16 America's Gilded Age 1870–1890

FOCUS QUESTIONS

- What factors combined to make the United States a mature industrial society after the Civil War?
- How was the West transformed economically and socially in this period?
- Was the Gilded Age political system effective in meeting its goals?
- How did the economic development of the Gilded Age affect American freedom?
- How did reformers of the period approach the problems of an industrial society?

An immense crowd gathered in New York Harbor on October 28, 1886, for the dedication of *Liberty Enlightening the World*, a fitting symbol for a nation now wholly free. The idea for the statue originated in 1865 with Édouard de Laboulaye, a French educator and the author of several books on the United States, as a response to the assassination of Abraham Lincoln. The statue, de Laboulaye hoped, would celebrate both the historic friendship between France and the United States and the triumph, through the Union's victory in the Civil War, of American freedom. Measuring more than 150 feet from torch to toe and standing atop a huge pedestal, the edifice was the tallest man-made structure in the Western Hemisphere. It exceeded in height, newspapers noted with pride, the Colossus of Rhodes, a wonder of the ancient world.

In time, the Statue of Liberty, as it came to be called, would become Americans' most revered national icon. For over a century it has stood

as a symbol of freedom. The statue has offered welcome to millions of immigrants—the "huddled masses yearning to breathe free" celebrated in a poem by Emma Lazarus inscribed on its base in 1903. In the years since its dedication, the statue's familiar image has been reproduced by folk artists in every conceivable medium and has been used by advertisers to promote everything from cigarettes and lawn mowers to war bonds. As its use by Chinese students demanding democracy in the Tiananmen Square protests of 1989 showed, it has become a powerful international symbol as well.

The year of the statue's dedication, 1886, also witnessed the "great upheaval," a wave of strikes and labor protests that touched every part of the nation. The 600 dignitaries (598 of them men) who gathered on what is now called Liberty Island for the dedication hoped the Statue of Liberty would inspire renewed devotion to the nation's political and economic system. But for all its grandeur, the statue could not conceal the deep social divisions and fears about the future of American freedom that accompanied the country's emergence as the world's leading industrial power. Nor did the celebrations address the crucial questions that moved to the center stage of American public life during the 1870s and 1880s and remained there for decades to come: What are the social conditions that make freedom possible, and what role should the national government play in defining and protecting the liberty of its citizens?

THE SECOND INDUSTRIAL REVOLUTION

Between the end of the Civil War and the early twentieth century, the United States underwent one of the most rapid and profound economic revolutions any country has ever experienced. There were numerous causes for this explosive economic growth. The country enjoyed abundant natural resources, a growing supply of labor, an expanding market for manufactured goods, and the availability of capital for investment. In addition, the federal government actively promoted industrial and agricultural development. It enacted high tariffs that protected American industry from foreign competition, granted land to railroad companies to encourage construction, and used the army to remove Indians from western lands desired by farmers and mining companies.

THE INDUSTRIAL ECONOMY

The rapid expansion of factory production, mining, and railroad construction in all parts of the country except the South signaled the transition from Lincoln's America—a world centered on the small farm and artisan workshop—to a mature industrial society. Americans of the late nineteenth century marveled at the triumph of the new economy. "One can hardly believe," wrote the philosopher John Dewey, "there has been a revolution in history so rapid, so extensive, so complete."

By 1913, the United States produced one-third of the world's industrial output—more than the total of Great Britain, France, and Germany combined. Half of all industrial workers now labored in plants with more than 250 employees. On the eve of the Civil War, the first industrial revolution, centered on the textile industry, had transformed New England into a center of manufacturing. But otherwise, the United States was still primarily an agricultural nation. By 1880, for the first time, the Census Bureau found a majority of the workforce engaged in non-farming jobs. The traditional dream of economic independence seemed obsolete. By 1890, two-thirds of Americans worked for wages, rather than owning a farm, business, or craft shop. Drawn to factories by the promise of employment, a new working class emerged in these years. Between 1870 and 1920, almost 11 million Americans moved from farm to city, and another 25 million immigrants arrived from overseas.

CHRONOLOGY

1872	Crédit Mobiler scandal
1873	Mark Twain and Charles Dudley Warner's *Gilded Age*
1876	Battle of the Little Bighorn
1877	Reconstruction ends
	Munn v. Illinois
	Great Railroad Strike
1879	Henry George's *Progress and Poverty*
1883	Civil Service Act
	Railroads create time zones
	William Graham Sumner's *What Social Classes Owe to Each Other*
1884	*Elk v. Wilkins*
1886	Haymarket affair
	Wabash v. Illinois
1887	Interstate Commerce Commission created
	Dawes Act
1888	Edward Bellamy's *Looking Backward*
1890	Sherman Antitrust Act
	Jacob Riis's *How the Other Half Lives*
	Massacre at Wounded Knee
1894	Henry Demarest Lloyd's *Wealth against Commonwealth*
1895	*United States v. E. C. Knight Co.*
1896	Utah gains statehood
1899	Thorstein Veblen's *The Theory of the Leisure Class*
1905	*Lochner v. New York*

Most manufacturing now took place in industrial cities. New York, with its new skyscrapers and hundreds of thousands of workers in all sorts of manufacturing establishments, symbolized dynamic urban growth. After merging with Brooklyn in 1898, its population exceeded 3.4 million. The city financed industrialization and westward expansion, its banks and stock exchange funneling capital to railroads, mines, and factories. But the heartland of the second industrial revolution was the region around the Great Lakes, with its factories producing iron and steel, machinery, chemicals, and packaged foods. Pittsburgh had become the world's center of iron and steel manufacturing. Chicago, by 1900 the nation's second-largest city, with 1.7 million inhabitants, was home to factories producing steel and farm machinery and giant stockyards where cattle were processed into meat products for shipment east in refrigerated rail cars. Smaller industrial cities also proliferated, often concentrating on a single industry—cast-iron stoves in Troy, New York, silk in Paterson, New Jersey, furniture in Grand Rapids, Michigan.

Table 16.1 INDICATORS OF ECONOMIC CHANGE, 1870–1920

	1870	*1900*	*1920*
Farms (millions)	2.7	5.7	6.4
Land in farms (million acres)	408	841	956
Wheat grown (million bushels)	254	599	843
Employment (millions)	14	28.5	44.5
In manufacturing (millions)	2.5	5.9	11.2
Percentage in workforce[a]			
Agricultural	52		27
Industry[b]	29		44
Trade, service, administration[c]	20		27
Railroad track (thousands of miles)	53	258	407
Steel produced (thousands of tons)	0.8	11.2	46
GNP (billions of dollars)	7.4	18.7	91.5
Per capita (in 1920 dollars)	371	707	920
Life expectancy at birth (years)	42	47	54

[a] Percentages are rounded and do not total 100.
[b] Includes manufacturing, transportation, mining, and construction.
[c] Includes trade, finance, and public administration.

RAILROADS AND THE NATIONAL MARKET

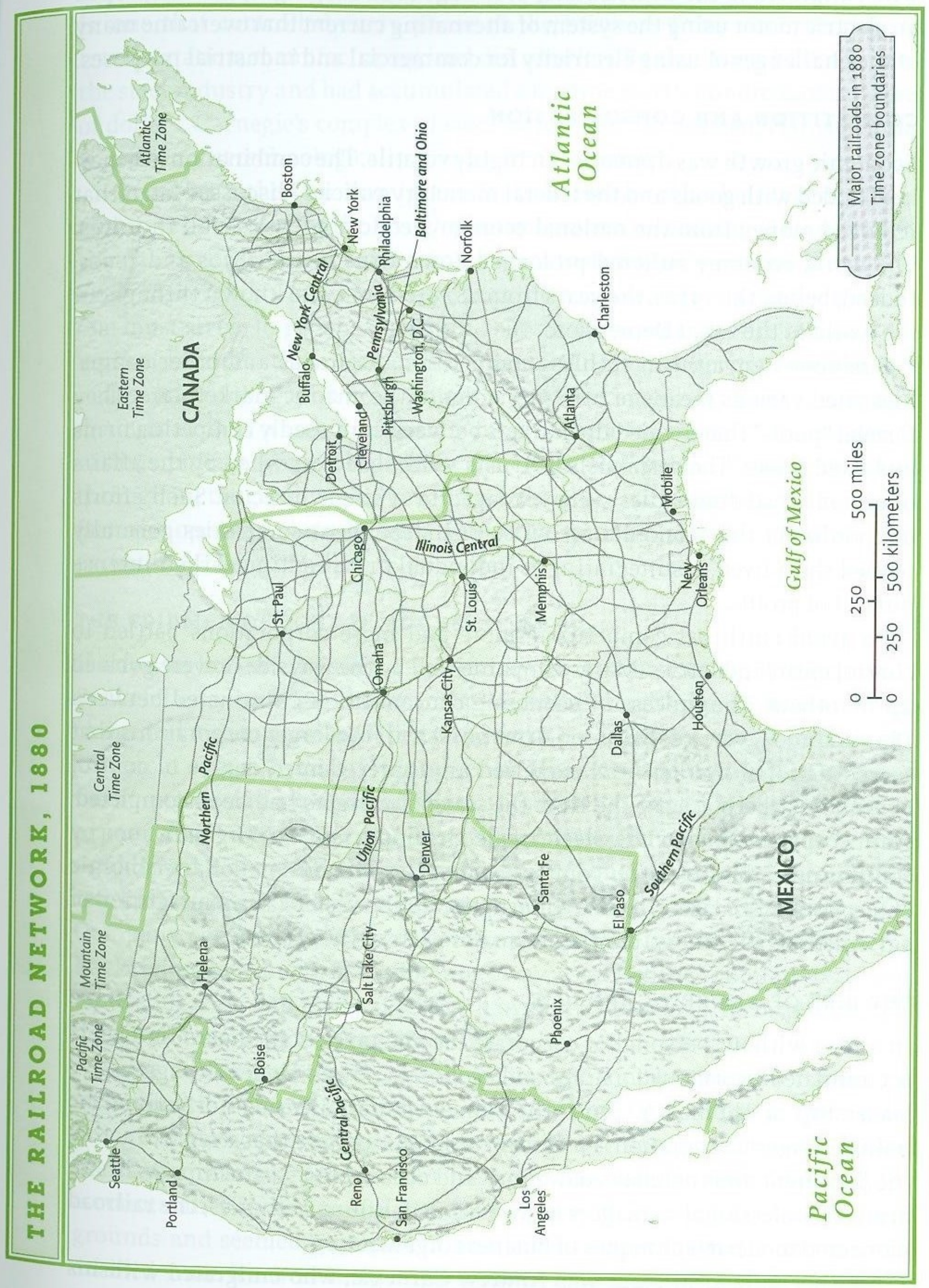
The railroad made possible what is sometimes called the "second industrial revolution." Spurred by private investment and massive grants of land and money by federal, state, and local governments, the number of miles of railroad track in the United States tripled between 1860 and 1880 and tripled again by 1920, opening vast new areas to commercial farming and creating a truly national market for manufactured goods. In 1886, the railroads adopted a standard national gauge (the distance separating the two tracks), making it possible for the first time for trains of one company to travel on any other company's track. By the 1890s, five transcontinental lines transported the products of western mines, farms, ranches, and forests to eastern markets and carried manufactured goods to the West. The railroads reorganized time itself. In 1883, the major companies divided the nation into the four time zones still in use today.

The growing population formed an ever-expanding market for the mass production, mass distribution, and mass marketing of goods, essential elements of a modern industrial economy. The spread of national brands like Ivory soap and Quaker Oats symbolized the continuing integration of the economy. So did the growth of national chains, most prominently the Atlantic and Pacific Tea Company, better known as A & P grocery stores. Based in Chicago, the national mail-order firms Montgomery Ward and Sears, Roebuck & Co. sold clothing, jewelry, farm equipment, and numerous other goods to rural families throughout the country.

THE SPIRIT OF INNOVATION

A remarkable series of technological innovations spurred rapid communication and economic growth. The opening of the Atlantic cable in 1866 made it possible to send electronic telegraph messages instantaneously between the United States and Europe. During the 1870s and 1880s, the telephone, typewriter, and handheld camera came into use.

Scientific breakthroughs poured forth from research laboratories in Menlo Park and Orange, New Jersey, created by the era's greatest inventor, Thomas A. Edison. During the course of his life, Edison helped to establish entirely new industries that transformed private life, public entertainment, and economic activity, including the phonograph, lightbulb, motion picture, and a system for generating and distributing electric power. He opened the first electric generating station in Manhattan in 1882 to provide power to streetcars, factories, and private homes, and he established, among other companies, the forerunner of General Electric to market electrical equipment. The spread of electricity was essential to industrial and urban growth, providing a more reliable and flexible source of power than water or steam. However, it was not Edison



By 1880, the transnational rail network made possible the creation of a truly national market for goods.

but another inventor, Nikola Tesla, an ethnic Serb born in modern-day Croatia who emigrated to the United States at the age of twenty-eight, who developed an electric motor using the system of alternating current that overcame many of the challenges of using electricity for commercial and industrial purposes.

COMPETITION AND CONSOLIDATION

Economic growth was dramatic but highly volatile. The combination of a market flooded with goods and the federal monetary policies (discussed later) that removed money from the national economy led to a relentless fall in prices. The world economy suffered prolonged downturns in the 1870s and 1890s. Indeed, before the 1930s, the years from 1873 to 1897 were known throughout the world as the Great Depression.

Businesses engaged in ruthless competition. Railroads and other companies tried various means of bringing order to the chaotic marketplace. They formed "pools" that divided up markets between supposedly competing firms and fixed prices. They established "trusts"—legal devices whereby the affairs of several rival companies were managed by a single director. Such efforts to coordinate the economic activities of independent companies generally proved short-lived, disintegrating as individual firms continued their intense pursuit of profits.

To avoid cutthroat competition, more and more corporations battled to control entire industries. Many companies fell by the wayside or were gobbled up by others. The process of economic concentration culminated between 1897 and 1904, when some 4,000 firms vanished into larger corporations that served national markets and exercised an unprecedented degree of control over the marketplace. By the time the wave of mergers had been completed, giant corporations like U.S. Steel (created by financier J. P. Morgan in 1901 by combining eight large steel companies into the first billion-dollar economic enterprise), Standard Oil, and International Harvester (a manufacturer of agricultural machinery) dominated major parts of the economy.

THE RISE OF ANDREW CARNEGIE

In an era without personal or corporate income taxes, some business leaders accumulated enormous fortunes and economic power. Under the aggressive leadership of Thomas A. Scott, the Pennsylvania Railroad—for a time the nation's largest corporation—forged an economic empire that stretched across the continent and included coal mines and oceangoing steamships. With an army of professional managers to oversee its far-flung activities, the railroad pioneered modern techniques of business organization.

Another industrial giant was Andrew Carnegie, who emigrated with his family from his native Scotland at the age of thirteen and as a teenager worked in a Pennsylvania textile factory. During the depression that began in 1873, Carnegie set out to establish a "vertically integrated" steel company—that is, one that controlled every phase of the business from raw materials to transportation, manufacturing, and distribution. By the 1890s, he dominated the steel industry and had accumulated a fortune worth hundreds of millions of dollars. Carnegie's complex of steel factories at Homestead, Pennsylvania, were the most technologically advanced in the world.

Carnegie's father, an immigrant Scottish weaver who had taken part in popular efforts to open the British political system to working-class participation, had instilled in his son a commitment to democracy and social equality. From his mother, Carnegie learned that life was a ceaseless struggle in which one must strive to get ahead or sink beneath the waves. His life reflected the tension between these elements of his upbringing. Believing that the rich had a moral obligation to promote the advancement of society, Carnegie denounced the "worship of money" and distributed much of his wealth to various philanthropies, especially the creation of public libraries in towns throughout the country. But he ran his companies with a dictatorial hand. His factories operated nonstop, with two twelve-hour shifts every day of the year except the Fourth of July.

THE TRIUMPH OF JOHN D. ROCKEFELLER

If any single name became a byword for enormous wealth, it was John D. Rockefeller, who began his working career as a clerk for a Cleveland merchant and rose to dominate the oil industry. He drove out rival firms through cutthroat competition, arranging secret deals with railroad companies, and fixing prices and production quotas. Rockefeller began with "horizontal" expansion—buying out competing oil refineries. But like Carnegie, he soon established a vertically integrated monopoly, which controlled the drilling, refining, storage, and distribution of oil. By the 1880s, his Standard Oil Company controlled 90 percent of the nation's oil industry. Like Carnegie, Rockefeller gave much of his fortune away, establishing foundations to promote education and medical research. And like Carnegie, he bitterly fought his employees' efforts to organize unions.

These and other industrial leaders inspired among ordinary Americans a combination of awe, admiration, and hostility. Depending on one's point of view, they were "captains of industry," whose energy and vision pushed the economy forward, or "robber barons," who wielded power without any accountability in an unregulated marketplace. Most rose from modest backgrounds and seemed examples of how inventive genius and business sense enabled Americans to seize opportunities for success. But their dictatorial attitudes, unscrupulous methods, repressive labor policies, and exercise of

Baxter Street Court, *1890, one of numerous photographs by Jacob Riis depicting living conditions in New York City's slums.*

remaining 99 percent. Many of the wealthiest Americans consciously pursued an aristocratic lifestyle, building palatial homes, attending exclusive social clubs, schools, and colleges, holding fancy-dress balls, and marrying into each other's families. In 1899, the economist and social historian Thorstein Veblen published *The Theory of the Leisure Class*, a devastating critique of an upper-class culture focused on "conspicuous consumption"—that is, spending money not on needed or even desired goods, but simply to demonstrate the possession of wealth. One of the era's most widely publicized spectacles was an elaborate costume ball organized in 1897 by Mrs. Bradley Martin, the daughter of a New York railroad financier. The theme was the royal court of prerevolutionary France. The Waldorf-Astoria Hotel was decorated to look like the palace of Versailles, the guests wore the dress of the French nobility, and the hostess bedecked herself with the actual jewels of Queen Marie Antoinette.

Not that far from the Waldorf, much of the working class lived in desperate conditions. Matthew Smith's 1868 best-seller *Sunshine and Shadow in New York* opened with an engraving that contrasted department store magnate Alexander T. Stewart's two-million-dollar mansion with housing in the city's slums. Two decades later, Jacob Riis, in *How the Other Half Lives* (1890), offered a shocking account of living conditions among the urban poor, complete with photographs of apartments in dark, airless, overcrowded tenement houses.

THE TRANSFORMATION OF THE WEST

Nowhere did capitalism penetrate more rapidly or dramatically than in the trans-Mississippi West, whose "vast, trackless spaces," as the poet Walt Whitman called them, were now absorbed into the expanding economy. At the close of the Civil War, the frontier of continuous white settlement did not extend very far beyond the Mississippi River. To the west lay millions of acres of fertile and mineral-rich land roamed by giant herds of buffalo whose meat

and hides provided food, clothing, and shelter for a population of more than 250,000 Indians.

In 1893, the historian Frederick Jackson Turner gave a celebrated lecture, "The Significance of the Frontier in American History," in which he argued that on the western frontier the distinctive qualities of American culture were forged: individual freedom, political democracy, and economic mobility. The West, he added, acted as a "safety valve," drawing off those dissatisfied with their situation in the East and therefore counteracting the threat of social unrest. Turner's was one of the most influential interpretations of American history ever developed. But his lecture summarized attitudes toward the West that had been widely shared among Americans long before 1893. Ever since the beginning of colonial settlement in British North America, the West—a region whose definition shifted as the population expanded—had been seen as a place of opportunity for those seeking to improve their condition in life.

Many Americans did indeed experience the westward movement in the way Turner described it. From farmers moving into Ohio, Indiana, and Illinois in the decades after the American Revolution to prospectors who struck it rich in the California gold rush of the mid-nineteenth century, millions of Americans and immigrants from abroad found in the westward movement a path to economic opportunity. But Turner seemed to portray the West as an empty space before the coming of white settlers. In fact, of course, it was already inhabited by Native Americans, whose dispossession was essential to the opening of land for settlement by others. Moreover, the West was hardly a uniform paradise of small, independent farmers. Beginning in the eighteenth century, for example, California was the site of forced Indian labor on missions established by members of religious orders, a system that helped establish the pattern of large agricultural landholdings in that region. Landlords, railroads, and mining companies in the West also utilized Mexican migrant and indentured labor, Chinese working on long-term contracts, and, until the end of the Civil War, African-American slaves.

A DIVERSE REGION

The West, of course, was hardly a single area. West of the Mississippi River lay a variety of regions, all marked by remarkable physical beauty—the "vast, trackless" Great Plains, the Rocky Mountains, the desert of the Southwest, the Sierra Nevada, and the valleys and coastline of California and the Pacific Northwest. It would take many decades before individual settlers and corporate business enterprises penetrated all these areas. But the process was far advanced by the end of the nineteenth century.

The political and economic incorporation of the American West was part of a global process. In many parts of the world, indigenous inhabitants—the