Period 6: 1865–1898

The Gilded Age

The United States was a different nation after the Civil War. No longer a nation of farmers, the nation’s cities experienced immense growth as immigrants came from abroad and Americans moved around the country in search of opportunity amid a changing landscape. With the support of pro-industry administrations in Washington, D.C., the United States rapidly industrialized and big businesses—beginning with railroads—gained prominence and influence in all aspects of life. Mark Twain famously referred to the second half of the nineteenth century in the United States as the “Gilded Age,” indicating that the prosperity on the surface covered up the corruption that lay underneath. While many benefited from the emergence of business and industry, many more were forced to deal with the unintended, and sometimes harmful, consequences.

KEY CONCEPTS FROM THE COLLEGE BOARD

6.1 The rise of big business in the United States encouraged massive migrations and urbanization, sparked government and popular efforts to reshape the U.S. economy and environment, and renewed debates over U.S. national identity.

6.2 The emergence of an industrial culture in the United States led to both greater opportunities for, and restrictions on, immigrants, minorities, and women.

6.3 The “Gilded Age” witnessed new cultural and intellectual movements in tandem with political debates over economic and social policies.
The Industrial Era: 1876–1900

When Reconstruction ended in 1877, the United States was still a mostly agricultural nation that contained some large commercial urban areas, such as New York and Philadelphia, yet also small towns, villages, and hamlets. In many places the economic landscape had been scarcely changed by the Civil War. After all, economic development never occurs evenly in a nation. Yet by the end of the century, new major metropolitan areas, such as Chicago and Pittsburgh, had sprung up where a few decades earlier there had been an “urban frontier.” By 1885 Chicago boasted a ten-story skyscraper. By 1900 America’s urban population was three times larger than it had been just thirty years earlier. By 1920 more Americans would live in cities than on farms or in small rural towns. Think of a person who was born around 1830. When he is in his seventies he leaves, say, rural Vermont for a visit to New York City. Amazed, he sees electric trolleys and buildings that dwarf anything in the towns nearest his home. He notices that many buildings have indoor plumbing, electricity, and even telephones. Large commercial areas dot the urban landscape. Department stores are many times larger than the stores in which he has ever shopped. Urban dwellers converse with one another in languages he has never heard before, for many are foreign-born. Looking across the East River toward Brooklyn, he sees the engineering marvel of his day, a massive steel structure, the Brooklyn Bridge. Yet behind the technology, the architectural wonders, and the excitement of city life, our traveler soon notices the darker side of modernization, industry, and urbanization: poverty, congestion, pollution, corruption, and crime.

Key Concepts

- The state and federal governments played significant roles in promoting business interests.
This period witnessed the rise of the corporation.

Proponents and opponents of the government in assisting laissez-faire capitalism offered numerous justifications for their positions.

The U.S. economy expanded enormously during the late nineteenth century, easily surpassing European industrial nations.

Representing different objectives and memberships, labor unions formed, and major strikes occurred in the period.

The Supreme Court handed down decisions that for the most part favored business by controlling unions and undoing legislation that would interfere with capital accumulation.

Industrialization and the period of rapid capital accumulation are discussed in depth in The American Pageant, 15th and 16th eds., Chapters 23–25.

**U.S. Policy Toward Native Americans Following the Civil War**

In the years following the Civil War, thousands of settlers poured into areas that were home to Native American tribes, such as the Cheyenne, Nez Perce, and Lakota Sioux. Both sides committed various atrocities as white Americans and Native Americans clashed over western lands. Treaties concentrated many tribes on small reservations, where in some cases they became dependent on federal agencies. Other tribes fought on, most famously the Comanche and the Sioux. The latter, in fact, wiped out General George Armstrong Custer’s entire command at the Battle of Little Big Horn in 1876. Revenge was taken at the expense of Sioux women and children who were slaughtered alongside the male warriors by U.S. troops at the Battle of Wounded Knee in 1890. Before the Native Americans were completely destroyed or placed on reservations, reformers sought other options:

- **Assimilation** Native American children were given a Christian education (for example, the Carlisle School in Pennsylvania) that eventually would allow them to be assimilated into white American society.

- **The Dawes-Severalty Act** Congress persuaded Native Americans to relinquish their tribal ways by granting them plots of land and citizenship if they stayed on the land for twenty-five years and made a concerted effort to become “civilized.” Unfortunately, the best land had been sold to speculators, railroad companies, and mining companies, so the policy failed. Not until the 1920s did the U.S. government grant citizenship rights to Native Americans.

**The Rise and Development of Industrialism in America**

At the end of the Civil War, the United States ranked fourth in industrial output, behind Britain, France, and Germany. By the close of the century, in many industries, the United States produced more than the other three combined. So extensive was U.S. industrial growth in
the late nineteenth and early twentieth centuries that one historian referred to this era as “the Second American Revolution.” Consider some statistics:

- Between 1869 and 1913 the GNP rose by 56 percent.
- Between 1860 and 1900 wheat and corn production, spurred by the new technology in agricultural machinery, grew by 200 percent.
- Bituminous coal production increased 2,000 percent.
- Petroleum production increased more than 9,000 percent.
- Steel production increased more than 10,000 percent.
- Over 150,000 miles of new railroad track was laid between 1865 and 1895.
- By the first decade of the twentieth century, the United States accounted for one third of the world’s manufacturing capacity.

By 1900 the transition of the U.S. economy to an advanced, centralized, and government-supported industrial-capitalist system was complete in every region of the nation. (This is not to imply, however, that every region experienced industrialization and the impact of technology simultaneously.) As the United States entered the twentieth century, it was well on its way to becoming a nation of industry, large urban areas, interconnected economies, and large-scale business enterprises. While much of this transformation was occurring in the nation’s industrial hub, the Northeast, the West and the South were experiencing profound changes as well. The South, which had been devastated by the Civil War, experienced dramatic economic growth and diversification. Before the century was out, major southern cities, such as Birmingham, Alabama, and Memphis, Tennessee, were producing enormous amounts of steel and lumber. In large part the availability of cheap labor (southern workers faced even more significant obstacles in organizing unions than their counterparts in the North did), well-developed transportation and communication systems, and the acceptance of capitalist principles played central roles in the development of the New South. Out West, as the frontiers of the nation expanded, so too did industry and commerce. Stimulated by demand in the East and aided by the continuing construction of an integrated national railway system, western cattle and mining industries flourished. What accounts for this incredible transformation? Remember that every effect has numerous causes.

**AP Tip**

A College Board essay dealing with this period will most certainly require you to understand the causes and effects of the enormous expansion of the U.S. economy in the post-Civil War period.

Although less active than today, the federal government in the late nineteenth century played a decisive role in promoting business interests.

- The federal government imposed protective tariffs.
The government encouraged a boom in railroad construction through, for instance, land grants (more than 200 million acres were offered to railroad companies by states and the federal government). The Pacific Railroad Act not only provided enormous tracts of land to railroad companies but also granted them substantial loans as well. Unfortunately, the price of western land rose higher than what the government intended when railroad companies sold their surplus land at ever-higher prices.

By aiding in the settlement of the West, a national market was created. When the Republican Congress passed the Homestead Act in 1862, it freed up many acres of excellent land for settlers moving to the West.

Mineral-rich land was sold by the Public Land Office for as little as $2.50 an acre.

The federal government adopted a loose immigration policy that, by providing more laborers, increased production and demand in the domestic market. Although the problem of labor shortages was effectively addressed by this policy, it also had the undesired effect of driving down wages for laborers.

The government also encouraged capital investment by leaving large-scale businesses virtually untaxed.

Foreign capital investments helped stimulate the creation of new industries and businesses in the United States.

The ascendancy of the corporation was the result of the capitalist class’s success in controlling the free market system, thereby ensuring profitability and economic growth. This was accomplished by

- Regulating production
- Creating stable markets
- Setting prices and wages

The following were factors that brought about the enormous production of industrial commodities, which in turn concentrated considerable wealth in the hands of the nation’s most successful capitalists:

- New technological developments, such as the steam engine, conveyer belt, and better construction materials (steel)
- A huge labor force of men, women, and even children
- Large-scale factories and production centers
- An enormous amount of capital

With abundant resources—technological, economic, and human—and little government restraint, some larger-than-life personalities emerged from the capitalist class.

**Andrew Carnegie** A poor Scottish immigrant, he eventually came to dominate the steel industry. Using new technological innovations such as the Bessemer process, he was able to produce better steel at a lower price than his competitors. With considerable surplus capital at his disposal, he purchased everything necessary for the production of steel, such as land rich in iron-ore deposits (the Mesabi Range in Minnesota), and railroads and ships to transport the ore. This is called vertical integration—the control of all the steps necessary to turn raw materials into finished
commodities. He retired in 1900 after selling his corporation to J. P. Morgan, but not before playing a major role in the development of the modern corporation. In his retirement he became a philanthropist and a living example to the defenders of the capitalist system that anyone could get rich in America.

- **John D. Rockefeller** Even at a young age he had his eyes set on accumulating great wealth. He paid a substitute to serve for him in the Civil War and set about amassing his fortune. His name was synonymous with the oil industry, which he came to control. He further concentrated his wealth through a variety of often extralegal methods, such as the creation of trusts, horizontal and vertical integrations, and holding companies. Although oil prices decreased significantly (in early 1861 from $10 a barrel to merely 10 cents later that year), Rockefeller’s Standard Oil controlled approximately 90 percent of the nation’s oil market. Prices again rose, but to an acceptable level.

- **William H. Vanderbilt** Like his father, Cornelius (who once ranted at a competitor, “I won’t sue you...I’ll ruin you!”), William was a railroad magnate. For decades the family dominated the railroad industry.

- **J. P. Morgan** An investment banker, he was instrumental in funding corporations. By eliminating cutthroat competition in the railroad industry, whereby competing companies drove down prices and thus their own profits, he was able to consolidate rival railroad lines. He later went on to create U.S. Steel, the nation’s first billion-dollar corporation. Due to a skin ailment, he had an enormously bulbous nose. His piercing eyes added to his persona. Morgan was also lucky. At the last minute he canceled a cruise on the luxury liner, the *Titanic*.

**THE ERA OF RAPID CAPITAL ACCUMULATION**

For every Rockefeller or Carnegie success story, there were millions of citizens who lived in squalor and despair in America’s industrial urban areas. Trade unions and social settlement houses as well as a few municipal aid societies tried to help the destitute worker and his family, but for most, life in industrial America was severe. Industrialists and their adherents continued to press for limited regulation of business and limited social spending to address poverty. After all, they argued, America was a land of opportunity for those willing to work hard, maintain self-discipline, and overcome whatever obstacles stood in the way of advancement and financial success. Few really believed that given these attributes you could become a Carnegie or a Morgan, but defenders of the status quo maintained that social mobility was available to all who sought it. Further, they contended, business functioned best when government limited its intervention. In 1776, the same year the American colonies declared their independence from Britain, economist Adam Smith had published *The Wealth of Nations*, a book that would become the economic bible for those later generations that favored limited government intervention (laissez-faire) in the affairs of business. Smith’s thesis was that prices and wages and supply and demand were already regulated, not by government, but by the “invisible hand” (a
self-seeking equilibrium) of the marketplace. A capitalist, Smith maintained, will not sell a commodity that is too costly for the consumer, nor will he offer wages that are unattractive to workers. Taking into account his costs to produce a commodity, the capitalist will naturally seek out a balance between costs and profit. The result is that supply will ultimately equal demand, and the capitalist will realize a profit, all without government’s “artificial” interference.

Yet most capitalists were not necessarily opposed to all government intervention—they were happy to see tariffs imposed—but they rejected any regulations that could reduce profits. Following the Civil War the U.S. government assisted industrial capitalism by protecting it from challenges by those who sought its regulation.

The relationship between government and big business took on two forms:

- State and federal court systems were used to prevent regulation of business by state legislatures. One critic has claimed that the Supreme Court became the “handmaiden” of private enterprise.
- Trade unions were suppressed. Again, the federal court system was enlisted to achieve this goal. The Supreme Court fortified its protection of private enterprise under the “due process” clause in a series of landmark cases. Police, state militias, and the U.S. Army were also used to suppress labor activities.

The outcome of this view was, in many industries, not fair and equal competition, but the rise of monopoly capitalism. Ironically, the same competition that would drive capitalism was marginalized by monopolies, which sought to reduce competition.

With this view in mind, justifications that reinforced this idea of laissez-faire capitalism were developed to complement Smith’s thesis. Although certainly not a homogeneous group, advocates of the following views all saw capitalism, especially laissez-faire capitalism, as a highly developed step in social evolution.

- Social Darwinism Possibly the most influential justification of laissez-faire capitalism, this philosophy was developed by British social philosopher Herbert Spencer and popularized in the United States by Yale University’s William Graham Sumner. It applied Charles Darwin’s theory of evolution and natural selection to government, the marketplace, and society. Social Darwinists argued that government should not provide assistance to those who were unable to make it on their own, businesses and private citizens alike. Rather, society’s “fittest,” the wealthy, should be protected because it was this class through its development of businesses and as financial contributors to educational and cultural institutions that was improving the species.
- Horatio Alger His rags-to-riches stories popularized the notion that self-sacrifice, determination, and hard work could overcome poverty and result in financial success and social status. His fictional characters, such as Mark the Matchstick Boy, became an inspiration to young men pursuing the American Dream.
- Russell Conwell For those who were poor and could see no way out of their predicament, Conwell’s “Acres of Diamonds” sermon was deflating to say the least: “It is your duty to get rich. It is wrong to be poor.” Now the poor were not only destitute, they were
“wrong” as well. Yet this view mirrored nicely the Social Darwinist notion that, as Shakespeare put it, “The fault... is not in our stars, But in ourselves, that we are underlings.”

- **Carnegie’s “Gospel of Wealth”** Why Carnegie ultimately became a philanthropist was explained in his article “(Gospel of) Wealth”: It is the duty of the wealthy to contribute to society the wealth they have accrued through philanthropic programs. In other words, the wealthy, not government, was society’s benefactor.

People who were most directly affected by the social consequences of industrialization advocated for reforms that would alleviate much of the suffering they were enduring socially, economically, and politically. Unfortunately, their political influence paled in comparison with the entrenched capitalist class. Reformers were not without their allies, however, for citizens who were important politically, religiously, and economically viewed reform as a way to prevent the radicalization and potentially revolutionary tendencies of the working class. For them, capitalism could be democratized, and qualitative changes could be made to living and working conditions without jettisoning the free market system. Still others interpreted Darwinism noticeably differently from the way Social Darwinists did. These Reform Darwinists maintained that through planning and cooperation, human evolution could and should overcome many of the challenges and obstacles that confronted previous generations. The following groups raised concerns about the impact of unregulated capitalism on the economy and society:

- **Journalists** such as Edward Bellamy, Henry George, and Henry D. Lloyd wrote articles critical of big business’s “unethical” practices and monopolistic tendencies. One of their goals was to compel the government to impose regulations that would maintain the competitive nature of capitalism. Bellamy’s *Looking Backward*, for instance, envisions a future world in which government applies socialist principles to society and the economy, such as the nationalization of industry. George’s *Progress and Poverty* proposed a tax on land value that he believed would prevent economic depression and reduce the gap between rich and poor.

- **Small producers** such as farmers complained of artificially inflated shipping rates that drove up their costs and increased commodity prices. Small businessmen complained that their powerful competitors engaged in unfair labor practices, which drove them out of business.

- **Consumers** demanded probing investigations into the ways that corporations used their control of the market to charge exorbitant prices. Many opposed trade barriers, removal of which would permit the law of supply and demand to operate effectively.

- **Social reformers** such as those associated with the social gospel movement, a Christian liberal following, established social settlement houses.

- **Radicals and revolutionaries**, such as anarchists, socialists (led by Eugene Debs), and Marxists, maintained that capitalism was inherently exploitative and must be replaced by a more humane economic system.
LABOR UNIONS AND LABOR STRIKES

Disgusted by the poverty wages they were receiving while the owners of the means of production were reaping enormous profits, workers organized into trade unions that agitated for change. It is important to note that the methods and goals of trade unions were often quite disparate. The four major national trade unions in the late nineteenth century were the following:

- **National Labor Union (NLU)**  Formed right after the end of the Civil War, in many ways this union was years ahead of its time. It was the first trade union to organize workers regardless of their race and gender, whether they were skilled or unskilled. It was open to workers in both the agrarian and industrial sectors of the economy. Some of its goals were more modest (higher wages, the eight-hour workday) than others (gender and racial equality). At a time when the ten-hour workday was the norm and many workers toiled even longer hours, it was able to win the eight-hour workday for federal employees.

- **Knights of Labor** Organized in 1869 and led by Terence Powderly, its objectives were often radical though its methods were more modest. Like the NLU, which sought racial and gender equality, Powderly preferred arbitration to the strike. Its membership peaked at nearly three-quarters of a million members before its star faded in the wake of the Haymarket riots in 1886.

- **American Federation of Labor (AFL)** Very much a “bread and butter” union that was not out to change the world but to achieve what it considered were realistic and attainable goals, the AFL under its president, Samuel Gompers, was open exclusively to skilled workers. Far from being reform-minded, Gompers used the power of his membership (1 million by the turn of the century) to win concessions from management. By the standards of its time, it was more successful than the other major unions. Even so, it was not nearly as potent as it would become in the twentieth century.

- **Industrial Workers of the World (IWW)** If you were a radical imbued with a revolutionary spirit and willing to challenge the owners for control of the factories and businesses, the IWW was your ticket. The Wobblies, as they were called, were not content with merely increasing wages; ownership of the means of production by the working class was the only solution to the exploitative nature of the wage labor system, they believed. Sometimes violent, sometimes victimized by the government, the IWW presented a perspective of labor and social agitation that few unions could match. Naturally, they were led by a colorful figure, “Big Bill” Haywood.

You should also know the causes and effects of the major labor strikes of the period.

- **Railroad Strike of 1877** This was the first major post–Civil War strike and was indicative of labor unrest following the war. Employees of the Baltimore and Ohio struck when the company lowered their wages. The strike soon turned violent, and ultimately President Hayes called out the U.S. Army to suppress the strike.
Haymarket Square (Chicago) Riot of 1886 A labor demonstration organized to protest the treatment of workers at the nearby McCormick Harvester factory as well as methods used by police in dealing with the protestors abruptly ended when an unknown assailant threw a bomb that killed a number of police officers who had been ordered to break up the demonstration. Although there was no proof that they had been involved, eight anarchists were arrested, four of whom were executed. The public blamed trade unions for the violence.

The Homestead (Pennsylvania) Strike of 1892 Despite higher profits, the Carnegie Steel Company cut workers’ wages. Accordingly, the workers went on strike. This in turn provided the company an opportunity to crush the union by hiring a private security company, the Pinkerton Detective Agency, to engage the strikers. When the strikers opened fire on the Pinkertons, killing several, the state militia was called in. Out of funds and out of hope, the union itself ended the strike.

The Pullman Strike of 1894 To be sure, no one likes to have his or her wages cut. Having it done during a major depression, however, so that the company can maintain stockholders’ dividends, is demoralizing, to say the least. But that’s what happened to employees of the Pullman Palace Car Company. A number of workers were even laid off. Led by the American Railway Union and its president, the soon-to-be head of the Socialist party Eugene Debs, a boycott was established that greatly affected the railroad industry in the Midwest. Members of the Railway Managers Association responded by calling on the federal government to intervene; they argued that the strikers were in restraint of trade. An injunction by a federal court, citing the Sherman Antitrust Act, did little to stop the strikers. The boycott was ended when President Cleveland sent in troops to make certain that the strikers did not interfere with the train delivery of the U.S. mail and when Debs and other union leaders were jailed for violating the federal injunction.

The Supreme Court, Congress, and State Legislatures Weigh In

The executive branch was not the only ally of big business. The judicial and legislative branches were also fundamental to the expansion of monopoly capitalism. However, on the state level actions were taken to address the needs of the exploited and impoverished lower classes. Essential to this concern was the Fourteenth Amendment, which defines citizenship rights. Specifically, the due process clause of this amendment, which gave state governments an indispensable responsibility to protect the life, liberty, and property of its citizens, was taken to mean by more reform-minded state governments that they had the authority to enact legislation that would address issues such as work and living conditions. A short list of problems addressed by such legislation would include

- Housing laws
- Regulating safety and health conditions in the workplace
Regulating corporations when their behavior and actions contradicted the well-being of citizens and of the capitalist system

- Sanitation laws
- Minimum wage and maximum hour laws
- Child labor laws

Reform governments were motivated to take such bold action for a variety of reasons:

- Many feared that the lower classes might demonstrate and riot if conditions deteriorated even further. In order to defuse this agitation, reforms to quell any potential revolutionary or radical spirit that might emanate from the masses were needed.
- Some individuals in positions of power were motivated by altruistic tendencies. For whatever personal and philosophical reasons, they could no longer maintain their neutrality given the abuses that swirled around them.
- The lower classes pressed the government to act on their behalf.

Paradoxically, many of these reforms were ruled unconstitutional by state and federal governments and the Supreme Court on the grounds that they violated corporations’ due process rights! In other words, in *Wabash, St. Louis & Pacific Railway Company v. Illinois* (1886) the Court ruled that corporations had the same Fourteenth Amendment rights as citizens; they were entitled to due process rights. One major piece of legislation and one federal court case sum up the sentiments of the nation’s political and legal vanguard in the late nineteenth century:

- **The Sherman Antitrust Act.** The key clause of this law holds that “any combination or condition which is in restraint of trade is illegal.” Many historians and political scientists have traditionally interpreted this to mean that the legislative branch was acting on behalf of the nation’s economic system and its citizens by attacking monopolies (which, after all, seek to limit competition). Other historians claim the opposite is true. The act was passed in order to defuse public criticism of corporations, to restore the legitimacy of the government as the supporter of the public interest and not a mere appendage of business, and to attack trade unions. In the end, they argue, due to government undertakings such as the Sherman Antitrust Act, monopoly capitalism was preserved, and unions that went out on strike were promptly served with a court injunction for being in restraint of trade.

- **United States v. E. C. Knight Company** After purchasing a competitor, the American Sugar Refining Company, the E. C. Knight Company controlled approximately 98 percent of the sugar refining industry. Because of its economic power, E. C. Knight could prevent further challenges to its domination and determine market prices for its product. In retrospect, this appears to be a textbook example of a monopoly. But not so to the pro-business Supreme Court in the late nineteenth century. The Court ruling involved a rather creative rationale: because E. C. Knight was engaged in manufacturing sugar and not in interstate commerce (at least within the meaning of the law), it was regulated by state and
not federal law. Therefore, it could not be dismantled by the federal government.

**Maximizing Profits: The Rationale and Tactics of the Capitalist Class**

To increase profits, a capitalist has to find a way to neutralize the competition. If you consider that capitalists are playing a game, albeit a very serious one, then understanding why they seek to concentrate as much capital as possible will help you comprehend the turn American businesses and the economy in general took in this period. The concentration of capital was accomplished in a number of ways, including:

- Using pools, gentlemen’s agreements, mergers (horizontal and vertical), holding companies, and conglomerates.
- Cutting prices in the hope that the competition would not be able to sustain a loss of profits.
- Introducing labor-saving technology when the outlay of capital for new production technology is not so prohibitive as to be harmful.
- Expanding commodities into a competitor’s marketplace.
- Engaging in industrial spying (for instance, the theft of research and development information).
- Employing innovations in industrial and managerial organization and techniques.

Because a major cost in the production process is labor, reducing this expense can not only lead to greater profits, it can allow the capitalist to use surplus funds to reinvest in the business, making it even more efficient and therefore more competitive. Naturally, trade unions, which seek higher wages and shorter hours, not to mention medical insurance, drive up the cost of production. Not surprisingly, unions were the bane of the capitalists’ existence. Various tactics and methods were used by the capitalists to counteract trade union activities:

- The open shop gave workers a choice as to whether they must join a union if they work in a certain industry. Obviously, unions opposed the open shop because it undermined collective bargaining, the source of unions’ effectiveness and strength; the potency of labor demands in a particular industry relates to the number of workers who are unionized.
- Replacement workers (derisively called “scabs” by union members) who were willing to take the jobs of those out on strike and often work for less pay were hired.
- Government was used to suppress trade union activities, such as strikes.
- Blacklists prevented union organizers and activists from employment opportunities.
- Workers were compelled to sign yellow-dog contracts in which they agreed not to join a union.
- Subsistence wages were offered while the workday was often lengthened.
- Labor was intensified—informally referred to as “speed up.”
Low-wage immigrants, women, and children were employed.  
Divisions were created within the working class by paying 
differentiated wages, often based on race.

Workers, however, had their own tactics in attempting to convince 
their employers to recognize their unions as the legitimate collective 
bargaining agent:

- Closed shop meant that union membership was required. The 
rationale behind this seemingly undemocratic policy is to 
counteract the tactics of the employees.
- Unions picketed noncompliant businesses in the hope that the 
public would ally itself with the workers on strike.
- They slowed down the production process, which naturally reduces 
profits.
- They used sabotage to destroy company property.
- Workers physically occupied the factory or workplace ("sit-down 
strike"), though this was more popular in the 1930s than in the late 
nineteenth century.

Despite these tactics, membership in U.S. trade unions never 
exceeded more than 3 percent by the turn of the century.

As the nineteenth century came to a close, the United States had 
reached new heights in its economic development. To be sure, it had 
taken its place among the other economic giants of the Western world. 
Its growth was testimony to the enormous productive capabilities of 
the capitalist system. What is more, enormous fortunes had been made 
and important companies were created, many of which continue to 
shape our lives. But a substantial price had been paid in terms of 
misery, poverty, and the despair of America’s wage laborers. True, 
America’s workers did experience an improvement in their standard 
of living, but the industrial process reduced them to mere cogs in the 
machine. Although the federal government had failed to address the 
plight of the nation’s workers, it recognized their contribution in at 
least one way. In 1894 the U.S. Congress made Labor Day a national 
holiday.

**Content Review Questions**

1. Andrew Carnegie's use of the vertical integration was significant 
in that it  
   (A) synthesized the various immigrant labor groups into one 
   cohesive productive force.  
   (B) led to substantial cooperation between industry and banking.  
   (C) stimulated competition in the steel industry.  
   (D) allowed a capitalist to control all aspects of the production 
   process.
2. Which of the following statements accurately reflects the impact that industrialization had on the American worker?
(A) The standard of living for most workers had declined by the late nineteenth century.
(B) The standard of living for most workers improved by the late nineteenth century, but workers had become mere mechanisms in the production process.
(C) Many wage laborers ultimately saved enough of their salaries to start their own small businesses.
(D) Most workers experienced ever higher wages and even greater control over what they produced.

3. In his "Gospel of Wealth," Andrew Carnegie articulated the view that
(A) the wealthy were entitled to their riches and had no responsibility to share it with others.
(B) only those born into wealth were the real economic leaders of the nation.
(C) religious leaders had a responsibility to convince their parishioners that success was attainable to those who worked hard.
(D) the wealthy were morally obligated to use some of their wealth for the improvement of society.

4. By the late nineteenth century, the U.S.
(A) ranked fourth in the industrialized world.
(B) had bypassed France and Germany in industrial output but still lagged behind Great Britain.
(C) had more kilometers of railroad tracks than any other nation.
(D) had not grown significantly since the 1860s.

5. The Industrial Workers of the World differed from the other major trade unions in that
(A) it sought to negotiate and mediate its differences with management.
(B) unlike the other unions, it disdained using boycotts and strikes against capital.
(C) it engaged in industrial sabotage and violent action against businesses and business owners.
(D) it was outlawed by the U.S. government.

6. Which of the following would NOT be used by a supporter of the capitalist system as it existed in the Gilded Age?
(A) Reform Darwinism
(B) Russell Conwell's, "Acres of Diamonds" sermon
(C) The novels of Horatio Alger
(D) The perspective held by Herbert Spencer

7. In order to promote the interests of labor, trade unions would support
(A) hiring scabs.
(B) subsistence wages.
(C) yellow-dog contracts.
(D) the closed shop.
8. The railroad strike of 1877
   (A) was the first time a president ordered U.S. troops to stop a
   strike.
   (B) led to significant wage increases for railroad workers.
   (C) was the first time that management recognized the legitimacy
   of a trade union.
   (D) led to significant improvements in worker safety laws but not
   wage increases.

9. This capitalist created U.S. Steel, the nation's first billion-dollar
   corporation.
   (A) Andrew Carnegie
   (B) J. P. Morgan
   (C) Cornelius Vanderbilt
   (D) John D. Rockefeller

10. Big business used a loophole in the Sherman Anti-Trust Act for its
    own benefit because
    (A) it prevented the existence of trade unions.
    (B) it allowed monopolies to flourish.
    (C) it was used to curtail union activity in restraint of trade.
    (D) the act stated that vertical integration was not in restraint of
        trade.

11. Which initially secret labor organization formed after the Civil
    War sought to include all workers in "one big union" for skilled
    and unskilled workers regardless of race or gender?
    (A) Industrial Workers of the World
    (B) American Federation of Labor
    (C) Congress of Industrial Organization
    (D) Knights of Labor

12. The Union Pacific and Central Pacific railroad companies were
    instrumental in
    (A) hiring workers regardless of race or religion.
    (B) establishing the nation's first transcontinental railroad.
    (C) establishing the nation's first eight-hour workday.
    (D) connecting the Northeast with the upper Midwest for business
        and travel purposes.

13. What 1887 legislation forbade pools and rebates and compelled
    railroads to publish their rates?
    (A) Pendleton Act
    (B) Sherman Antitrust Act
    (C) Interstate Commerce Act
    (D) Mann-Elkins Act

14. Andrew Carnegie maintained that the wealthy had an obligation to
    use some of their riches justly and for the benefit of society as
    articulated in
    (A) the "Gospel of Wealth."
    (B) Social Darwinism.
    (C) The Octopus.
    (D) the Acres of Diamonds speech.
15. J. P. Morgan consolidated rival businesses and eliminated competitive discord by placing his bank officers on those businesses' boards of directors. This creates what is termed (A) horizontal integration. (B) vertical integration. (C) monopoly. (D) interlocking directorates.

**Short-Answer Questions**

1. Several unions were founded and grew in the second half of the nineteenth century in response to issues workers faced as the nation industrialized. The unions had different philosophies, goals, and memberships. Choose ONE of the following unions:
   - American Federation of Labor
   - Knights of Labor
   - Industrial Workers of the World (Wobblies)
   (a) Describe the union's membership, philosophy, and tactics.
   (b) Why might this union have a better chance of accomplishing its goals than other unions? Provide at least ONE example in comparison.

**Question 2 is based on the following cartoon:**

![Cartoon Image](image-url)

2. Based on the cartoon, respond to the following:
   (a) What is Rockefeller's relationship to the government during the "Gilded Age"?
   (b) How might this relationship lead to efforts to reform big business and break up trusts later on?
Long Essay Questions

1. To what extent did government assist in the rise of corporate capitalism following the Civil War?

2. The trade union movement in the post–Civil War era successfully organized workers and achieved its economic goals. To what extent is this statement true?

Answers

CONTENT REVIEW QUESTIONS

1. (D) Vertical integration allowed Carnegie, for example, to cut out the "middleman" by owning businesses necessary for the production of a commodity (The American Pageant, 15th ed., p. 521/16th ed., p. 521; Learning Objective WXT-3).

2. (B) While there was an increase in worker salaries, the laboring class had little control over the production process. In other words, they were dispensable (The American Pageant, 15th ed., p. 528/16th ed., pp. 528–529; Learning Objective WXT-5).


4. (C) Incredibly, the United States ranked fourth after the Civil War and more than bypassed the other three major industrial nations by the turn of the century (The American Pageant, 15th ed., p. 513/16th ed., p. 513; Learning Objective WXT-6).


6. (A) Options B–D justify, condone, or support the capitalist class’s control of society, government, and business (this material does not appear in the text; Learning Objective CUL-5).

7. (D) Options A–C would harm the interests of workers, whereas the closed shop would increase union membership (The American Pageant, 15th ed., p. 536/16th ed., pp. 533 and 536; Learning Objective WXT-7).

9. (B) In 1900, Morgan bought Andrew Carnegie's steel business for more than $400 million and combined it with other holdings to create U.S. Steel (*The American Pageant*, 15th ed., p. 523/16th ed., p. 522; Learning Objective WXT-6).

10. (C) Ruling in the company's favor the Court interpreted the meanings of commerce and production in a literal and narrow sense (*The American Pageant*, 15th ed., p. 525/16th ed., p. 525; Learning Objective WXT-6).

11. (D) Whereas the National Labor Union included skilled and unskilled workers, as well as farmers and some blacks and women, the Knights of Labor welcomed all workers no matter their race, gender, or line of work. It was therefore extremely democratic, especially given that it was formed when racial and gender-based discrimination were rampant (*The American Pageant*, 15th ed., pp. 533-535/16th ed., pp. 532-533; Learning Objective WXT-7).


14. (A) After selling U.S. Steel to J. P. Morgan, Carnegie spent the remainder of his life as a philanthropist. His financial contributions helped build libraries, pensions, and other institutions so that he would not die in "disgrace," given the enormous sum of money he accrued during his business career (*The American Pageant*, 15th ed., p. 525/16th ed., pp. 524-525; Learning Objective CUL-5).


**Short-Answer Questions**

1. Each union is distinct—the American Federation of Labor (AFL) only admitted skilled workers, and they only allowed white males to be members. Moreover, the union was anti-strike, preferring other methods of achieving their goals. The Knights of Labor was much more inclusive, allowing women and immigrants and catering to unskilled workers. The Knights of Labor participated in some of the more violent strikes of the
late nineteenth century, although they also supported less extreme methods. The Industrial Workers of the World, or Wobblies (IWW), were socialists and therefore much maligned. In terms of effectiveness, you could start with the fact that the AFL is the only one that still exists, but it is also worthwhile to think about which union would incur the government’s wrath the least.

2. The cartoon portrays Rockefeller’s power and influence over federal government. This led to reform efforts in a number of ways, as groups that did not share in the wealth generated by corporations or were trampled by them mobilized to see these large businesses broken up. The strikes and rise of unions in the Gilded Age are also examples of reform efforts in this arena.

**LONG-ESSAY QUESTIONS**

1. You may want to begin your essay with a brief discussion of the expansion of the role of government during the Civil War and its continued expansion in the postwar era. Policies that the government used to assist corporations include a protective tariff and land grants to railroad companies. Keep in mind that the question is asking “to what extent” the government assisted. Also, discuss the role played in suppressing labor as well as the pro-business decisions handed down by state and federal courts. (Historical Thinking Skills I-3: Periodization, III-6: Historical Argumentation and IV-8: Interpretation)

2. You should indicate that the growth of industry and corporate capitalism during and after the Civil War led to tensions between the capitalists and their employees. Keeping in mind that the government and business were allied, you may want to briefly discuss the various strikes and the responses of the government and capitalists to them as well as the divisions within labor itself—some unions were more radical than others; some were exclusionary based on race or skill level. Thus a response may indicate that trade unions were generally successful in organizing workers but not particularly successful in achieving their goals. (Historical Thinking Skills II-5: Contextualization, III-7: Appropriate Use of Relevant Historical Evidence, and IV-9: Synthesis)
Republican administrations, which dominated the federal government in the late nineteenth century, did much to support the rise of big business. The populists represented a wide coalition of groups that had a broad political platform. With the demise of the movement, many would find a home in the Democratic Party.

**KEY CONCEPTS**

- Republican presidents dominated the postwar era and tended to support big business.
- The Grange, Farmers' Alliances, and Populists emerged to contest big business's control over the marketplace.
- The Populists were a diverse coalition that sought to confront a wide variety of urban and rural problems.
- The Populists and Democratic Party fused in the late nineteenth century.

This period is discussed in depth in *The American Pageant*, 15th and 16th eds., Chapters 23–24, 26.

**POLITICS IN THE GILDED AGE**

Despite his success as a military leader, Ulysses S. Grant's two terms in the White House (1869–1877) were anything but stellar. In fact, historians consistently rank Grant among the two or three worst presidents in the nation's history. Skilled on the battlefield, Grant obviously lost his edge upon becoming president. Although honest himself, he was surrounded by corrupt officials, friends, and
appointees who did not know or care to know the meanings of honesty and responsibility. But with a diminished Democratic Party, at least in the North and West (it was very strong in the South), Americans ultimately were faced with a dubious task of selecting from different varieties of Republicans. This they did with great regularity. In fact, with the exception of Grover Cleveland’s two nonconsecutive terms (1885–1889 and 1893–1897), the United States did not elect a Democrat to serve in the White House until Woodrow Wilson’s victory in the 1912 election. Unfortunately for the American people, the vast majority of presidents who served the nation after the Civil War and until the turn of the century were mediocre political leaders. The administrations of Hayes, Garfield, Arthur, and Harrison reflected the political stalemate and patronage problems that shaped the Gilded Age as well as a desire by many Americans for a “do-little” government following the abuses that occurred in Grant’s terms.

- **Hayes** Although his election (or, critics would say, selection) ended Reconstruction, he did try to restore honesty to government after the corruption that plagued the Grant administration. Toward that end, Hayes supported social movements advocating temperance. As industrialization progressed under his administration, he sought to limit Chinese immigration.

- **Garfield** Because of an assassin’s bullet, he served only four months, but his election reflected the bitter division that existed within the Republican Party between the conservative “Stalwarts” (led by Senator Roscoe Conkling) and the more reform-minded “Halfbreeds” (led by James Blaine). The commonality between the two wings of the Republican Party was that they both vied for power in order to have access to treasured patronage positions. A third wing of the Republican Party, the Mugwumps, refused to join the patronage game. Eventually, the patronage problem was addressed in 1883 by the Pendleton Act, which established the Civil Service Commission.

- **Arthur** No reformer, he nonetheless distanced himself from the Stalwarts and supported civil service reform such as the Pendleton Act to address the problems of patronage and nepotism in government hiring practices. A supporter of a strong navy, his opposition to a high protective tariff cost him his party’s renomination as president in 1884.

- **Harrison** In a long line of second-rate presidents, Harrison may very well be considered the most mediocre. More Americans voted for his opponent, Cleveland, but Harrison received more electoral votes, and therefore the presidency. In his one term in office, he played second fiddle to Congress—the legislative branch in this era was generally more influential. The emergence of the executive branch as the more dominant force coincided with the growing crises, both domestic and in foreign affairs, faced by the United States at the turn of the century.
THE TARIFF (AGAIN) AND THE "BILLION DOLLAR CONGRESS"

The tariff issue, always lurking below the surface, yet again played a role in the politics of the nineteenth century. The combatants this time were western farmers and eastern capitalists. During the war, the United States had been able to adopt a high protective tariff (the Morrill Tariff of 1861) because the southern obstacle to such a bill was no longer present in Congress. Not long after the war's end, southern Democrats and some of their northern Democratic allies objected to a high protective tariff on the grounds that it would increase the price of consumer goods as well as perhaps provoke a retaliatory tariff by foreign producers affected by the tax. As the agrarian sector began producing more and more food, foreign markets were increasingly playing a larger role in their sales. In the election campaign of 1888, an important question shaped the debate: Was a (high) protective tariff necessary? It was a question that for the first time in many years truly differentiated the two major political parties. Republican candidate Harrison and his party were able to convince many voters that lowering the tariff would wreck business prosperity and lead to mass unemployment, an issue that resonated with the nation's laboring classes. Not only was a Republican returned to the White House, where Harrison safeguarded the tariff, but the party also had majorities in both houses of Congress. The new Republican Congress was active over the next decade politically and fiscally. (It became known as the first "billion-dollar Congress" due to its enormous expenditures.) Key pieces of legislation passed by this Congress include

- The McKinley Tariff of 1890
- The Sherman Silver Purchase Act of 1890
- The Sherman Anti-Trust Act of 1890
- The Wilson-Gorman Act of 1894, which increased the tariff
- Increased monthly pensions to Civil War veterans and their families
  (a transparent attempt, opponents claimed, for the Republican Party to retain the support of northern Civil War veterans and their families)

Although the tariff was a significant issue in the election, for many Americans it was not the only political issue. Possibly even more controversial was the debate over currency.

DEBATE OVER EXPANDING THE MONEY SUPPLY

Following the end of Reconstruction, the nation engaged in an intense debate over whether to expand the amount of money in the economy. (Recall how this issue developed into a politically explosive controversy during the second Jackson term.) Too little money could have serious consequences for the financial system, not to mention those who would benefit or be hurt by one policy or the other.

Supporters of an expanded money supply included expectant capitalists, debtors, and farmers because this would enable them to
Borrow money at lower interest rates
Pay off their loans faster and easier with inflated dollars
Increase prices for the commodities they produced

After an economic depression called the Panic of 1873, many Americans suspected that the cause of the slump was the government’s policy of backing its currency with gold, which restricted and therefore contracted the amount of money in the system. They favored a “soft” (or inflationary) currency (greenbacks) as well as unlimited minting of silver coins, which is also more inflationary than gold.

Opponents of an expanded money supply included bankers, entrenched capitalists (established businesses), creditors, and investors. They favored a “hard” (or deflationary) policy in which currency was backed by gold in U.S. government vaults. The benefits of this policy would be

To allow currency to hold its value, since gold-backed money is less susceptible to inflationary instabilities
To increase the value of gold as the population expanded (which it ultimately did, by as much as 300 percent in the thirty-year period following the end of the war)

In the short term the supporters of a hard money supply won out when Congress passed the Specie Resumption Act, in 1875, and thus withdrew the last of the greenbacks from circulation. Advocates of a soft money policy responded by creating the Greenback party to counteract the deflationary effects of the Specie Resumption Act. In the 1878 congressional elections, Greenback candidates received over 1 million votes, and fourteen of their candidates were elected. The most noteworthy of these was James B. Weaver of Iowa, who would soon go on to form a broader party, the Populists. As for the Greenback party, it died out when the economic hard times of the 1870s ended, though the goal of expanding the supply of money was still very much alive. In the 1870s when Congress halted the coining of silver (referred to by critics as the “Crime of ’73”), the debate intensified. When silver deposits were discovered in the West, demand for the use of silver to expand the money supply grew. Eventually a compromise was worked out in 1878, the Bland-Allison Act (which was passed over Haye’s veto). It allowed only a limited coining of silver ($2–4 million in silver each month at the standard silver to gold ratio, which was set at 16:1). Not satisfied with this deal, farmers, debtors, and Western miners continued to press for unlimited coinage of silver.

Though certainly not limited to any two or three issues, farmers and their allies began to consider organizing to protest the government’s adoption of what they viewed as injurious policies in regards to the railroads, the tariff, and hard money. At that very time, they were feeling most vulnerable because of changes in their sector of the economy.
THE GROWTH OF DISCONTENT: FARMERS ORGANIZE

Between the end of the Civil War and the turn of the century, the nation experienced enormous growth in terms of population, production, and demand for foodstuffs and commodities. In this thirty-five-year period, the nation's population more than doubled, and the number of farms tripled. As the nation urbanized, the demand for food increased significantly. Americans grew and consumed enormous amounts of food, leaving little for export. A number of factors (mostly having to do with technology and mechanization) led to this enormous burst of productivity in the agrarian sector of the economy:

- Improvements in the cotton gin
- The introduction of harvesters, combines, and reapers
- Improved plows made of stronger materials such as steel
- Greater specialization in agricultural production—for example, wheat was grown mostly in the West

Consequently, the number of hours necessary to grow and harvest crops was more than halved in this period. But greater production does not always mean greater profits. Many forces and factors came together to harm farmers engaged in the free market economy of the late nineteenth century, among them the following:

- Grain elevator operators stored grain when it was not in transit, and often charged excessive rates.
- Manufacturers kept raising prices on their commodities, even as farmers found they had less disposable income.
- Banks increased interest on credit. Farmers in particular are reliant on credit and are therefore hurt by interest rate increases. Also, wealthy planters provided credit so that farmers could purchase seed and equipment. Known as the crop-lien system, it created a level of indebtedness that was difficult to pay off.
- Industries that farmers relied on for machinery kept raising the cost of harvesters and combines.
- The railroad industry became the symbol and focus of farmer discontent. It affected the profit levels farmers could earn from their labor because of shipping price increases. Furthermore, in many states the railroad industry was immune to regulations, especially the amounts they charged for long and short hauls, and set shipping rates arbitrarily. In addition, the industry was not beyond using nefarious measures to maximize profits.
- In some states regulations were nonexistent.

Within a twenty-year period, from about the end of Reconstruction to the mid-1890s, the market price of important crops such as wheat, corn, and cotton dwindled. Mary Elizabeth Lease, an attorney active in Farmers' Alliance affairs, provided farmers with a solution to their overproduction problems: "What you farmers have to do," she told them, "is to raise less corn and more hell!" This they indeed would do. In the last decade of the century, they would organize the Populist party.

As the United States continued its drive to industrial supremacy and as the capitalist class raked in enormous profits, the nation's growers experienced a downturn in their fortunes. A number of
factors help to explain the serious economic crisis that confronted the nation's farmers after the war, such as

- **The cost to introduce new time- and labor-saving technology**
  Although this would undoubtedly increase production, it required significant expenditures, which often had to be borrowed with interest charged by the banks.

- **A great increase in the value of land**
  The availability of land was limited because so much land had been granted to railroad companies or sold to land speculators.

- **High taxes**
  Because states often rewarded railroad and grain storage companies with reduced taxes, the remainder was paid by private citizens.

- **The cost to store and ship grains and crops**
  These costs were very high.

Most farmers were not prepared for a transformation of the American economy following the Civil War, one that made them even more susceptible to the fluctuations that often occur in a market economy and frequently dry up profits, as happened to many farmers. By the 1880s numerous farms had been foreclosed on by banks; others were no longer owned but rented. Farmers were not willing to stand idle, however, while their livelihood was undermined by the frequent instability in market prices and ruinous interest, freight, and storage costs. Rather than sink into powerlessness, they organized. Not long after the end of the war, the National Grange of the Patrons of Husbandry was formed both to educate its members about new developments in agriculture and to create a social and cultural bond among farmers. It was not long, however, before the Grange became actively involved in politics. As membership in the organization quickly rose to 1.5 million members by mid-1870, it became a force to be reckoned with, especially in the Midwest and the South.

Utilizing their political clout, the Grangers were able to enact a number of laws that sought to address the abuses that were so damaging to their businesses. To this end, several "Granger laws" were passed to regulate the railroads and the grain elevator operators. However, though they were a potent force in the rural areas of the nation, farmers were met with strong opposition. Confronted by the railroad industry and the operators of the grain elevator and storage facilities, the farmers and their opponents faced off in federal court. In a series of landmark Supreme Court decisions, the farmers generally experienced success.

- **Munn v. Illinois (1877)**
  In the same year that President Hayes called out federal troops to crush a strike by workers in the railroad industry, the Court handed down a pivotal decision. As in other states, the Grangers in Illinois had already obtained regulations for maximum rates that could be charged by grain elevator and storage facilities. These laws were often challenged by the owners of these businesses (who said the Granger cases were in violation of Fourteenth Amendment rights), and sometimes they ended up in federal court, such as the Munn case. So long as property was "devoted to public use," the Court ruled, the states could place regulations on the railroads for the good of the public. The decision was not a complete victory for the farmers, for the Court decided
that states could not regulate rates for long hauls. To compensate for their loss in short-haul rates, the railroad companies responded by inflating the long-haul rates.

- **Peik v. the Chicago and Northwestern Railway** (1876) The Supreme Court's decision in this case held that the Granger laws were not in violation of the federal government's power to regulate interstate trade and commerce and that states could establish their own interstate regulations when federal law was not present.

- **Wabash, St. Louis & Pacific Railway Company v. Illinois** (1886) The Court reversed its earlier decision in the *Peik* case and ruled that commerce and trade that crossed state lines was directly under the authority of the federal government, not the states. Even Congress got into the act, passing the Interstate Commerce Act (which in turn created the Interstate Commerce Commission). Under the ICA's guidelines certain rules had to be obeyed, such as reasonable shipping rates and the elimination of abuses by the railway companies. It was given the authority to use the courts to compel recalcitrant railway companies to obey its policies.

In the early twentieth century, under the influence of the progressives (those who sought political and economic reforms), further legislation would regulate the railroad industry. Until then, the various Farmers' Alliances—such as the Southern Farmers' Alliance, the Northern Farmers' Alliance (successor to the Grange), the Louisiana Farmers' Union, the Texas Alliance, the Northwestern Farmers' Alliance, and the Colored Farmers' Alliance—represented agrarian interests. By the turn of the century the various alliances had merged into the National Farmers' Alliance and Industrial Union. In 1890 the Farmer's Alliance formulated a platform in Ocala, Florida, that enumerated their demands, which in 1892 would become the foundation of the Populist party's goals as expressed in the Omaha Platform:

- Government should own the major utilities such as the railroads.
- There should be free and unlimited coinage of silver.
- The fixed income tax should be replaced with a graduated income tax.
- All excess lands granted to the railroads should be returned to public ownership.
- Laborers should have an eight-hour day as well as the right to collective bargaining.
- A plan to establish federal offices near grain storage facilities into which farmers could deposit their nonperishable crops should be adopted. This would allow farmers to market their crops when their value was highest and store it when they were low.
- Immigration should be limited to control the expansion of the labor pool.
- Private detective and security agencies, such as the Pinkerton and Baldwin-Felts agents, should not be used to break up strikes.
- The U.S. political system should be democratized through the following measures:
  - Direct election of U.S. senators (prior to the ratification of the Seventeenth Amendment in 1913, senators were commonly elected by state legislatures, a practice that often led to corruption)
Use of the secret ballot to end the intimidation associated with publicly announcing one’s choice for office

A single term for presidents

Use of the initiative, by which a proposed law can be voted on if the advocates of the bill submit a petition beforehand and with the required number of signatures—in this way, legislative bodies would not have a monopoly on initiating legislation

Use of the referendum to allow voters to vote on governmental legislation and programs

To be sure, the Alliance was effective in electing its members to offices in the state and federal governments. For example, in 1890, more than fifty candidates allied with or sympathetic to the Farmers’ Alliances were elected to Congress. But discontent was not limited to the nation’s farmers. By the late 1880s many throughout the nation had become disconcerted by government corruption, the ever-expanding concentration of economic power, as well as the tariff, money supply issues, and the railroad industry’s abuses. True, government had taken steps to address some of their concerns; however, it would take a third party and a major depression in 1893 to shake the Democrats and Republicans from their lethargy.

The depression of 1893 represented the worst collapse of the American economy up to that time. Twenty percent of the workforce was without jobs, and many Americans were living at or below the poverty level. Employers continued to cut wages, and unions went out on strike. In the spring of that year, Jacob S. Coxey, an Ohio businessman, led hundreds of unemployed and desperate men—Coxey’s Army—on a march to Washington, D.C., to appeal to the government for assistance in the form of work-relief. They received none, but a few of Coxey’s lieutenants were arrested, not for disturbing the peace or for starting a riot, but for walking on the grass! Police dispersed the rest of Coxey’s Army.

THE POPULIST PARTY

Many economic, social, political, and cultural factors led to the dramatic rise and ultimate decline of the Populists. At the time the Populist movement seemed revolutionary, not only because of its attack on laissez-faire and monopoly capitalism, but also because of its attempt to form a political alliance between poor whites and blacks. The Populists were in every sense of the word a coalition of seemingly disparate groups, unions, and political parties: Grangers, Farmers’ Alliances, former Greenback party members, Knights of Labor, socialists, Free Silver party members, prohibitionists, women’s rights groups, anarchists. If the Populist movement suffered from internal divisiveness, its members were still deeply passionate about their organization’s effort to address the problems that undermined their livelihood.
In the election of 1892, Populist candidate James Weaver received 1 million votes. He even won electoral votes, rare for a third-party candidate. Although he lost the presidential race, the Populist party experienced some remarkable victories: almost 1,500 Populist candidates were elected to state legislatures, three won gubernatorial elections, five were elected U.S. senators, and ten were elected to the House of Representatives. Unfortunately for Weaver and his party, they fared poorly in the South primarily because conservative southern Democrats were fearful of the Populists uniting poor blacks and whites. Remember that at this point, blacks in the South were politically neutralized by Jim Crow laws, and many white southerners were in favor of maintaining this racial status quo. Surprisingly, the party failed to attract many northern urban workers, despite the fact that the Populists fought for labor’s rights in the halls of Congress, in state legislatures, and in public forums. In addition, they provided financial support to workers out on strike.

In the 1896 presidential election, the Democrats were split between “Gold Bugs,” who were loyal to Cleveland and his advocacy of the gold standard, and pro-silver advocates, who did not yet have their own candidate—that is, until William Jennings Bryan (only thirty-six at the time) gave a speech on the silver issue to the delegates at the Democratic Convention. His speech not only electrified the audience but remains one of the most memorable speeches in U.S. history: “You shall not press down upon the brow of labor this thorn of crowns,” he exclaimed, “you shall not crucify mankind upon a cross of gold.” The Democrats had their candidate for the presidency, except of course for the Gold Bugs, who ran their own contender. Because the Democrats had already incorporated into their platform much of the Populists’ platform, such as outlawing injunctions in labor disputes, the free coining of silver, and a lower tariff, the Populist party also nominated Bryan as their candidate, though not without some difficulty. Many Populist delegates opposed a “fusion” ticket for fear that their goals would be neutralized by allying themselves with a Democratic candidate. In fact, Bryan’s support was sectional. Southern and Western delegates had earlier fused with the Democrats on the state and local levels; Southern delegates opposed such an alliance. In order to satisfy the Southerners, Tom Watson, a Populist, was selected as the vice presidential candidate instead of a Democratic candidate. Consensus had been reached. For their part, the Republicans had effective and potent campaign leadership. Under the campaign direction of Mark Hanna, the Republicans effectively cast blame on the Democrats for the depression in 1893. Further helped by the defection of the Democratic Gold Bugs, by increasing crop prices, especially for
wheat, and by employers who frightened their workers into voting Republican by claiming that a low protective tariff would lead to business closings, the Republican, William McKinley, decisively defeated the “fusion” Democrat-Populist candidate Bryan.

After the 1896 election, the Populists ceased to exist as a national political party. The power of the monopolies, combined with the shortcomings of its own membership—who, according to some historians, could not leap the hurdle of racism despite their common economic interests—led to the party’s demise. But there was one consolation for its leaders and rank-and-file members: much of its platform was ultimately absorbed into those of the Democrats and the Republicans. In the early twentieth century, during the progressive era, issues that the Populists had fought so hard for, such as the direct election of U.S. senators and a graduated income tax, would become a reality.

The Populist party was indeed unique in the history of the nation’s political evolution. While some historians claim its downfall came in part from its inability to resolve the racial divides that existed within the party, other historians take the opposite view. At a time when black Americans were, at best, second-class citizens, these historians argue that the party fought for black economic and political rights because exploitation had to be confronted, regardless of the victim’s skin color. To this end Populists viewed government not as a force to be overthrown, but to be redefined, because government could, in the right hands, be a tool to bring about opportunities for all citizens, not just the politically and economically entrenched. Hand in hand with this outlook was a total rejection of Social Darwinism, which Populists maintained was an obstacle to humanity’s efforts to triumph over its own shortcomings. But this is not the only legacy of the Populist party. At a time when the American family farm is rapidly being replaced by enormous agribusinesses, one can more easily sympathize with the plight of the nation’s food producers as the country moves into the twenty-first century.

Content Review Questions

1. All of the following were political objectives of the Populists EXCEPT
   (A) government ownership of major industries such as the railroads and telegraphs.
   (B) the free and unlimited coining of silver.
   (C) direct election of U.S. senators.
   (D) creating a national system of unemployment insurance.

2. William Jennings Bryan became the presidential candidate of both the Democrats and Populists in 1896 because of his support for
   (A) high protective tariffs to protect domestic industries.
   (B) unlimited and free coinage of silver.
   (C) nationalizing the railroad industry.
   (D) policies that would unite poor black and white farmers.
3. A major reason why McKinley was able to defeat Bryan in 1896 was
   (A) the Populists ultimately withdrew their support for Bryan.
   (B) the Republicans were split between gold and silver advocates.
   (C) Bryan did not receive the support he expected from small
       farmers and urban laborers.
   (D) Bryan’s repudiation of the silver cause during the campaign.

4. Coxey’s Army
   (A) reflected discontent with the government’s response to the
       depression in 1893.
   (B) was the military wing of the Populist party.
   (C) was the name given to supporters of Jacob Coxey’s candidacy
       for president in 1896.
   (D) were strong advocates of the gold standard.

5. Which of the following did the nation’s farmers advocate in the
   late nineteenth century?
   (A) Government should reduce farmers’ costs by providing
       farmers with seed and farm implements.
   (B) The government should privatize the railroads.
   (C) A sub-Treasury system should be established that would allow
       farmers to sell their crops on the market when prices rose.
   (D) A high protective tariff should be enacted.

6. Which of the following did NOT lead to greater productivity by
   farmers in the late nineteenth century?
   (A) Iron and steel plows
   (B) The use of new farm machinery, such as harvesters
   (C) Greater specialization of agricultural production
   (D) The rates charged by grain elevator owners

7. In which case did the Supreme Court rule that states had no power
   to regulate interstate commerce?
   (A) *Peik v. the Chicago and Northern Railway*
   (B) *Wabash, St. Louis, and Pacific Railroad Company v. Illinois*
   (C) *Munn v. Illinois*
   (D) *Pollock v. Farmers Loan and Trust*

8. Which industry, *more than any other*, became the symbol and
   source of agrarian discontent in the post–Civil War period?
   (A) The insurance industry
   (B) Companies that developed harvesters and combines
   (C) Railway companies
   (D) Banks

9. Which of the following groups was NOT identified with the
    Populist party?
   (A) Supporters of the gold standard
   (B) Knights of Labor
   (C) Grangers
   (D) Greenback party
10. The Specie Resumption Act of 1875
   (A) led to a dramatic increase in the amount of silver in the economy.
   (B) was a compromise bill that allowed for an equal amount of gold and silver to be introduced into the economy each month.
   (C) removed all of the greenbacks from circulation.
   (D) dramatically inflated currency, which led to a depression.

11. "Waving the bloody shirt" and "Vote as you shot" were admonitions made by
   (A) former Confederates opposed to the reconstruction of the South.
   (B) the Ku Klux Klan in an attempt to increase membership in its anti-Reconstruction, anti-black organization.
   (C) Democrats in an attempt to reorganize their political party after the Civil War.
   (D) Republican politicians appealing for votes from Union veterans.

12. The Crédit Mobilier scandal tarnished the reputation and presidential administration of
   (A) Ulysses S. Grant.
   (B) James Garfield.
   (C) Andrew Johnson.
   (D) Abraham Lincoln.

13. Which of the following statements regarding the Populists is accurate?
   (A) They supported term limits for state and federal legislatures.
   (B) They favored government ownership of utility companies.
   (C) They found their greatest support in the industrial Northeast.
   (D) They sought a loose immigration policy.

14. Which important Populist leader and presidential candidate ultimately came to be associated with the racist faction within his party?
   (A) William Jennings Bryan
   (B) James B. Weaver
   (C) Thomas Edward Watson
   (D) Jay Gould

15. Although the "Billion-Dollar" Congress passed bills that favored Civil War pensioners and "silverites," it also passed legislation that favored industrialists, in the form of the
   (A) Pendleton Act of 1893.
   (B) McKinley Tariff Act of 1890.
   (C) Resumption Act of 1875.
   (D) Civil Rights Act of 1875.

**Short-Answer Questions**

   (a) Which of the following government actions did the most to counter the idea that the government existed to support and
promote big business? Provide at least ONE piece of historical evidence in your explanation.
Sherman Anti-Trust Act
Munn v. Illinois
Interstate Commerce Act
(b) Choose one other action from the list. Why was the act/decision you chose more beneficial to those oppressed by big business? Support your answer with historical evidence.

Question 2 is based on the following cartoon.

![Cartoon Image](Library of Congress)

2. This cartoon satirizes William Jennings Bryan's 1896 "Cross of Gold" speech.
   (a) Describe the imagery used in the cartoon.
   (b) Does the cartoonist support Bryan's position on the gold versus silver issue? How does the image indicate this?
   (c) Was Bryan's position ultimately beneficial for the country? Provide historical evidence to support your answer.

Long Essay Questions

1. To what extent did the Populists and Farmers' Alliances effectively challenge the established Democratic and Republican Parties in the late nineteenth century? In your answer discuss TWO of the following:
   (a) The economic agenda of the Populists and Farmers' Alliances
   (b) The degree of political success experienced by the Populists and Farmers' Alliances
   (c) The ability of the Populists and Farmers' Alliances to organize farmers and others into a cohesive political force

2. Government's response to the plight of America's farmers and laborers in the late nineteenth century was insufficient.
   To what extent is this statement true?
Answers

CONTENT REVIEW QUESTIONS

1. (D) Unemployment insurance would have to wait until the New Deal in the 1930s. Options A–C were important features of the Populists’ platforms (The American Pageant, 15th ed., p. 598/16th ed., pp. 597–598; Learning Objective WXT-7).

2. (B) The silver issue and the condemnation of the gold standard were at the heart of Bryan’s appeal. His “Cross of Gold” speech catapulted him into the national spotlight (The American Pageant, 15th ed., pp. 601–602/16th ed., p. 600; Learning Objective WXT-7).

3. (C) Unmortgaged farmers and eastern urban laborers, some motivated by fear of losing their jobs, ultimately voted for McKinley over Bryan. B is incorrect because the Democrats and not the Republicans were split over the silver/gold issue. Bryan would never repudiate his primary campaign issue—option D. While true that Gold Bugs (who had more in common with Cleveland than Bryan) deserted the party in the 1896 election, most Democrats supported Bryan’s candidacy. (The American Pageant, 15th ed., pp. 602–603/16th ed., pp. 601–602; Learning Objective POL-3).


5. (C) The sub-Treasury system would provide farmers some control over the prices they could receive for their crops (The American Pageant, 15th ed., p. 598/16th ed., p. 597; Learning Objective WXT-7).


7. (B) In Wabash, the Supreme Court ruled that states could not regulate interstate commerce. It was therefore up to the federal government to regulate the growing railroad monopoly (The American Pageant, 15th ed., p. 519/16th ed., p. 519; Learning Objective WXT-8).

8. (C) While farmers were often susceptible to rate changes in other businesses, it was the railroad industry that most noticeably cut into farmer’s costs to get their crops to market and thus became a symbol for their exploitation (The American Pageant, 15th ed., p. 596/16th ed., p. 595; Learning Objective WXT-3).
9. (A) Populists were strong supporters of the free and unlimited coining of silver. They sought to devalue the currency, which is what silver, not gold, would achieve (The American Pageant, 15th ed., p. 598/16th ed., pp. 595–597; Learning Objective WXT-7).

10. (C) Passed by the Republican Congress, it called for redeeming all greenbacks and replacing them with gold certificates (The American Pageant, 15th ed., p. 492/16th ed., pp. 491–492; Learning Objective WXT-8).

11. (D) Although somewhat graphic in nature (apparently some Republicans physically waved a bloodied Union soldier’s tunic at political rallies), these exclamations appealed to Union war veterans, encouraging them not to throw their support behind what many Republicans considered to be the party of “disunion,” the Democrats (The American Pageant, 15th ed., p. 489/16th ed., p. 489; Learning Objective POL-3).

12. (A) Although not himself implicated in the scandal (which involved bribing congressmen and the vice president to not report the illegal activities of Union Pacific Railroad operatives), Grant’s reputation was tarnished by his personal and political association with the accused (The American Pageant, 15th ed., p. 490/16th ed., p. 490; Learning Objective POL-2).

13. (B) Disenchanted by the two major political parties and suffering from the effects of a postwar depression, the Populists (who grew out of the militant Farmer’s Alliance, whose center of popularity was in the rural South and West), put forth a platform that included government ownership of major industries, such as the railroads, telegraph, and telephone; they also supported a graduated income tax and immigration restrictions (The American Pageant, 15th ed., p. 598/16th ed., pp. 597–598; Learning Objective WXT-7).

14. (C) Watson apparently came to racism later in his political career. He initially supported interracial cooperation in addressing political and economic problems confronting the nation’s suffering farmers. Later, he condemned blacks, Jews, socialists, and Catholics, giving a decidedly racist hue to the Populist’s democratic, grassroots crusade (The American Pageant, 15th ed., p. 508/16th ed., p. 507; Learning Objective CUL-3).

15. (B) The McKinley Tariff Act increased tariff rates to their highest peacetime level in the nation’s history, a boon to corporate America but devastating to the nation’s indebted farmers, who were then compelled to purchase American-made commodities at inflated prices (The American Pageant, 15th ed., p. 505/16th ed., pp. 504–505; Learning Objective WXT-8).