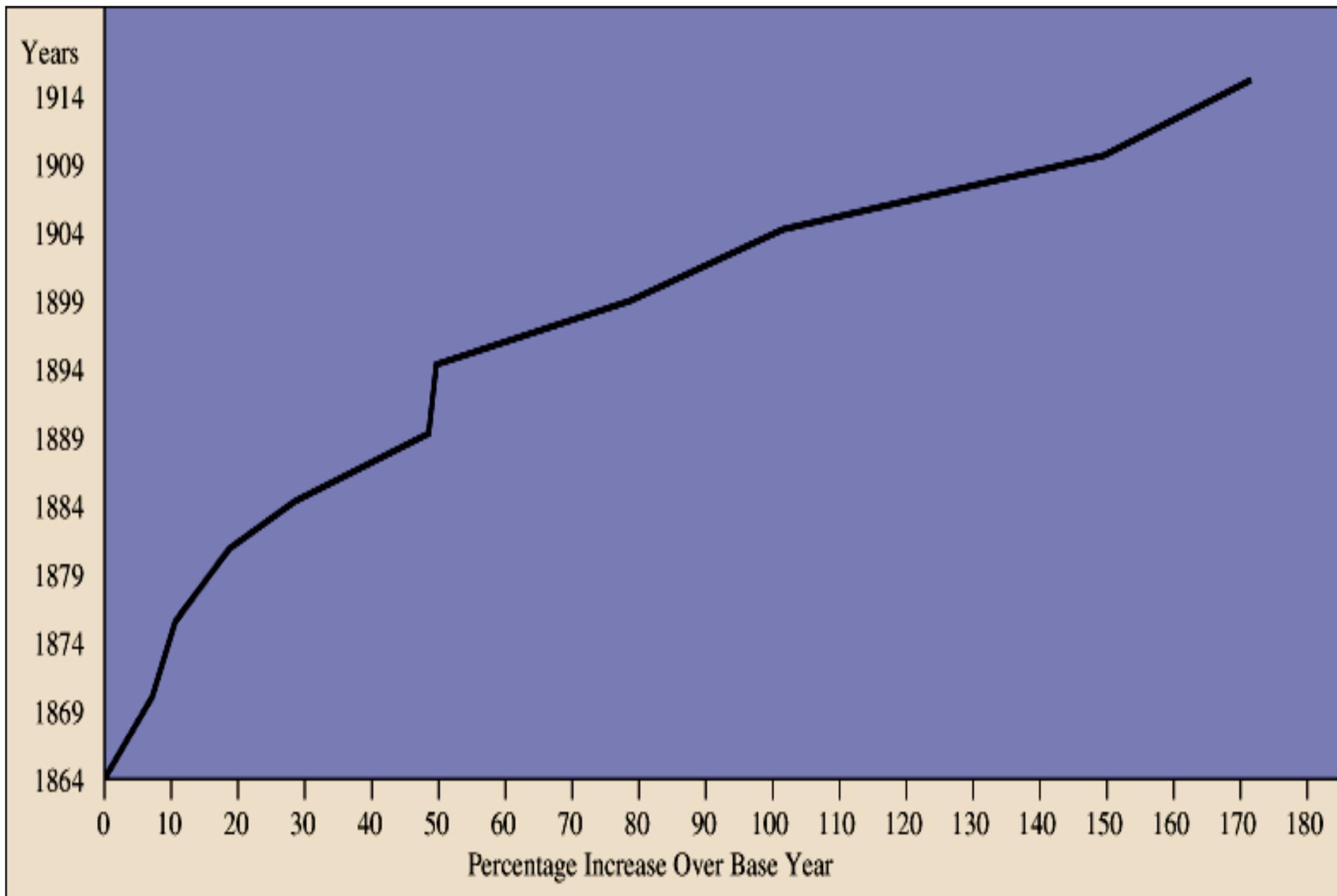


Figure 17.2 Index of U.S. Manufacturing Production, 1864–1914

# Immigrants from Europe

## European Immigration, 1870–1920

Number of immigrants  
(in thousands)

- Immigrants provided the labor force for industrial expansion of the US.
- They also became the customers who in return bought the items produced.

Europe	Europe	Europe	Europe
Great Britain	Germany	Russia	Italy
Ireland	Poland	Baltic States	Spain
Scandinavia	Czechoslovakia	Romania	Portugal
France	Yugoslavia	Bulgaria	Greece
Belgium	Austria-Hungary	European Turkey	

SOURCE: *Historical Statistics of the United States, Colonial Times to 1970*

# Gilded Age Thinking

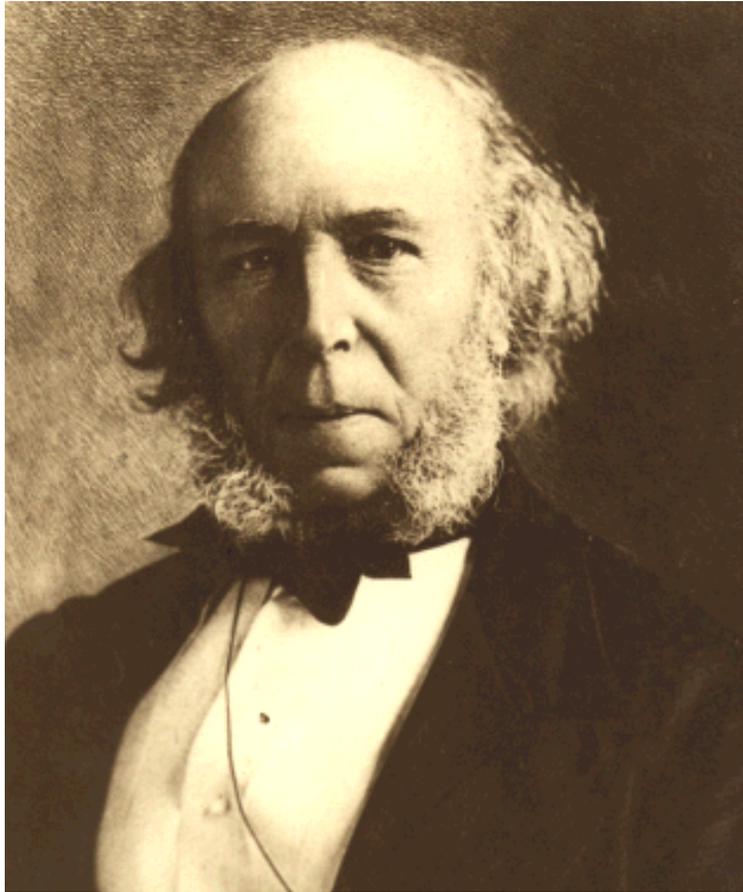
**Laissez Faire** --> the ideology of the Industrial Gilded Age.

Individuals should compete freely in the marketplace.

The selfish ideology of 'get rich or die trying' will improve one's own well-being as well as society's well-being

Government should be "hands off"

# Social Darwinism



- British economist, Herbert Spencer.
- Advocate of *laissez-faire*.
- Adapted Darwin's ideas from the "Origin of Species" to humans.
- Belief that there was a natural upper class and lower class.
- "Survival of the fittest"

# **Social Darwinism**

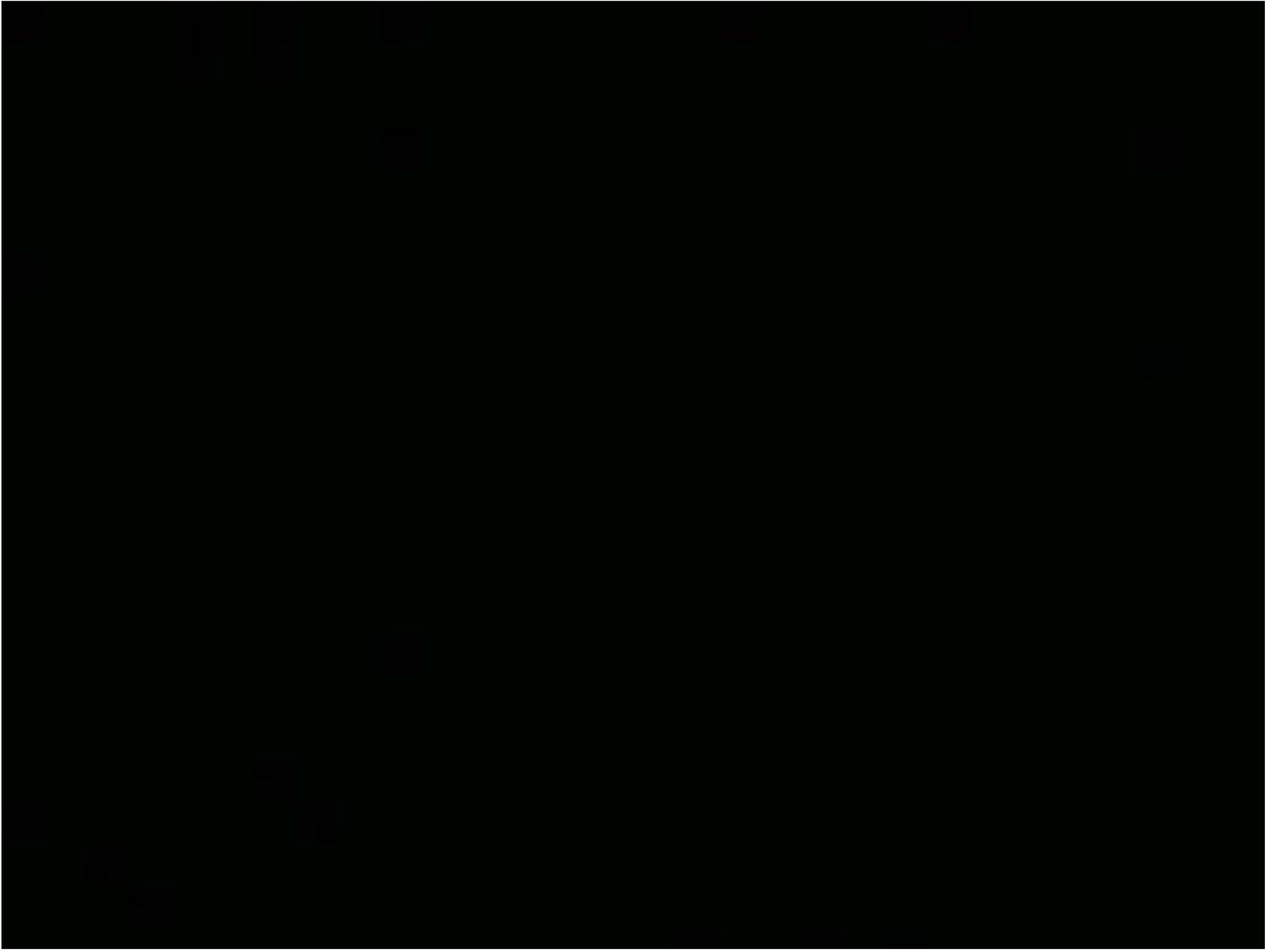
*Belief that in the economic world the strongest companies will survive*

*“The growth of a large business is merely a survival of the fittest.”*

*J. Rockefeller*

# Social Darwinism

- **Social Darwinists believed that companies struggled for survival in the economic world and the government should not tamper with this natural process.**
- **The fittest business leaders would survive and would improve society.**
- **Belief that hard work and wealth showed God's approval and those that were poor were lazy and naturally a lower class.**



# 14th AMENDMENT

## Rights of Citizens

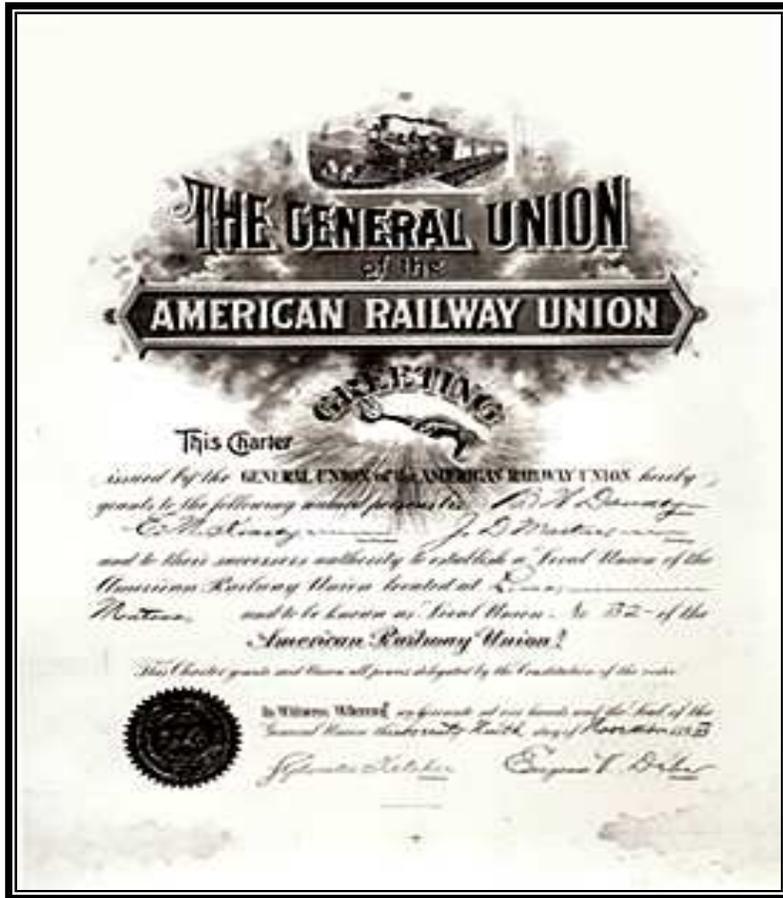
“Right to due process and equal protection of the laws.”

***Industrialists would use the 14th Amendment as a way to defend a corporation from the Sherman Anti-Trust Act.***

# **14th AMENDMENT**

**CORPORATIONS AS PEOPLE**

# Railroad Workers Organize

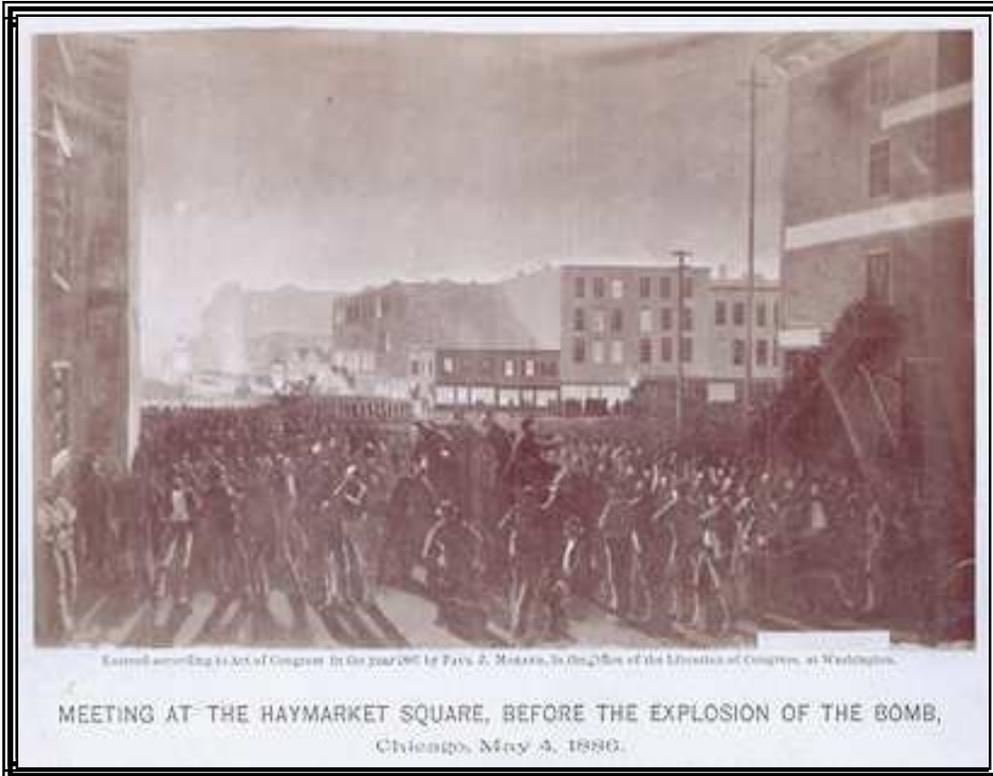


## ❖ The Great Railroad Strike of 1877

- Protesting unfair wage cuts and unsafe working conditions
- The strike was violent and unorganized.
- President Hayes sent federal troops to put down the strike - -- first time army is used during peacetime

– From then on, employers relied on federal and state troops to put down labor strikes

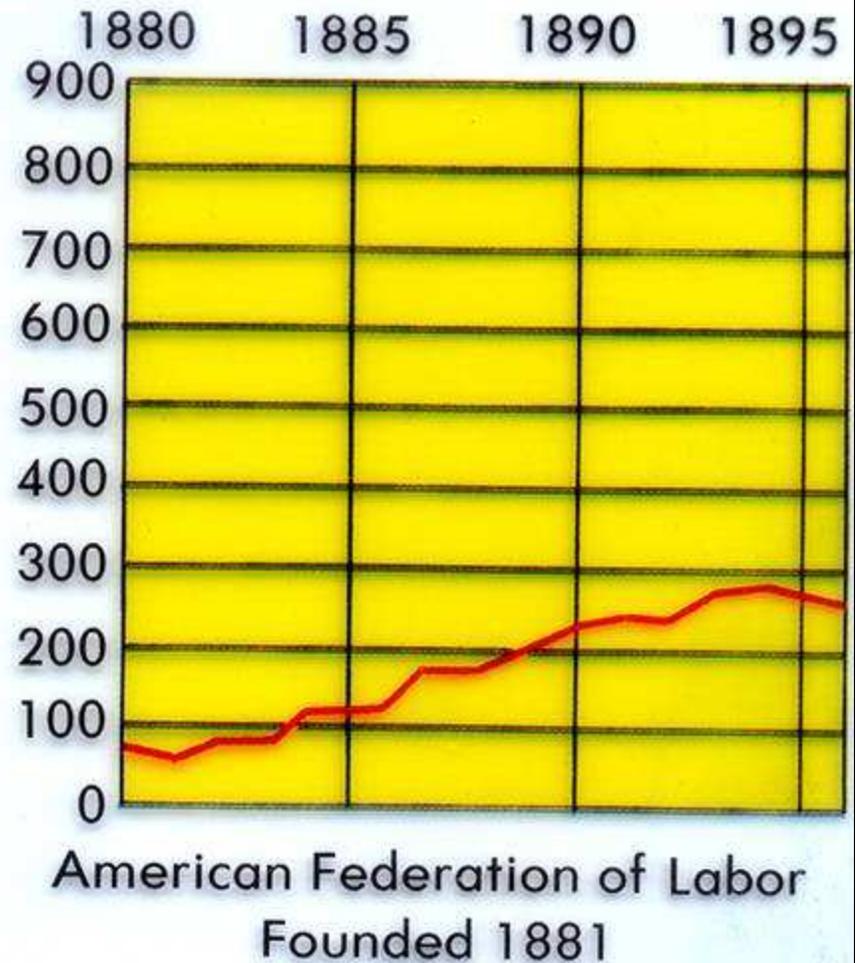
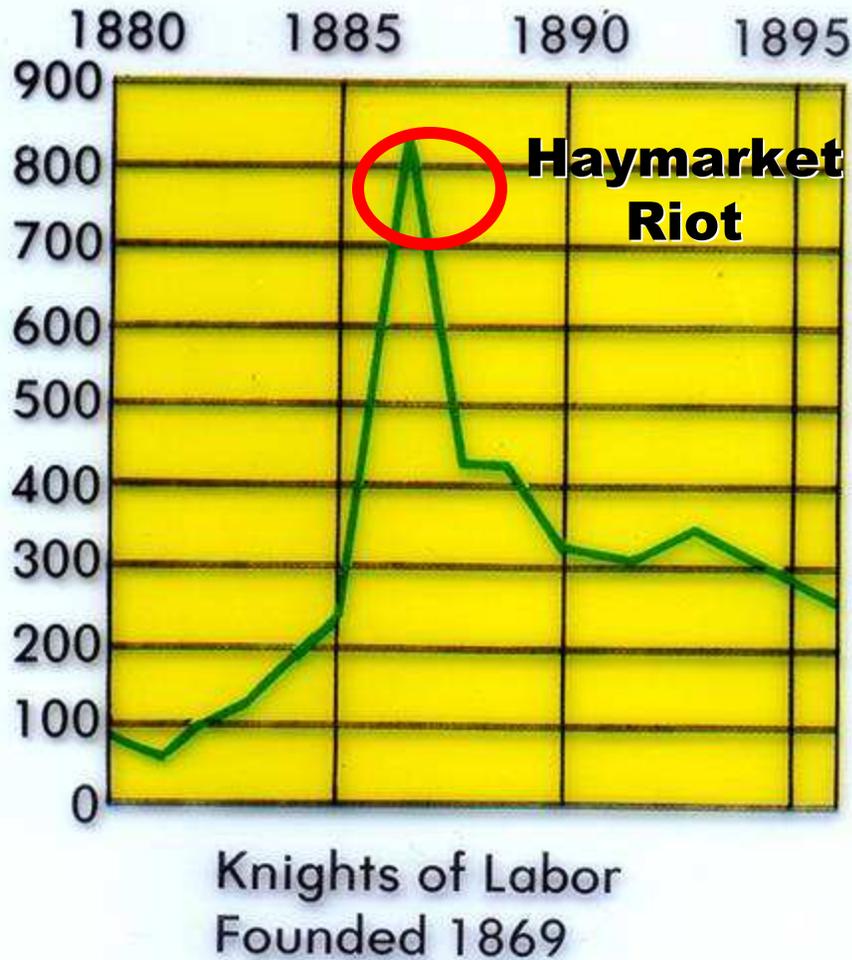
# HAYMARKET RIOT (1886)



- Nation wide strike to demand an 8 work day
  - Riot broke out and Chicago police officers killed several protesters
- To protest the killing, protesters planned a rally for May 4
  - During the protest, a bomb exploded
    - 7 police officers were killed; civilians killed and injured as well
  - Chicago police hunt down murderers
- 8 anarchists were convicted of conspiracy to commit murder
  - This caused the public to look down on labor unions especially the *Knights of Labor*

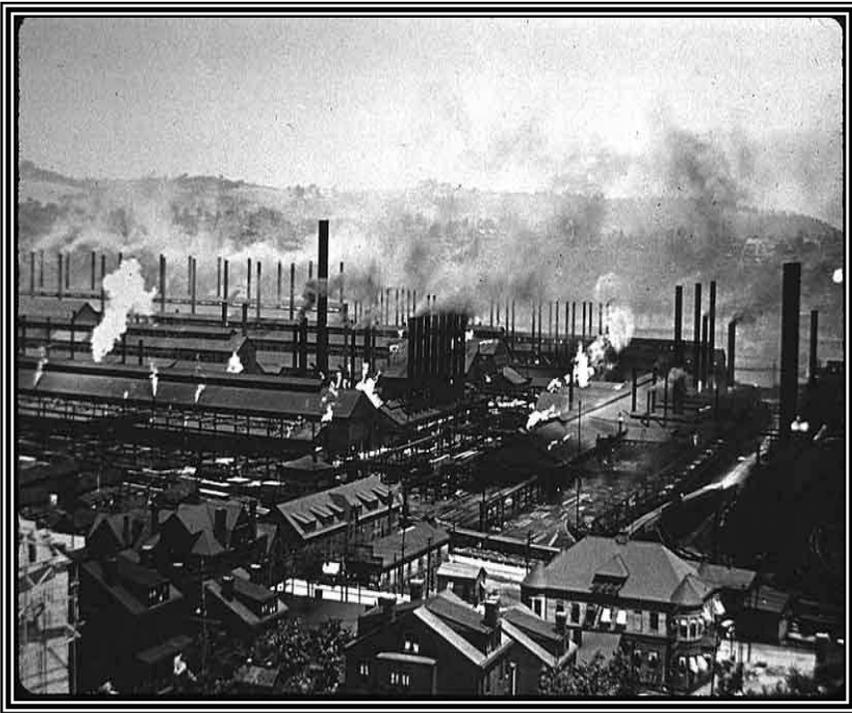
# LABOR UNIONS

GROWTH OF UNION MEMBERSHIP 1880-1896



- Americans were suspicious of labor unions because they tended to go against laissez faire capitalism and strikes were often violent.

# **HOMESTEAD STRIKE**



- 1892, Carnegie Steel workers strike over pay cuts
- Management locks out workers and hires scab workers.
- Violence erupted between strikers and scab workers.
- Pinkerton Security called in to settle violent conflict
- Strikers ambush them
- Some killed, many injured
- National Guard was called in by the governor of Pennsylvania to stop violence and reopen plant

# HOMESTEAD STRIKE

- Carnegie successfully broke up the attempt to organize a union.
- *No labor unions in steel industry until the 1920's.*
- *His public image suffered as a result of the Homestead Strike*

# ❖ Pullman Railroad Strike, 1894

- Company owner named Pullman cut wages but didn't reduce cost of rent workers had to pay to live in his "town" of Pullman
- Boycott is organized; property destruction begins to occur by some disgruntled workers.
- Railway owners turned to the government for help. The judge cited the Sherman Antitrust Act and got a court injunction forbidding all union activity
- Grover Cleveland sent in federal troops because:
  - 1. Strike interfered with delivery of US mail (***Sherman Anti-Trust Bill***)
  - 2. Strikers were ignoring court injunction
  - 2. Strike was a threat to public safety
- Court injunctions against unions continued, limiting union gains for the next 30 years.

# **US GOVERNMENT: TRULY LAISSEZ-FAIRE?**

## **MORRILL TARIFF ACT, 1862**

To protect and encourage American industry

## **NATIONAL BANKING SYSTEM, 1863**

To stimulate the economy and set up a banking system,  
(was a step towards a unified, national banking system)

## **MORRILL ACT, 1862**

To promote education, Congress provided grants of public lands to the states for support of education.

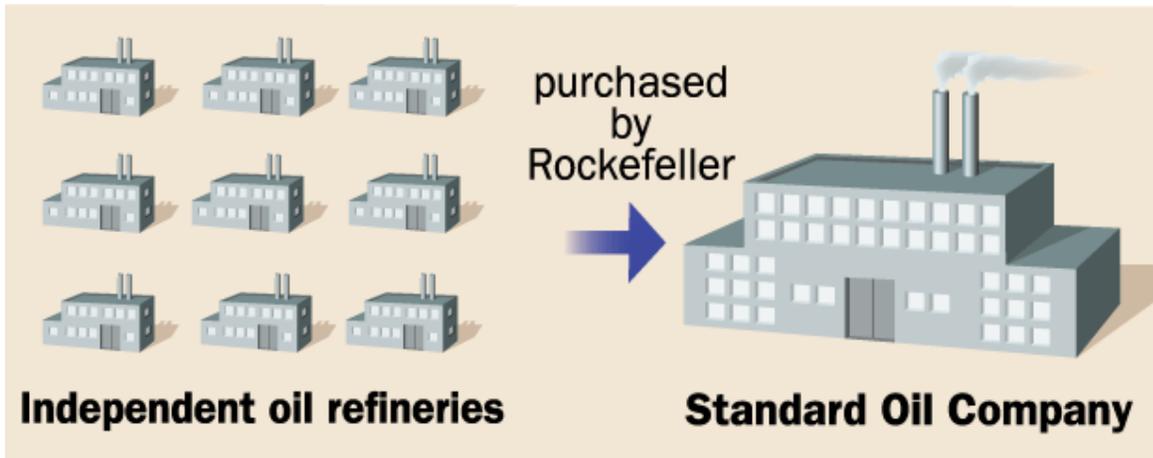
## **LAND GRANTS TO RAILROADS**

US Govt. donated land to railroad companies to encourage growth of this mode of transportation. US Govt. donated approx. 160 million acres of land.....

# VERTICAL AND HORIZONTAL INTEGRATION

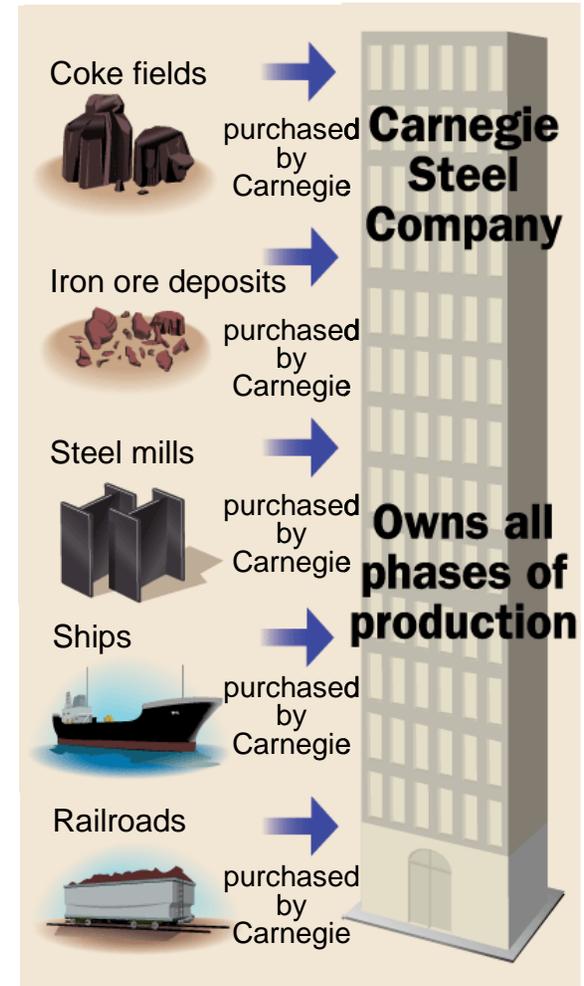
## Vertical Integration

You control all phases of production from the raw material to the finished product



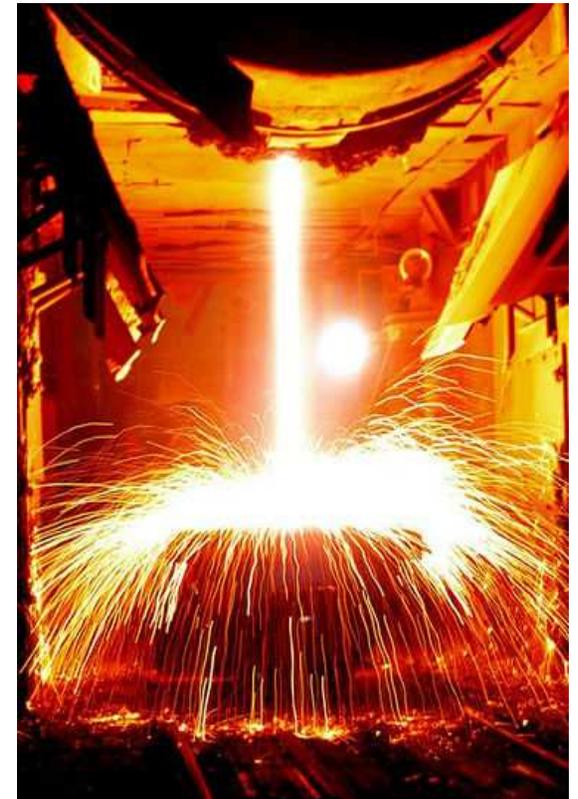
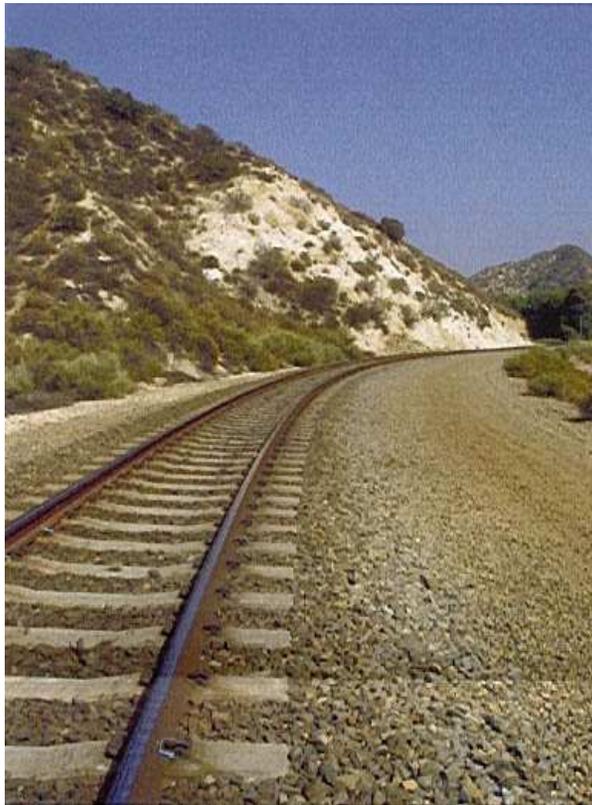
## Horizontal Integration

Buy out your competition until you have control of a single area of industry

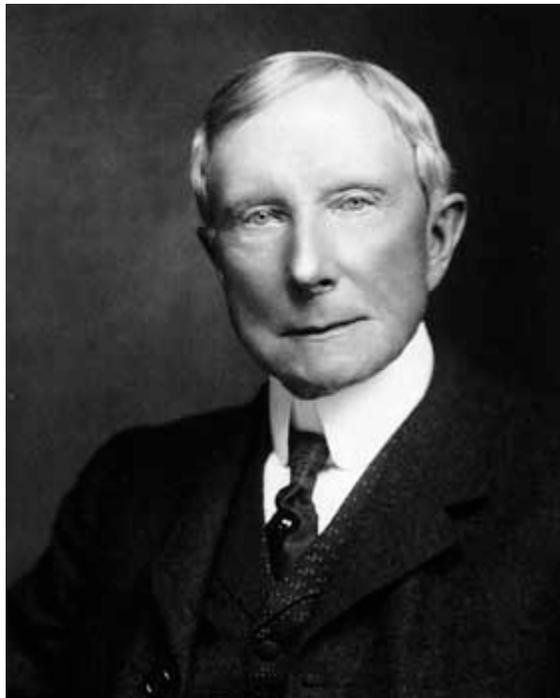


# MONOPOLY

# Historical Example of Vertical Integration



# Historical Example of Horizontal Integration



# ROBBER BARRONS?

- **Rebates**: discount or refund on “freight charges”
  - **Drawbacks / Kickbacks**: Standard Oil gave certain railroads all its shipping business if it agreed to charge Standard Oil 25% to 50% less than its competitors
  - **Buyouts**: Larger corporations forced smaller businesses to sell out
  - **Congress** was “bought out” by the monopolies
    - **Spies**: Stealing your competitor's ideas

***Small businesses  
complained “monopolies”  
eliminated fair competition***

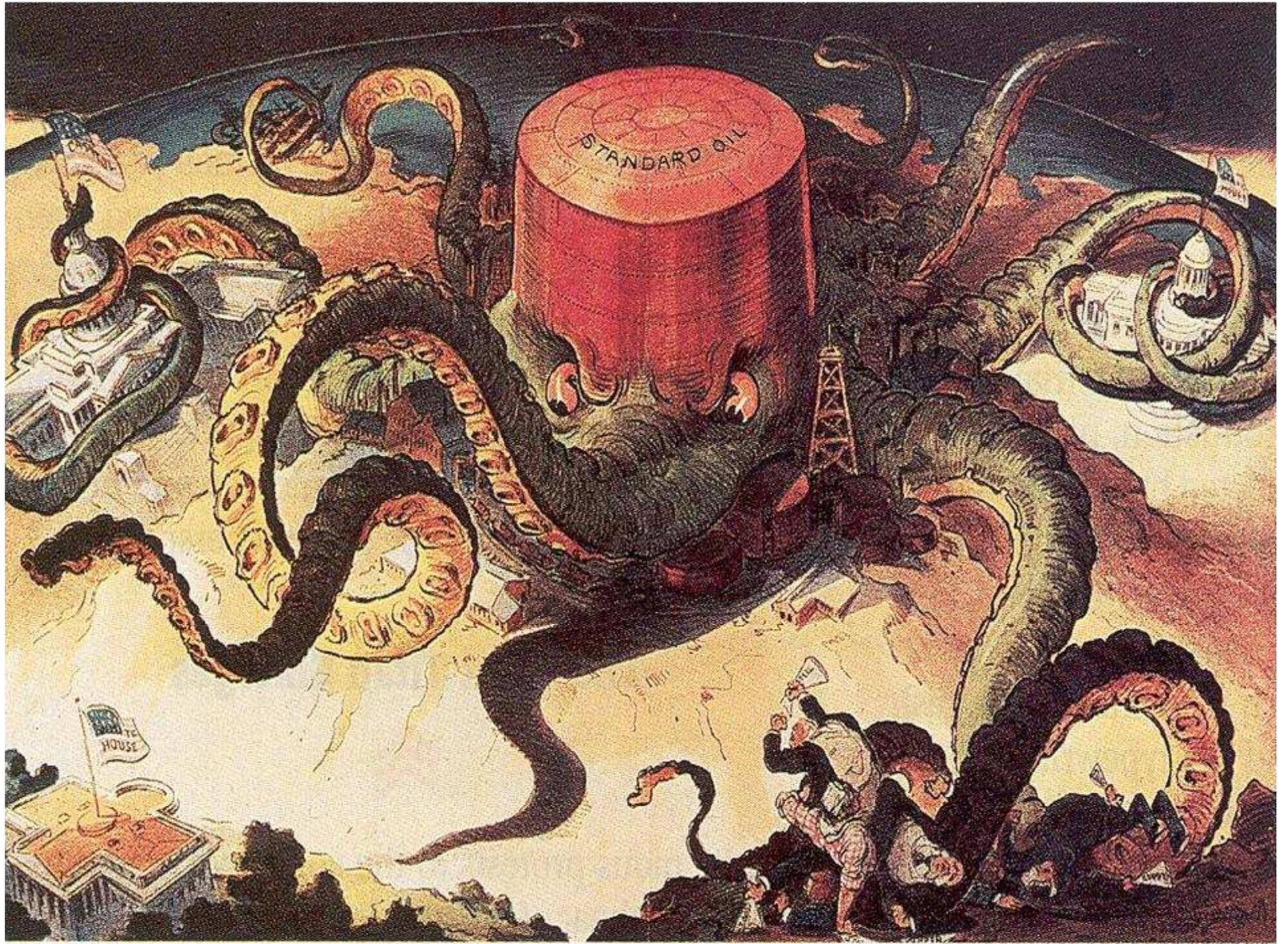
# CAPTAINS OF INDUSTRY OR ROBBER BARONS?

## *“Robber Barons”*

- ❖ Business leaders built their fortunes by stealing from the public.
- ❖ They drained the country of its natural resources.
- ❖ They persuaded or “bribed” public officials to interpret laws in their favor.
- ❖ They ruthlessly drove their competitors to ruin.
- ❖ They paid their workers meager wages and forced them to toil under dangerous and unhealthy conditions.

## *“Captains of Industry”*

- ❖ The business leaders served their nation in a positive way.
- ❖ They increased the supply of goods by building factories.
- ❖ They raised productivity and expanded markets.
- ❖ They created jobs that enabled many Americans to buy new goods and raise their standard of living.
- ❖ They also created museums, libraries, and universities as “philanthropists”



# **Industrial millionaires were condemned in the Populist platform of 1892**

*The fruits of the toil of millions are  
boldly stolen to build up colossal  
fortunes for a few...and the  
possessors of these, in turn despise  
the republic and endanger liberty.  
From the same prolific womb of  
government injustice we breed the  
two great classes---tramps and  
millionaires.*

# LABOR UNIONS: EFFORT TOWARDS EQUALITY

## ***Closed Shop***

Company where only people belonging to the union are hired. It was done by the unions to protect their workers from cheap labor.

## ***Black List***

**List of Union leaders. Often would lose their jobs, beaten up or even killed.**

## ***Collective Bargaining***

Face to face and discussions about better wages, working conditions etc.

## ***Yellow Dog Contracts***

**Employees sign an agreement that they will not join a union while working for the company**

# LABOR UNIONS

## **Knights of Labor**

- **All workers except Chinese**
- **Wanted 8 hr. day, prohibition, end child labor**
- **Unrealistic and vague goals**
  - **Loss of important strikes and failure of cooperatives**
- **Faded away due to poor organizational leadership**
- **Haymarket Riot will “taint” their reputation**

## **American Federation of Labor or AFL**

- **Samuel Gompers, 1881**
- **Skilled workers only**
- **Work within political system for change**
  - **Closed shop and collective bargaining**
- **Also supported Chinese Exclusion**

*The Reverend Henry Ward Beecher (1813–1887) of Brooklyn, the most distinguished (and notorious) clergyman of the era after the Civil War, said,*

“The trade union, which originated under the European system, destroys liberty. I do not say a dollar a day is enough to support a working man, but it is enough to support a man. Not enough to support a man and five children if a man insists on smoking and drinking beer.”

# EUGENE DEBS



- ❖ Founder of the Socialist Party in the U.S.
- ❖ Overthrow the existing laissez faire system
  - ❖ Believed in government ownership of business and capital (money, natural resources)
    - ❖ Government controls production, sets wages, prices and distributes the goods. No profit or competition.
- ❖ Formed American Railway Union (ARU) --- included skilled and unskilled

# Reaction of Employers

## Employers hated & feared unions. Why?

- ❖ European influences of socialism (Marxism)
- ❖ Labor strikes could turn violent
- ❖ Strikes slowed down production, concessions cost employers money --- \$\$\$\$\$

## Took steps to stop unions:

- ❖ forbid union meetings
- ❖ fired union organizers
- ❖ forced new employees to sign “yellow dog” contracts, making them promise never to join a union or participate in a strike
- ❖ Owner of industry would “lock out” workers who were trying to form a union and replace them with “scab” workers
- ❖ refused to bargain collectively when strikes did occur
- ❖ refused to recognize union representatives