

Goal 5

The Gilded Age



Becoming an Industrial Society (1877-1900) - The learner will describe innovations in technology and business practices and assess their impact on economic, political, and social life in America.

- 5.01** Evaluate the influence of immigration and rapid industrialization on urban life.
- 5.02** Explain how business and industrial leaders accumulated wealth and wielded political and economic power.
- 5.03** Assess the impact of labor unions on industry and the lives of workers.
- 5.04** Describe the changing role of government in economic and political affairs.

The Gilded Age: InvenTION!

When the Civil War ended in 1865 there were 35,000 miles of railroad (RR) tracks. In 1900, there were over 200,000 miles!!! Rail transportation became our nation's #1 type of travel. Cities and towns grew-up along the train tracks and secondary markets, those that support rail transportation, like glass, steel, and lumber also benefited. We must remember RRs help the U.S. become strong, but there were other things that made American great: inventions and inventors.

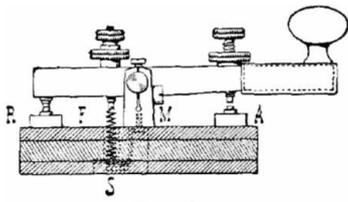


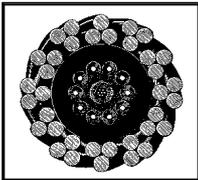
Fig. 6.

Inventions in the late 1800s changed the world! In 1844, **Samuel (F.B.) Morse** invented the **telegraph**. This machine made instant communication between distant places possible.

In 1852 Elisha Graves **Otis**, invented the first safety brake for **elevators**. With his installation of the first safe elevator in 1853 he literally started the elevator industry. Meanwhile, in 1855, **Henry Bessemer** patented a machine that processed high quality steel quickly and cheaply. The combination of the **Bessemer Process** and the Otis elevator made **skyscrapers** possible. Skyscrapers were important because it used the least amount of land to build a building, but maximized that land's use. Instead of having a four story building, as before, you could not have a 100 story building. Skyscrapers would dominate urban (city) areas skylines.



Edwin L. Drake constructed the first **oil drill** operation in Pennsylvania in 1859. People made fun of Drake and called his contraption "**Drake's Folly**." But who had the last laugh?



In 1866, Cyrus Field finally laid the first **underwater transatlantic cable** from the U.S. to England. The cable connected continents together, making communication nearly instantaneous!

In 1869, **George Westinghouse** invented the **air brake** to make RR transportation safer.

Alexander Graham Bell invented the **telephone** in 1876. It was the first form of audible communication. Another improvement to communication was created by C.L. Sholes when he invented the **typewriter**. The typewriter made it possible for more documents to be produced and exchanged. Women began to join the workforce because men thought it was too girly to answer phones and type. This allowed women to become more independent and free-thinking, which meant that they starting thinking they were equals to men. Watch out men because women will want suffrage rights (voting) soon!



While **Henry Ford** did not invent the car, he made his **Model T** cheap and affordable for everyday Americans! This will allow people to move around the country easier. We will discuss this guy more in Goal 7 Progressivism.

"Wizard of Menlo Park" aka **Thomas Alva Edison** changed the world forever with his inventions, the most important being the **incandescent light bulb** in 1879. The light bulb allowed work to continue after the sun went down. The more people could work, the more they could produce, and the more money the business could make.

Create a vertical time-line chronicling the most important late 19th century inventions and complete the timeline with at least 4 illustrations.



The Gilded Age: IndustrializaTION!

Natural Resources: America's Pride!

Inventions need natural resources. Some resources are found only in certain regions of our country. It is not by accident that steel is produced in Pittsburgh as Pennsylvania contains huge deposits of iron ore.

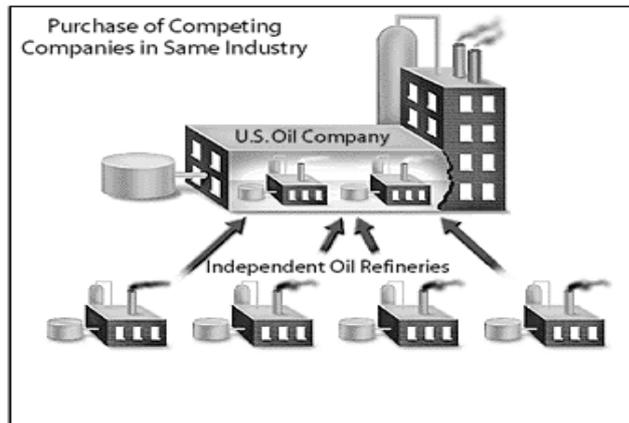
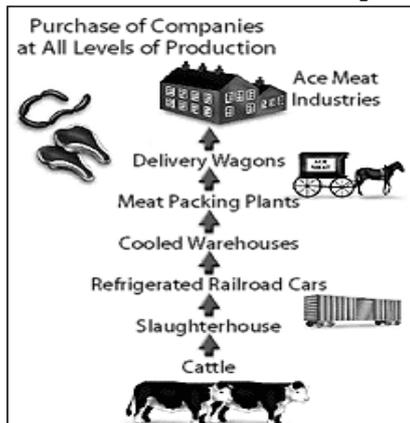
Industrial Leaders: Helpful or Hurtful?

There are four important leaders of business that we must know for the EOC. They all are self-made men and created some of the greatest wealth in the world. While the men are noted for their philanthropy (generosity) they are also condemned for their actions toward workers and the environment. For this, you must decide if these men are considered **Captains of Industry** or **Robber Barons**.

<p>Andrew Carnegie: Man of Steel</p>		<p>Andrew Carnegie owned Carnegie Steel Company. By 1900, using the Bessemer Process, Carnegie made the U.S. the world's largest steel producer. He used vertical integration to make his steel empire untouchable. He would later sell his company to J.P. Morgan.</p>
<p>John D. Rockefeller: Oil Industry</p>		<p>It becomes obvious to JD Rockefeller that oil as a source of energy will dominate the 19th and 20th centuries. Using horizontal integration he buys 95% of his competition and corners the market. His company is called Standard Oil Company and Rockefeller becomes the richest man of all time.</p>
<p>Cornelius Vanderbilt: Railroad Tycoon!</p>		<p>Vanderbilt and sons were responsible for creating a huge railroad network by merging smaller companies. He was criticized for giving railroad discounts to other business leaders. In 1887, the government passed the Interstate Commerce Act, which tried to control the Vanderbilt's company.</p>
<p>JP Morgan: Banking Baron</p>		<p>Never again would any single individual have as much influence over America and its money as did J.P. Morgan. As one of the wealthiest men in the world at the turn of the century, it wasn't the millions he had amassed that formed the basis of his power, but rather the billions he had control over. This guy will be so rich that he will loan the U.S. government money during the 1930s.</p>

Social Darwinism is a theory which used Darwin's Theory of Evolution to explain, in business, only the strongest survive. This often left smaller business owners out of work. It also left workers without a future

Horizontal and Vertical Integration



if they got hurt on the job. During the Gilded Age, **Laissez-faire**—an idea that government should NOT interfere with business was practiced. This meant that business was allowed to compete with no restrictions and the men above tended to be ruthless in their business ways.

INDUSTRIALIST MATCH-UP: Match the correct man to their industry.

- | | |
|-----------------------|----------------|
| _____ 1. Carnegie | A. Oil |
| _____ 2. Morgan | B. Railroads |
| _____ 3. Rockefeller | C. Electricity |
| _____ 4. Vanderbilt | D. Steel |
| _____ 5. Westinghouse | E. Finance |

Business Practices

Business practices during this time influenced the economy. A **monopoly** is when there is exclusive control of a good or a service. No competition means _____ prices. Another practice (called a combination) is a **cartel**. These are loose associations of businesses that make the same product, limit supplies, which will raise prices. Name one famous oil cartel

_____ Cartels and **pools** are very similar.

A **trust** is a combination of companies that allow a board of trustees to control prices and competition in a particular industry. This also raises consumer prices. Because of _____ - _____ economics, there was little government regulation of trusts and that is how the "Captains of Industry" cornered the market.

_____ owned Standard Oil Trust which had 95% control of the oil business and that is why he is one of the richest men of all time, OF ALL TIME!



A **corporation** is a business or a group of businesses owned by stockholders and ran by a board of directors. Most of these practices are now illegal because they gave the businesses unfair advantages, which always lead to higher prices!

As a review, business practices such as trusts, pools, and monopolies do influence the economy. Always remember: less competition means higher prices for the consumer and higher profit for the businesses. But according to the Rockefellers and Carnegies of the world, all is fair, even playing dirty! This is called Social Darwinism.

But what about government involvement? The U.S. government practiced the policy of laissez-faire, leaving business alone! This means the government would not tax business on the profits they made. Also, the government did not get involved in employee/employer problems. If they did, the government usually sided with Big Business!

Many people criticized the industrialists for the ways they gained their wealth and power. It was said they were cheaters, scammers, thieves, and robbers. However, the industrialists and their supporters believed they were just the best men for the job. They believed in **Social**

Darwinism. This was the idea that these men were "fittest" for success and that others were just weaker. It was influenced by Charles Darwin's "survival of the fittest" theory of evolution. These guys said that if you were smart and a hard worker, then you would succeed in life.

What do you think these guys thought of their factory workers? _____

However, not all industrialists believed in just taking and not giving. Andrew Carnegie believed rich people should give back to society. He believed the rich had a responsibility to put their money to good use. Carnegie called this idea his **Gospel of Wealth**. He wanted all of his friends to support the country by helping others. This idea led Carnegie to give lots and lots of money to universities, libraries and the building of art museums and music halls.

Do you think this makes their methods of gaining wealth okay? Why or why not? _____

Are there any wealthy people today that has the same ideas and actions? _____

MYSTERY MESSAGE : FROM THE READING, FILL-OUT EACH CLUE, PLACE LETTER OF THE BOLDED SQUARE IN THE "MYSTERY MESSAGE" LINE. (CLUE #1 GOES ON THE FIRST SPACE AND SO ON!)

CLUE #1: THIS COMPANY WAS OWNED BY JP MORGAN.

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CLUE #2: COMBO OF COMPANIES RAN BY A BOARD OF TRUSTEES THAT CONTROL PRICES AND ELIMINATE COMPETITION

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CLUE #3: HE WAS KNOWN AS THE "MAN OF STEEL," HE WAS A LEADING STEEL PRODUCER.

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CLUE #4: THIS TYCOON OWNED MANY RAILROAD LINES. BECAUSE OF HIS BUSINESS PRACTICES, THE GOV'T PASSED THE INTERSTATE COMMERCE ACT OF 1887.

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CLUE #5: THIS BECOMES OUR NATION'S #1 TYPE OF TRANSPORTATION AFTER THE CIVIL WAR

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CLUE#6: HE INVENTED THE MECHANICAL REAPER, HELPING FARMERS.

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CLUE #7: THIS INVENTION MADE HIGH QUALITY STEEL FASTER, CHEAPER.

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CLUE #8: CYRUS FIELD'S COMMUNICATION INVENTION

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CLUE# 9: TERM: A BUSINESS OR GROUP OF BUSINESSES THAT ARE OWNED BY STOCKHOLDERS AND RAN BY A BOARD OF DIRECTORS

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CLUE #10: THE NICKNAME FOR THE FIRST OIL DRILLING OPERATION

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CLUE #11: HE INVENTED THE SEWING MACHINE, ALTHOUGH SINGER PERFECTED IT.

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CLUE #12: GEORGE WESTINGHOUSE (ALONG WITH LATTIMER) INVENTED *THESE*, WHICH MADE TRAINS SO MUCH SAFER . . .

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CLUE #14: WHEN WAS THE INTERSTATE COMMERCE ACT PASSED?

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____. ____ . _____ # _____ !!

The Gilded Age: ImmigraTION!

So far, we have learned that after the Civil War, the U.S. became an industrial giant. There are five major reasons: First, Americans begin to invent awesome products that made life easier. What are some examples of these products—let’s take a guess: _____.

Second, the U.S. has lots of natural resources which make production of things easier. Third, trains made transportation easier, quicker, and cheaper—what a winning combo! Fourth: the leaders of industry built huge mega-businesses and finally, the U.S. opened the immigration gates. Millions of people moved to the U.S. from all over the world. The U.S. was the land of opportunity as these workers came to make money and improve their life.

“New” Immigration

People who came to North America looking for freedom and opportunity founded the U.S. During 17th and 18th Centuries most immigrants came from Northern and Western Europe. This includes people from places like England, France, Germany, and Norway. These people are known as the “**old immigrants.**” They are usually white, Protestant, and can speak English.

In contrast, “**new immigrants**” came from Southern and Eastern Europe or Asia. “New” European immigrants came from places like Italy, Greece, Russia and Poland. They were either Catholic or Jewish, did not speak English and looked different than the old immigrants. Also there were “new” immigrants from China and Japan. The Asian immigrants did not speak English and were not Protestants. However, all of the groups came seeking freedom and a better way of life.

But these new immigrants were so different from the earlier immigrants: Let’s take a good look:

	Immigrants before 1880s “OLD” or “EARLY”	Immigrants 1880s to 1920 “NEW” or “LATE”
Origin?		
Religion?		
Skills/trade		
Have \$\$?		
Literate?		
Worked?		
Lived?		

“New” European immigrants arrived at **Ellis Island**. This was the immigrant processing center on the East Coast. Remember... *Europeans at Ellis* “New” Asian immigrants were processed at **Angel Island** in San Francisco on the West Coast.

Remember... *Asians at Angel!*

The new immigrants did not assimilate into American culture like earlier immigrants. Assimilate means to _____ culture quickly. They settled in cities and stayed in neighborhoods that had people just like them. The neighborhoods were called **ghettos**. Ghetto simply meant an ethnic neighborhood during this time. Examples of ghettos would be like Little Italy and Chinatown in New York City.

The Gilded Age: UrbanizaTION! Problems of City Life



As we learned, later immigrants moved to the cities and usually settled in the northeast. They worked in factories and lived in **tenements**. Tenements are dirty, run-down, and overcrowded slums that factory workers lived in. City problems during this Gilded Age included lack of sanitation, no police or fire protection, overcrowding, and disease. So, even though immigrants came to seek a better life, they often found despair and heartache. It will not be until the early 1900s that people will begin to address these problems. So, why didn't these new immigrants move to the South? After all, wouldn't they avoid all of these problems? True, but the later immigrants couldn't _____ with poorly paid black labor. That is why the South isn't really affected by the immigration wave of the late 19th Century. While segregation by choice is known as **de facto segregation**, **de jure segregation** is segregation by LAW.



Another problem is that city governments are totally corrupt during this time. **Political bosses** control all aspects of city life. Bosses buy the votes of new arrivals. In return, immigrants get jobs! One of the most famous political bosses was **Boss Tweed of Tammany Hall**, New York. **Thomas Nast**, a great political cartoonist, created many cartoons exposing Boss Tweed's corruption and graft. **Graft** is a fancy word for political corruption in which an official gains something, usually \$\$.



Do the Nast cartoons depict Tweed in a positive or negative way?

Why? _____

The Gilded Age: UnionizaTION!

Another major issue immigrants had to face was their working conditions. Work in the factories was not pleasant. Workers had to work very long days, sometimes 14 to 16 hours. The environment inside the factory was unsafe and unclean. **Factory working conditions** were awful. Wages were low and it was almost impossible for workers to save any money or to improve their way of life. Plus, there were so many immigrants arriving in America that it was easy to find replacement workers, so workers were always afraid of losing their jobs. There was also regular use of **child labor**. Children as young as five were sent to work in the factories. Owners like child labor because they could pay them less, but the children were not treated well and missed out on an education.

Unions

Labor unions were created to help the factory workers. Unions wanted to fix the problems workers faced in the factories. Their goals were to get the 3 betters: BETTER WAGES, BETTER CONDITIONS, and BETTER HOURS. There were two types of unions; craft and trade unions. A **craft union** only allowed workers with a specific skill, or craft to join. **Trade unions** were for less skilled workers and open to more members. Why would unions divide themselves by skills? _____

The **Knights of Labor** formed in 1869. By the mid 1880's it had over 700,000 members. This was a major trade union. It was open to men, women, and minorities. The Knights of Labor tried to use political activity and pressure to achieve their reforms. They wanted the following:

- equal pay for equal work
- eight hour workday
- end of child labor



The Knights of Labor declines after the **Haymarket Riot**, May 4, 1886. The union was blamed for a pipe bomb thrown by anarchists that killed seven policemen and wounded spectators in Chicago. Sadly, the union was not responsible for the violence, but people began to fear unions and the tragedy of the Haymarket Riot caused the Knights to fade away. It gave unions a bad name and weakened support for the labor movement. Unions would not recover from this until the Progressive Era.

A more successful union was the **American Federation of Labor (AFL)**. The AFL was a craft union, meaning they only included skilled workers. Skilled workers were harder for a business owner to replace because they had a special "skill". This gives them more power to make demands. The AFL formed in 1886 and was led by **Samuel Gompers**. The AFL wanted the same things as other unions:

- better pay
- better hours
- better working conditions



The AFL used different methods than the Knights of Labor. They preferred to use economic pressure. These are the tactics used by the AFL:

- * **strikes** – employees refused to work and picketed (protest) outside the factory
- * boycotts – people refuse to buy the products
- * **collective bargaining** – employees negotiate as a united group
- * **mediation** – allows a neutral party to settle the dispute
- * **closed shop** – the AFL wanted owners to ONLY hire union members

What was the AFL trying to accomplish with these tactics? _____

Business Reacts to Unions

Business owners were not happy about unions, they actually hated them. For business owners unions meant paying more to the workers, which meant less money for profit. Plus, the business owners had the government on their side. After all, who was making the big contributions to political campaigns?!?

This is how business owners tried to stop the unions:

- **yellow-dog contracts** - an employee signs a contract that says they won't join a union
- **blacklists**- putting a union members name on a list given to other owners so they can't get a job
- **lockouts** – not letting workers in to work
- **scabs** – non-union workers hired during a strike to replace striking workers
- **injunctions** – court orders that made strikes illegal
- **violence and intimidation** – if nothing else worked

UnionizaTION! The Great Strikes of the Gilded Age

Remember, the **Gilded Age** represents a time in U.S. history in which things look good on the surface, but with a little inspection, will reveal we had serious problems! There were times when the employers and employees clashed. We will look at three separate union clashes during the late 1800s right here, right now:

1. The Great Strike of 1877

- a. Railroad Company cut wages by 10%, a second time in 6 months.
- b. Workers refused to work and the strike spread to 14 states.
- c. Violence erupted between workers, owners, and police.
- d. 100 people died and over \$5 million dollars in property destroyed.
- e. First major strike in history

Identify the cause of the Great Strike: _____

What is the result of the Great Strike: _____

2. The Homestead Steel Strike of 1892

- a. After negotiating a contract, U.S. Steel cuts worker's wages, causing a strike!
- b. Employer hires scabs and body guards (Pinkertons) to protect them.
- c. Union finds out and as scabs are transported to the job site, shots are fired at the strikebreakers and the Pinkertons.
- d. Many killed and injured
- e. Everyday people blame strikers, Union ends the strike.

Which "captain of industry" owned the U.S. Steel company? _____

What was the job of the Pinkertons? _____

Result of the Strike? _____

3. The Pullman Strike of 1894

- a. Worker's wages cut 25 to 40%, angering workers.
- b. American Railway Union calls for a strike!
- c. U.S. government issues an injunction—mail must be delivered!
- d. Sherman Anti-trust act is used against the union.
- e. Troops called to enforce injunction, 12 people killed.
- f. Eugene Debs thrown in jail, strike collapses.
- g. Government favors Big Business and not the worker!

Is a union a trust in restraint of trade? Yes or no and justify your position: _____

Gilded Age Politics

Gilded means to cover something of little value with gold to make it appear more valuable than it is. For the end of the 19th Century the prosperity of the industrial period was thinly covering the deep levels of poverty and corruption that existed in society. In other words, on the outside our nation looked bright and shiny, but underneath it all there were serious problems. This is why the period from 1877-1900 is known as the **Gilded Age**.



Political Corruption and Scandals

One of the major areas that experienced corruption during the Gilded Age was the world of politics. The wealthy industrialists easily bought politicians. Immigrants were manipulated and exploited by local government officials. As we have already learned, workers and unions were being unfairly treated by owners and the government. Let's look at corruption on a presidential scale.

Whiskey Ring Scandal

President Ulysses S. Grant used the spoils system to appoint many officials in his government. Unfortunately, the men he appointed were not the best choices. They used their positions in the federal government to make themselves wealthy. After the Civil War, the tax on whiskey was increased. In order to avoid paying the tax, whiskey distillers paid bribes to Treasury officials. Grant was never blamed, but this was bad for his administration.

Credit Mobilier Scandal

Once again scandal strikes Grant's presidency. In 1872, it was discovered that the Union Pacific Railroad Company had been overcharging the U.S. government to build the transcontinental railroad. The government and the people of the U.S. had been cheated out of \$20 million. This was highly illegal. People were upset because when the government spends money they are spending tax money and this tax money comes from you and me.

Because of these scandals many people were asking for political reform. THEY wanted to end the spoils system. Success comes with the passage of the **Pendleton Act** in 1881. This law created the Civil Service Commission, which created an exam for anyone who wanted a government job. This ensured that people were qualified for a job before receiving it.

The Gilded Age: Government's Response to Big Business

As more and more businesses began forming trusts, pools, cartels, and monopolies, the demand for government regulation was overwhelming. In 1890, the U.S. Congress passed the Sherman Anti-Trust Act. It declared:

“Every . . . combination in the form of a trust (monopoly, pool, cartel) in restraint of trade . . . is declared illegal.”

Restraint of trade means unfair reduced competition between businesses. Although the Sherman Anti-Trust Act was on the books, it was hard to enforce. For example, the **E.C. Knight Company** was a business combination controlling over 98 percent of the sugar-refining business in the United States. The U.S. accused Knight of violating the Sherman Anti-Trust Act. Knight claimed its product was a Trust of many sugar companies and the Court ruled in favor of Knight and said it did not violate the restraint of trade provision of the Sherman Anti-Trust Act. This case, **United States v. E. C. Knight Co. (1895)** proved that the Sherman Anti-Trust Act just wasn't strong enough. Therefore, trusts, pools, cartels, and monopolies continued to grow. It would take years before a president actually tried to make Big Business follow the law and be fair. The President _____ aka “The Trustbuster.”

Fast Facts

What was government's position in regulating business in the Gilded Age? _____

List the three major industrialists of the era:

1. _____ (railroads)
2. _____ (steel)
3. _____ (oil)

What are the four types of business practices that tend to give an unfair advantage to Big Business?

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Predict what will happen to prices of goods when the Sherman Anti-Trust Act is enforced?

If you were a worker during the Gilded Age, what would you prioritize as the most important needs for the worker? List the needs in order, first, most important to third, least important. Be prepared to explain why.