

The typewriter opened up new jobs for women as they became more widely used in businesses during the mid-1880s



In 1881, the YWCA in New York offered a typing course for women. These were the first white collar jobs for women. By 1888, the number of women employed as typists grew to 60,000. These jobs led to women pursuing other white collar careers as well.



1889 ad to train secretaries



We can use 150 stenographers who will learn to operate the Hammond Typewriter within the next 8 months, at good salaries,

N. A. MILLER, *Pres.,*
S. of C. and S. I.

HAMMOND GENERAL AGENCY.

[OVER.]

N. A. MILLER, *Pres. and Proprietor.*

IRA MILLER, *Secretary.*

Elmira School of Commerce

And Shorthand Institute.

CALL AT College, Cor. Main and Water Sts. *Elmira, N. Y.,*
LOOK AT New Building, on Lake Street. *September, '89.*

SEND FOR CATALOGUE.

[OVER.]

1885 ad for Remington typewriters

Remington Standard Typewriter

WINS

GOLD MEDAL, SILVER MEDAL,

AND

CHAMPIONSHIP OF THE WORLD,

AT TORONTO, August 18, 1888.

Cincinnati, July 25, '88.

Writing
legal testi-
mony for
ninety
minutes,

AVERAGE, 97 WORDS.



New York, August 2, '88

Writing
for five
minutes,

Average, 95* words.

LATEST AND BEST PERFORMANCE AT SPEED TEST,
575 words (unfamiliar) in 5 minutes. 125 words (blindfolded) in 1 minute.

"We, the undersigned, having been requested to act as a committee at a public speed test in typewriting, by Frank E. McGurkin, of Salt Lake City, Utah, hereby report as follows:

"Said Test occurred at the City of Chicago, Ill., in the First M. E. Church building, corner of Washington and Clark Streets, on the 5th day of September, 1888, at 8 o'clock P. M., in the presence of about seventy-five persons, including leading stenographers and typewriter operators.

"The dictation was by Mr. Isaac S. Diment, of Chicago.

"Said McGurkin was timed by each of us.

"In five consecutive minutes said McGurkin wrote Five Hundred and Eighty-three words, gross; after deducting errors, there remained five hundred and seventy-five words, a net average of one hundred and fifteen words per minute.

"In one minute, writing blindfold, said Mr. McGurkin wrote one hundred and twenty-five words, in which there were three errors.

"(Signed),

"G. S. BAYLESS,

"(Principal of Bayless Business College, Dubuque, Iowa).

"FRANK W. GANSH,

"(Attorney at Law, Chicago, Ill.).

"J. G. GROSS,

"Chairman."

"The above is correct,

"(Signed), ISAAC S. DIMENT."

Compare the above facts with misleading statements from other sources.

Address, for Catalogues and further particulars,

G. G. WICKSON & CO.

3 & 5 FRONT STREET,

SAN FRANCISCO.

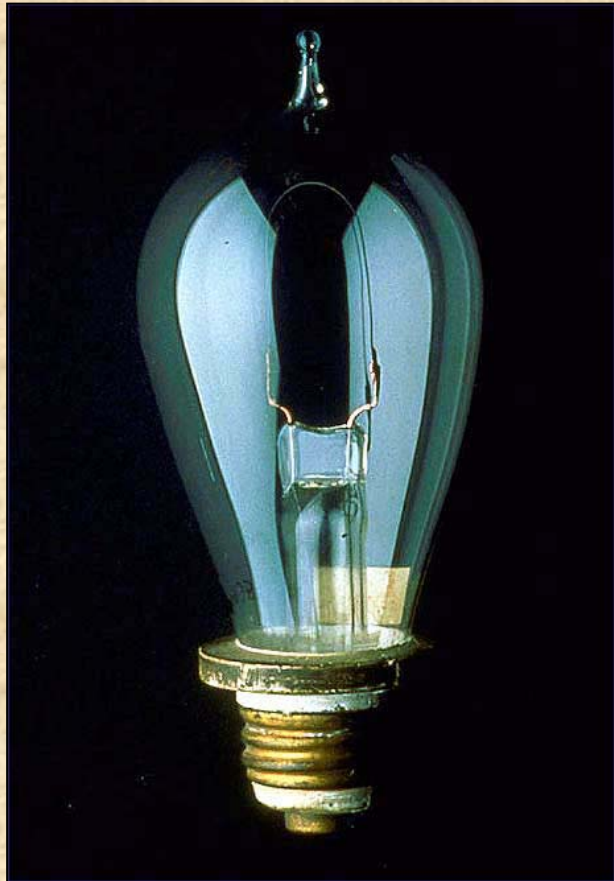
Branches at Los Angeles and Portland, Oregon.

Ottmar Mergenthaler invented the linotype in 1886



The linotype allowed an operator to automatically set type through a 90-character keyboard that created an entire line of metal type at once. This created much faster printing than with the Gutenberg-style system where operators placed down one letter, punctuation mark or space at a time. The linotype machine poured molten type metal, which is a lead alloy, into the molds, producing a complete line of type in reverse, so it would read properly when used to transfer ink onto paper. The lines of type were then assembled by hand into a page. This technology revolutionized the industry.

Electricity



ELECTRICITY & ELECTRIC APPLIANCES.

Copyrighted by Edward Carqueville, 1892.



Timeline of key electricity dates

1752: Benjamin Franklin invented the lightning rod, demonstrating that lightning was electricity.

1830: Joseph Henry discovered the principles of the dynamo.

1831: Michael Faraday demonstrated electromagnetic induction by passing a magnet through a coil of wire.

1834: Charles Wheatstone used a revolving mirror and four miles of wire to measure the velocity of electricity.

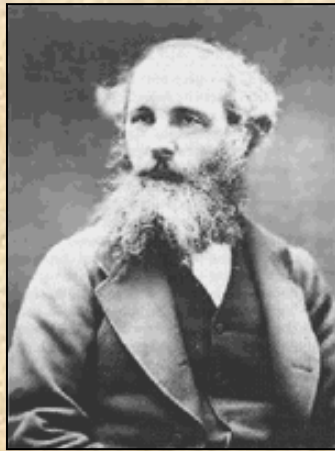
1870s: Thomas Edison built a DC (direct current) electric generator in America. He later provided all of New York's electricity.



Major modern figures in the development of electricity



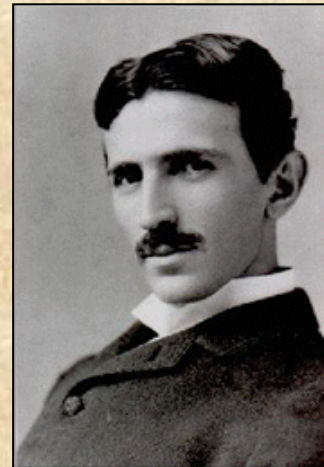
Michael Faraday (1791-1867) from England discovered electromagnetic induction, which explored how electric currents work. His experiments facilitated many other inventions fifty to one hundred years later. The farad, the unit of capacitance is named in the honor of Michael Faraday.



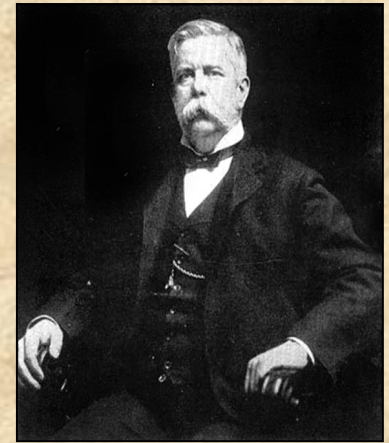
James Maxwell (1831-1879) a Scottish mathematician who translated Faraday's theories into mathematical expressions. A maxwell, the electromagnetic unit of magnetic flux, is named after him. He was a brilliant mathematician and is held in esteem only behind Newton and Einstein in the world of science.



Thomas Alva Edison (1847-1931) had 1093 patents on items ranging from the phonograph to motion picture cameras. He had a modern research laboratory in Menlo Park, NJ where his discoveries were made. He invented the light bulb and furthered the spread of electricity throughout cities.

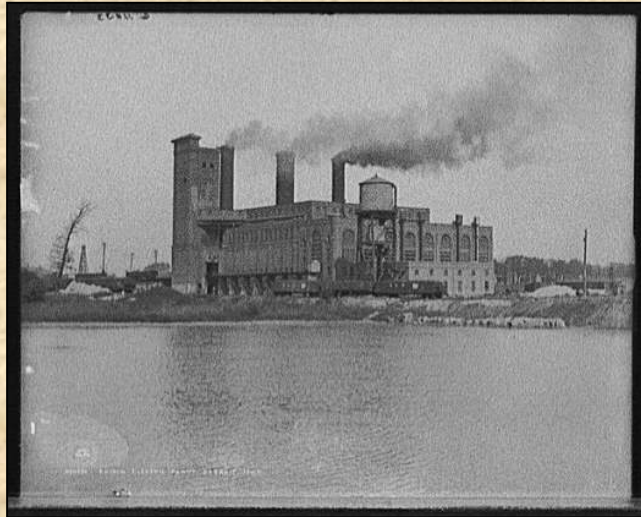


Nikola Tesla (1856-1943) a Serbian who later emigrated to the U.S. is often referred to as the most dynamic genius of all time. He invented the electro-magnetic motor, fluorescent lighting, the Tesla coil, and the AC electricity supply system. Tesla's system allowed for the first hydroelectric plant in the U.S. in Niagara Falls in 1886.



George Westinghouse (1846-1914) built the first generators at Niagara Falls. He used money from his air brake system in trains to buy up patents in the electric field.

Thomas Edison



**Edison's lab in
Menlo Park, NJ**

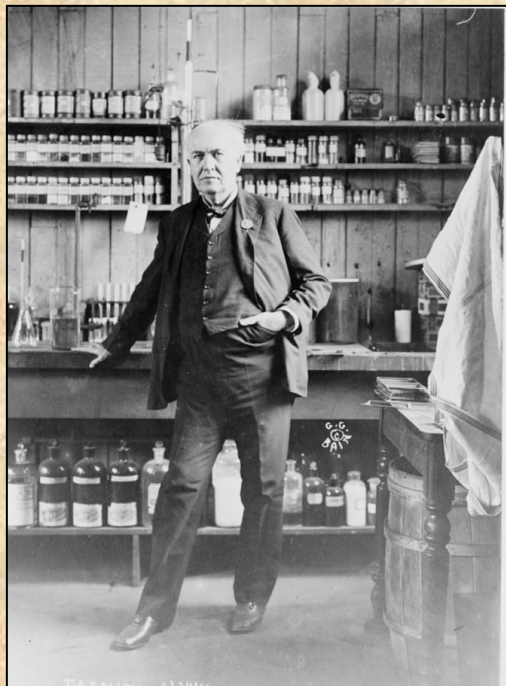


**Edison's
electricity
plant,
Boston**

Palace of Electricity

**©August 9, 1900
Thomas A. Edison**

Thomas Alva Edison (1847-1931) was one of the most productive and creative inventors in history. He was also a shrewd businessman, manufacturing and marketing many of his inventions and innovations.



Edison's voice, 1888



Thomas Edison

- 💡 His first patent was in 1868 for an Electrical Vote Recorder.
- 💡 In 1869 he received patents for an improved stock ticker and several other devices.
- 💡 Between 1872 and 1876 he invented the motograph, automatic telegraph systems, paraffin paper, the electric pen (mimeograph machine), and many other useful machines.
- 💡 1876-1877 he invented the carbon telephone transmitter "button", which made telephony a commercial success. The first phonograph was made in Edison's lab.
- 💡 1879 he invented the first commercially practical incandescent electric lamp and later invented the machinery for the commercial use of electricity.
- 💡 Altogether Edison obtained almost 1100 patents. He also developed the first research lab at Menlo Park.



EDISON'S GREATEST MARVEL

THE VITASCOPE

"Wonderful is The Vitascope. Pictures life size and full of color. Makes a thrilling show."
NEW YORK HERALD, April 24, '96.

THE EDISON NEW STANDARD PHONOGRAPH.

PRICE \$20 COMPLETE

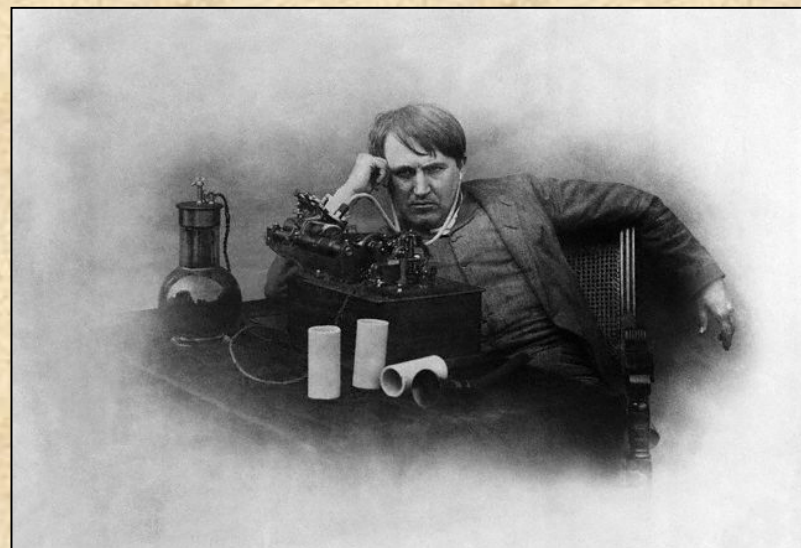
Produces the same results as the other famous models of the GENUINE EDISON PHONOGRAPH, using the same records and the same reproducer. Simplest, most durable, and cheapest talking-machine.

EDISON NEW STANDARD,	\$20.00.
Home Phonograph,	30.00.
Spring Motor "	75.00.
Electric " "	75.00.

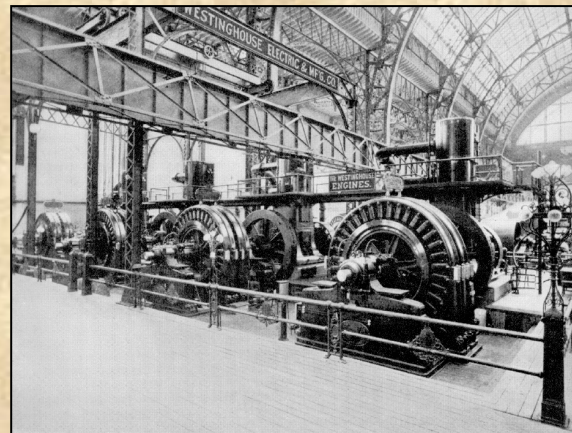
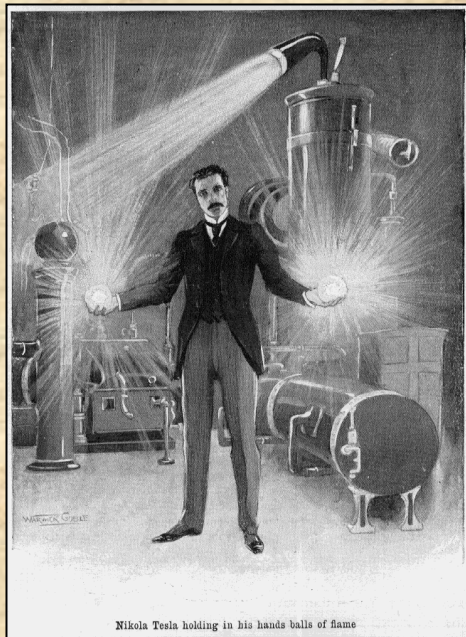
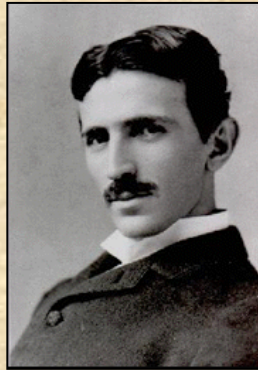
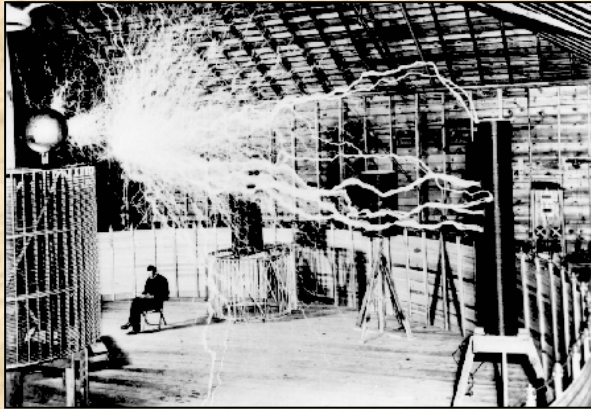
ALL GENUINE PHONOGRAPHS bear this signature:

TRADE MARK
Thomas A Edison

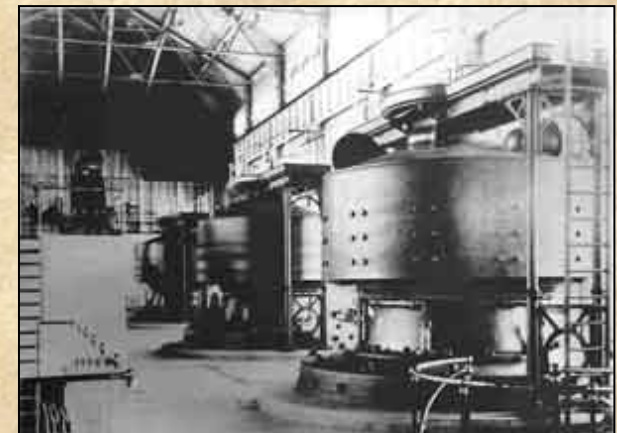
Catalogue No. 3 free from the
NATIONAL PHONOGRAPH CO.,
St. James Building, Broadway & 26th St., New York.
Edison records 50 cents each, \$5.00 per dozen.



Nikola Tesla



AC power plant



First AC generator

Laying the "electrical tubes"



Impact of electricity

Electricity vastly changed life for all people. This new technology paved the way for many future inventions that rely upon electricity to work.

Its immediate effects were felt by people who could continue to operate after dark.



The Steel Industry

- ❖ **Difference between iron and steel**

- ❖ **Iron**

- ❖ **Bessemer process**

- ❖ **Andrew Carnegie**

- ❖ **Iron and steel production**



- ❖ **Exporting steel**

What is the difference between iron and steel?

Iron has been used by humans for thousands of years to make various items like weapons, cooking utensils, jewelry, and statues. In the U.S. it was an important industry. The first railroads were constructed with iron rails.

Steel is much stronger and more flexible (it doesn't break as easily).

When iron is smelted from its ore by commercial processes, it contains more carbon than is desirable. To become steel, it must be melted and reprocessed to remove the correct amount of carbon, which is very expensive. It would not be cost effective to make steel until the Bessemer converter was invented by Henry Bessemer in England.



Hopewell Furnace, now a national historic site, is located in southeastern Pennsylvania.

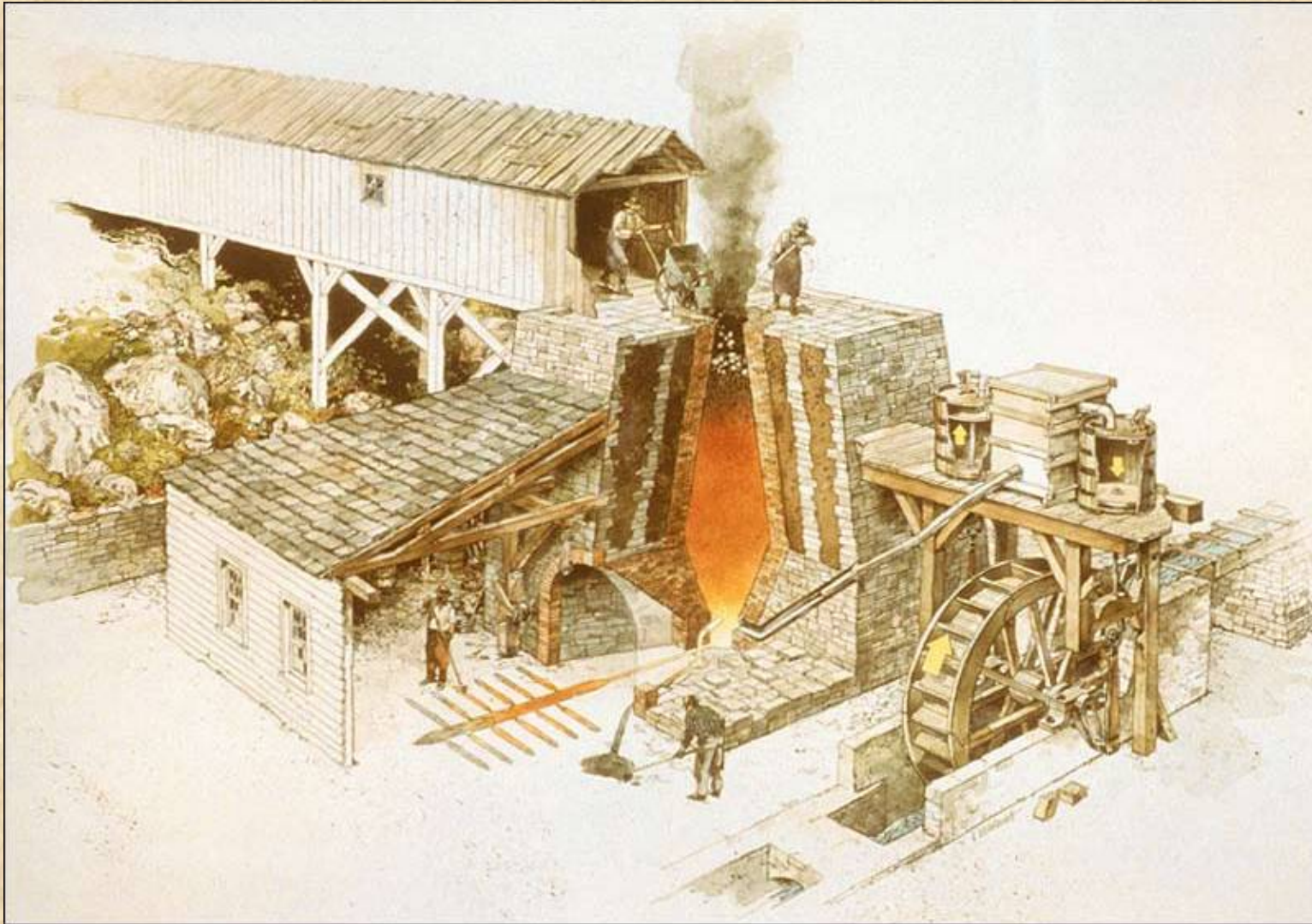
The early iron and later steel town that operated between 1771-1883 demonstrates the typical layout of this kind of industrial town.



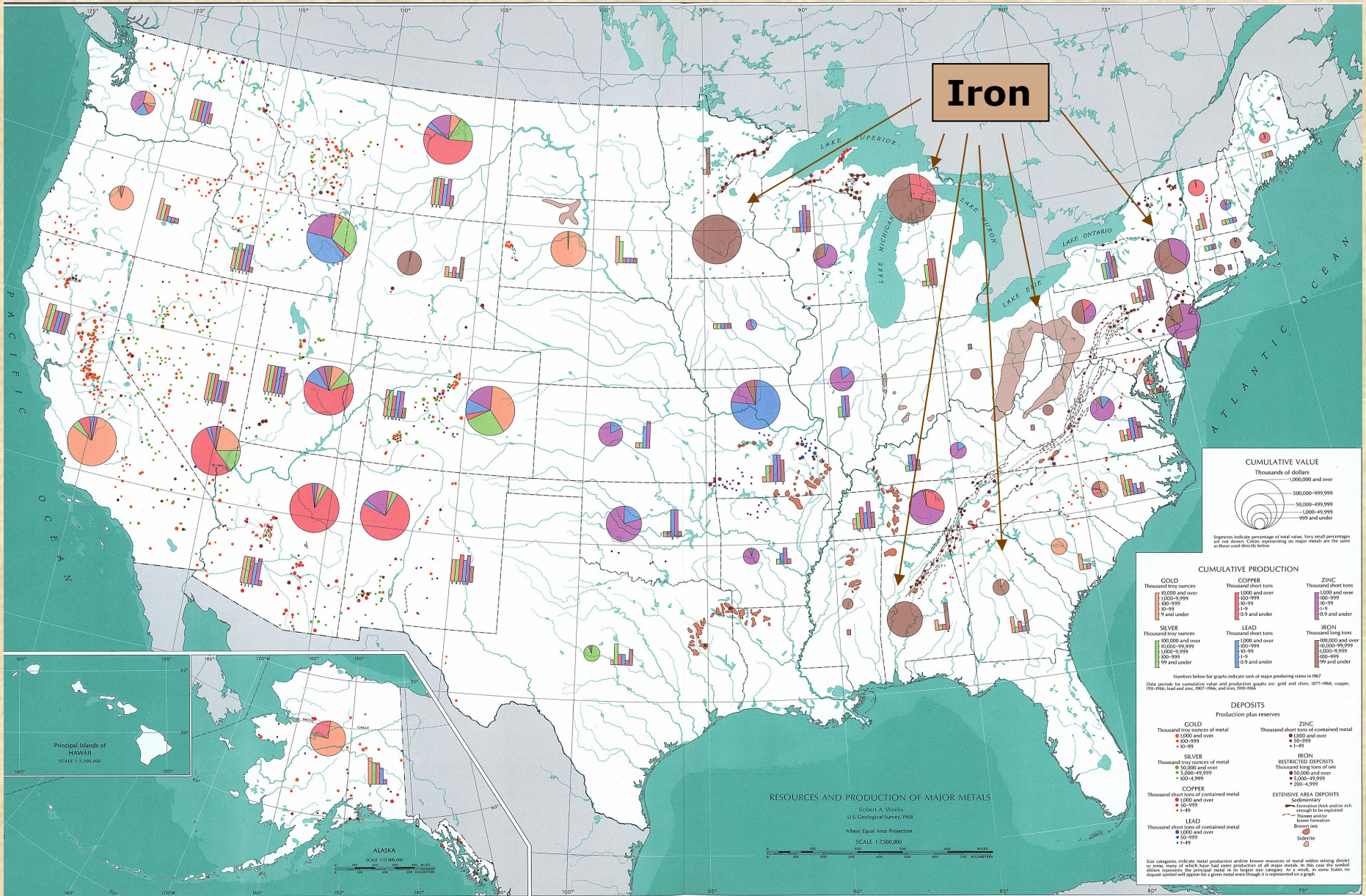
Key for illustration

1. Roads used to carry raw materials to the furnace and finished products to market
2. 1853 anthracite furnace that was meant to modernize Hopewell's operations. The experiment failed
3. Recreated charcoal hearth
4. Charcoal house, which could hold 90,000 bushels, and the shed where the charcoal was cooled
5. Furnace bank, connecting shed, and bridge house, where charcoal, limestone, and ore were carried to the furnace
6. Water wheel that drove the blast machinery
7. Hopewell store
8. Cast house
9. Furnace
10. Shed where castings were cleaned before shipment
11. Blacksmith shop
12. Ruins of a schoolhouse built by the company in 1837
13. Tenant houses
14. Barn, accommodating 36 horses or mules
15. Spring house for perishable foods
16. Smoke house and bake oven
17. Ironmaster's mansion or "Big House." Built in three stages, the house had 19 rooms on four floors
18. East headrace that carried water from a nearby creek to the water wheel

Illustration of an early iron mill



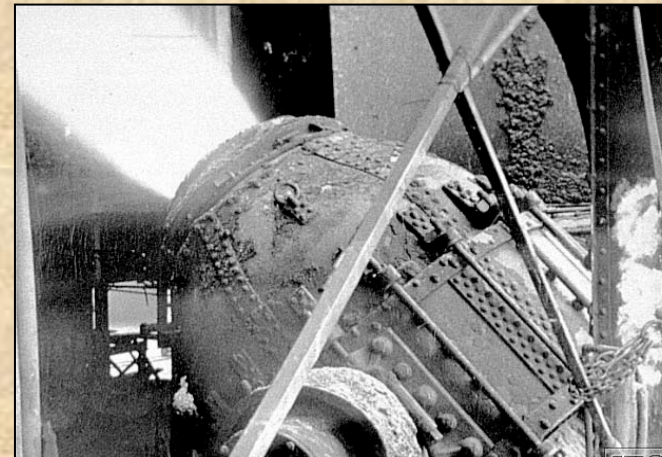
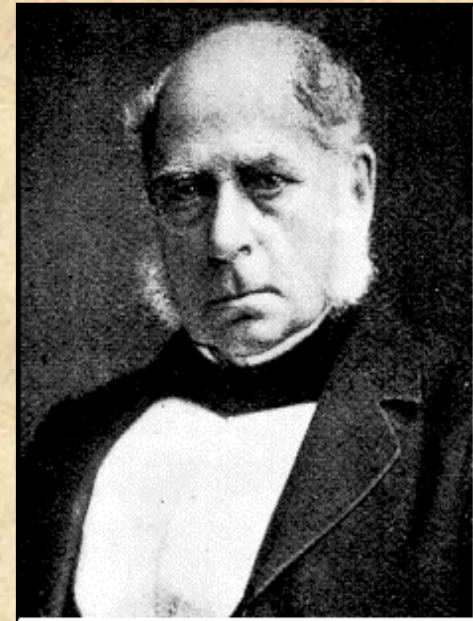
Abundance of mineral resources like iron contributed greatly to the industrialization of the U.S.



The process for making steel was discovered thousands of years ago

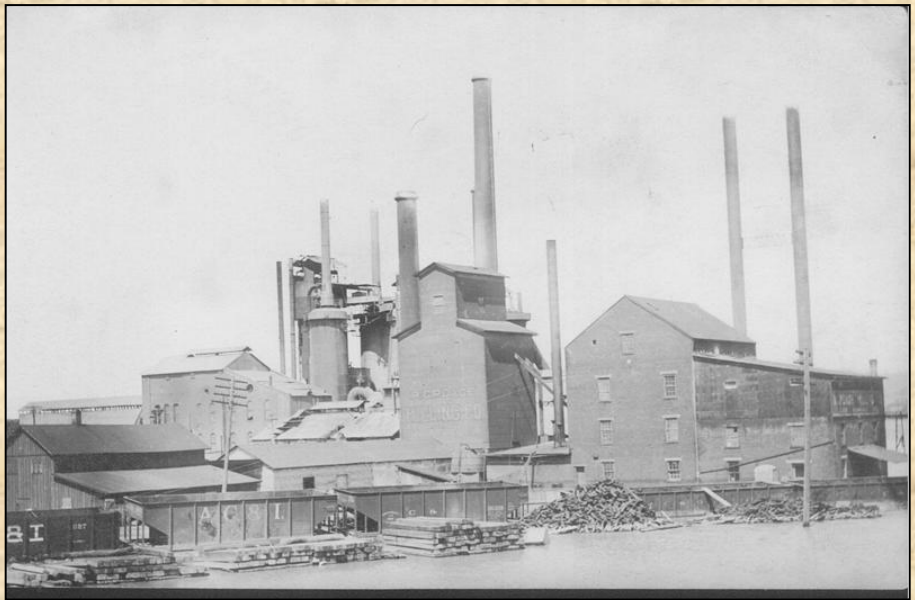
Although steel was superior to iron it was much harder to make and did not become widespread until the second half of the 19th century.

Many people tried to find a way to produce steel cheaper but it was Henry Bessemer, an English industrialist, who first devised what became known as the "Bessemer process" for making cheap steel.





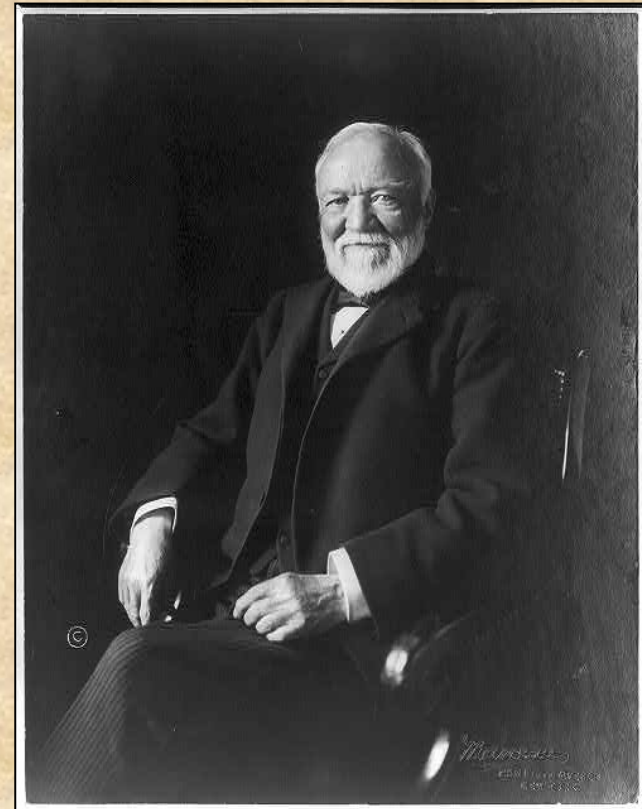
THE MANUFACTURE OF IRON.—TAPPING THE TUNDRAC.—(Taken at Tipton, and Printed.—(See Page 964.)

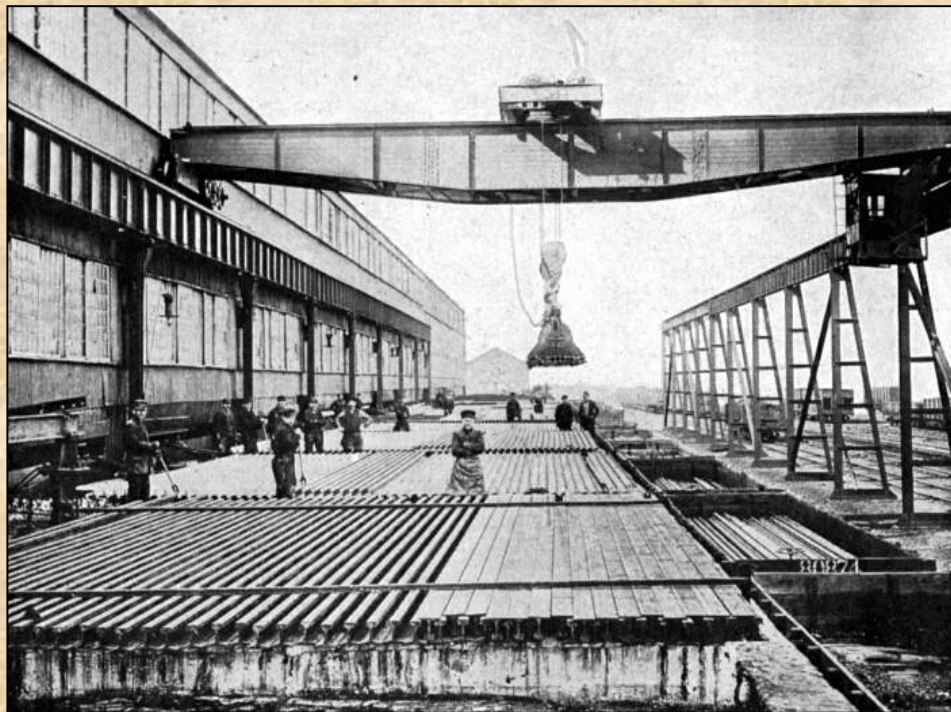


Andrew Carnegie

A poor Scottish immigrant, Carnegie went on to become one of America's wealthiest men.

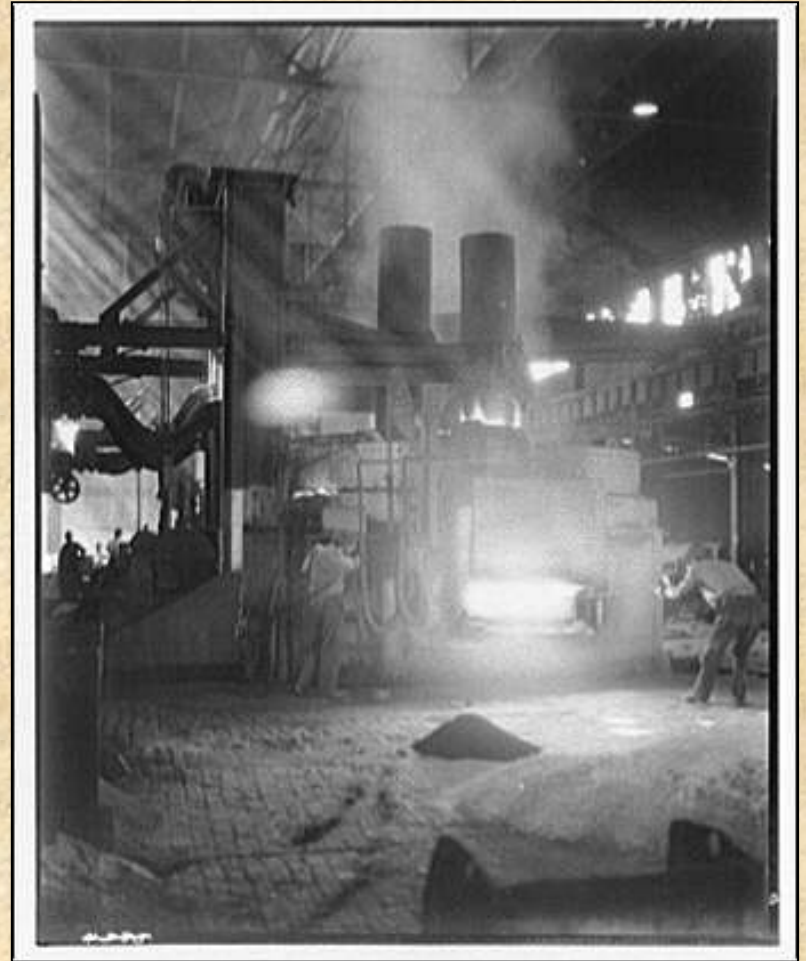
Carnegie made hundreds of millions of dollars in the steel industry. He dominated the industry with his Carnegie Steel Corporation, which produced steel as well as manufacturing it into useful products such as rails, bridges and ships.







6541—Huge Converters in Operation, Steel Works, Pittsburg,
Pa., U. S. A.

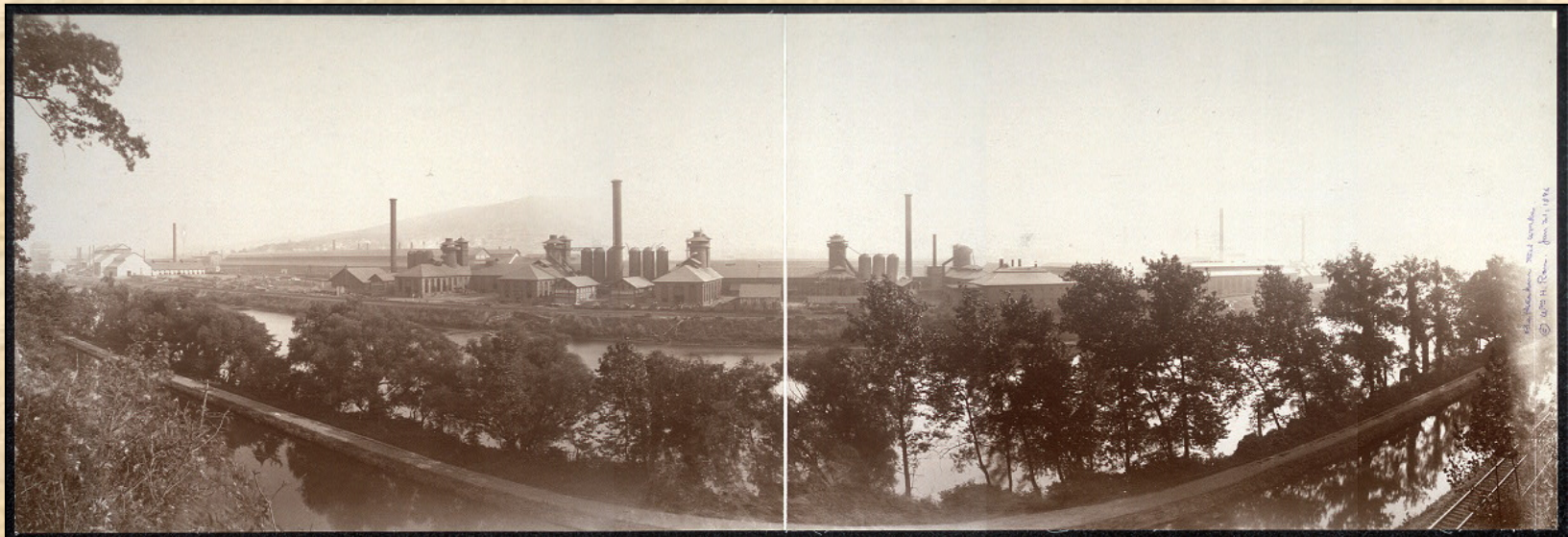
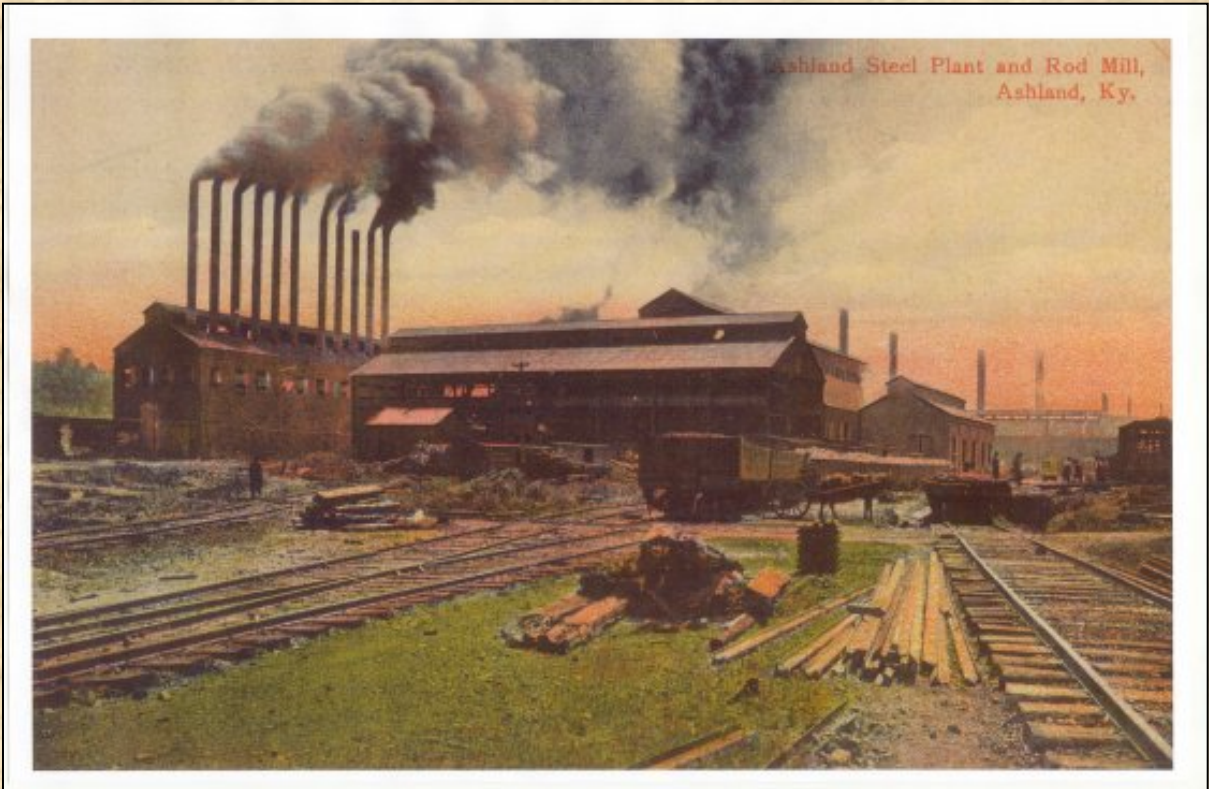


**Tapping a Furnace,
Westinghouse Works**

©July 23, 1904

**American Mutoscope
& Biograph Company**

Part 1 of 2

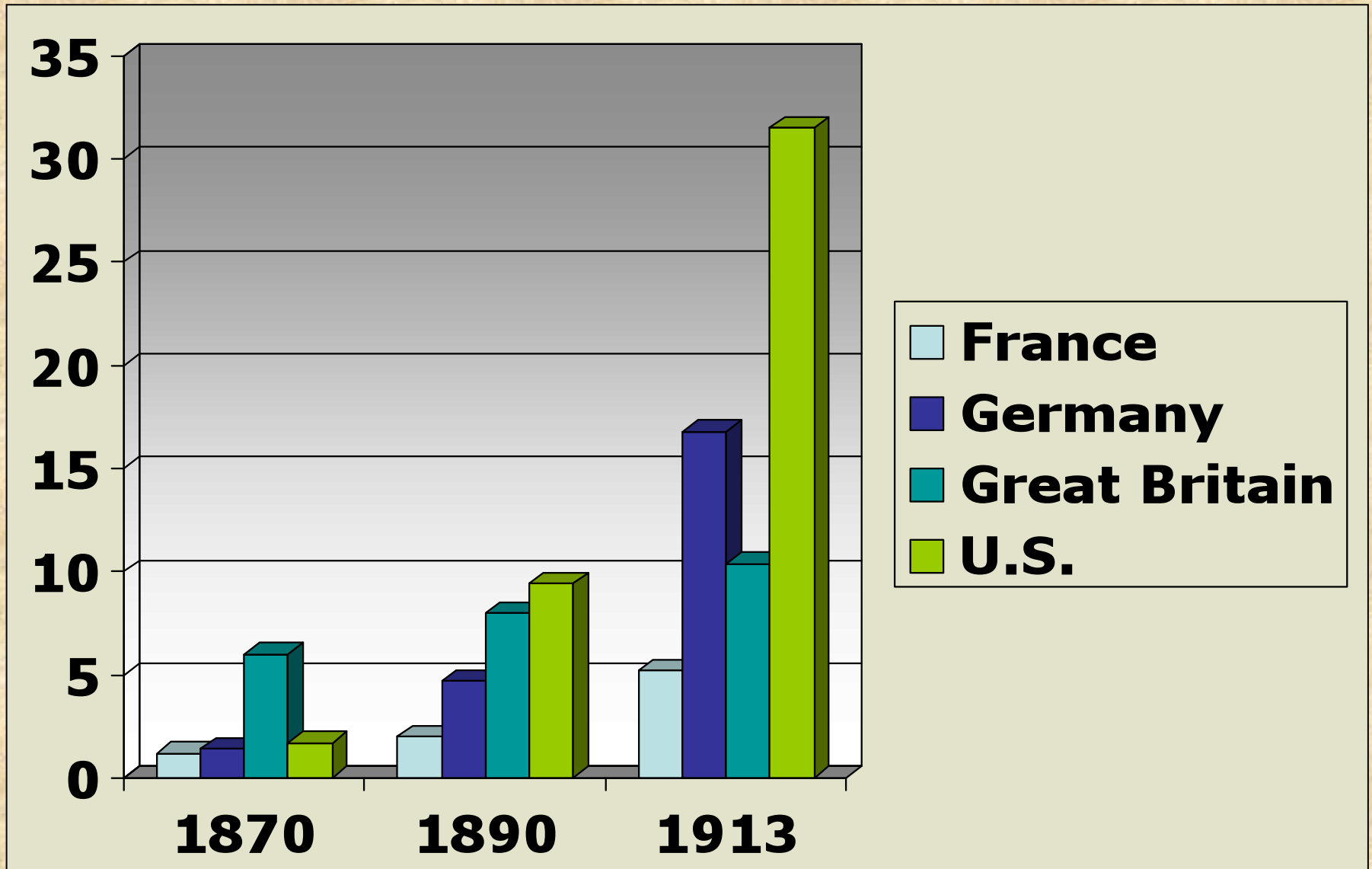


Production of Steel in the United States, 1879-80, and 1889-90.

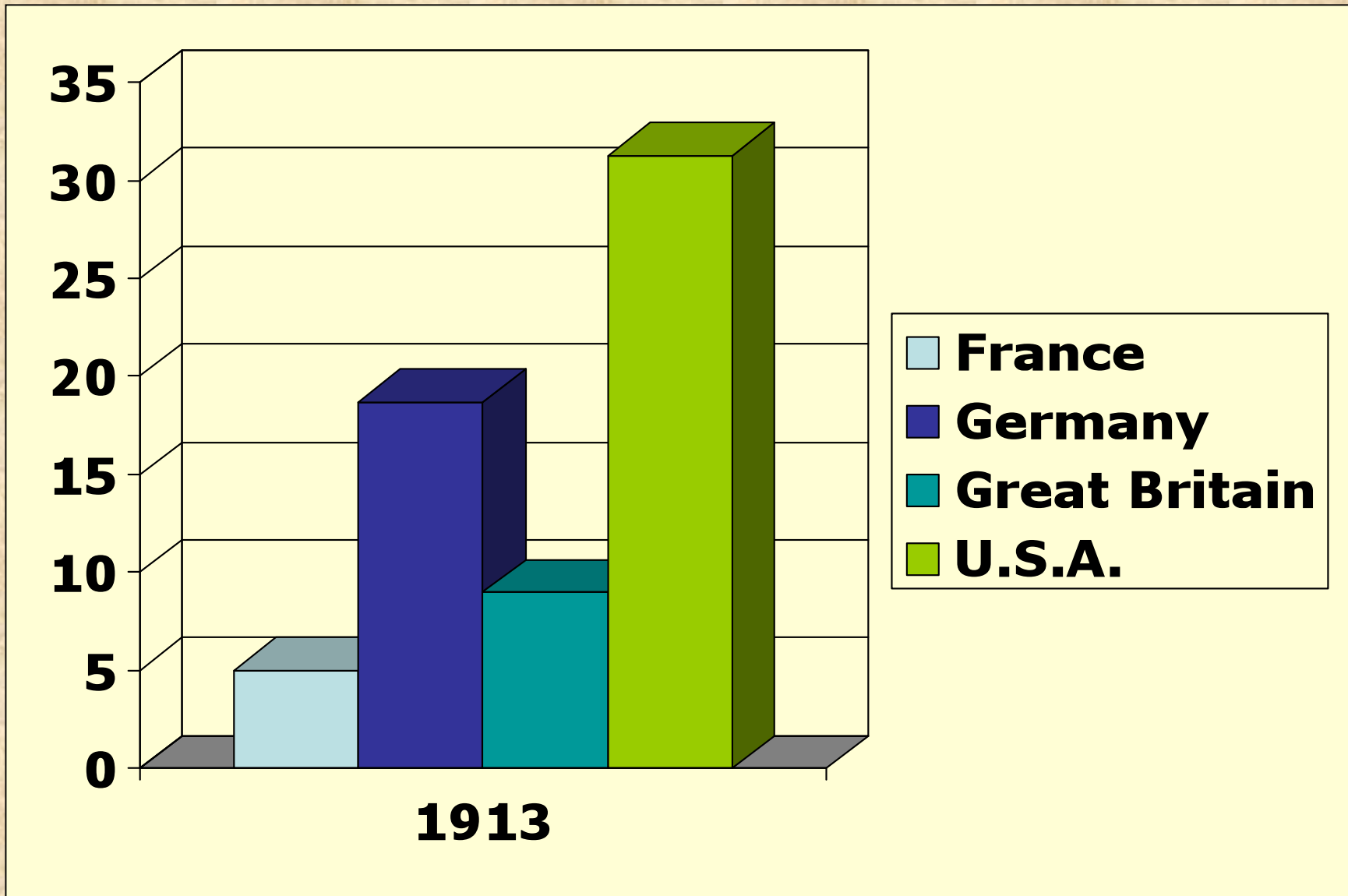
(TONS OF 2,000 POUNDS.)

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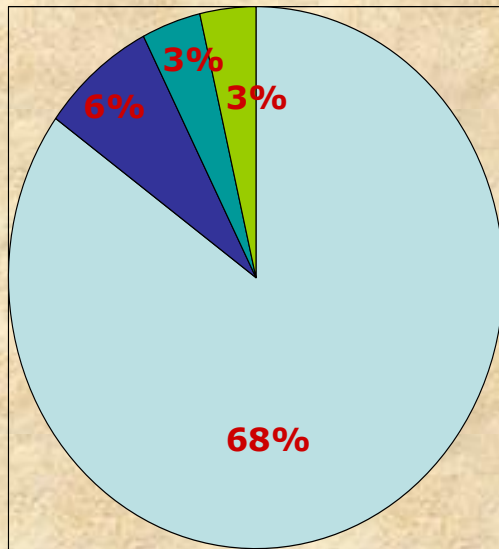
Iron ore production in millions of tons, 1870-1913



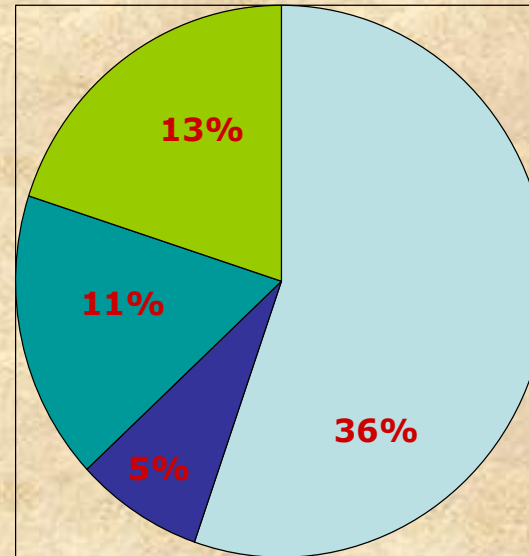
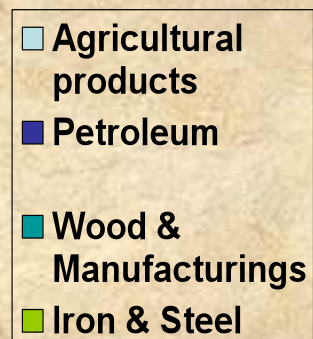
Steel Production in millions of tons



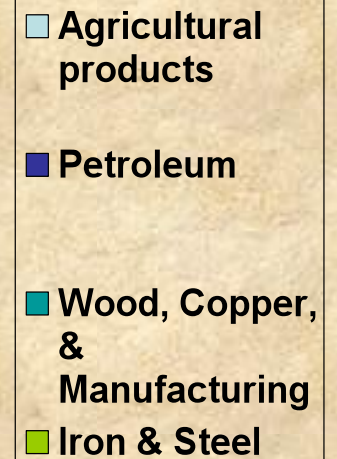
Total exports in percentages



1890



1913

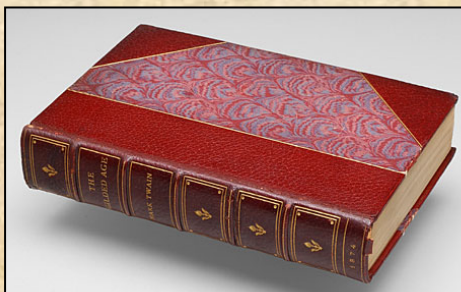
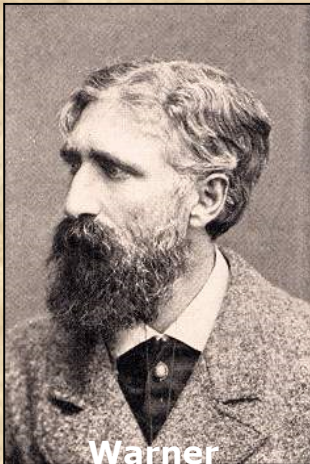
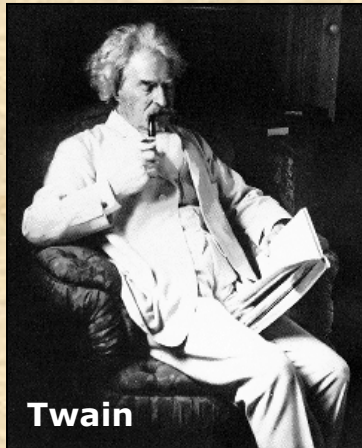


Captains of Industry and Robber Barons

- ❖ **Gilded Age**
- ❖ **Captains of Industry/Robber Barons defined**
- ❖ **Billionaires**
- ❖ **Credit Mobilier**
- ❖ **Erie Railroad War**
- ❖ **Cornelius Vanderbilt**
- ❖ **Daniel Drew**
- ❖ **Jay Gould**
- ❖ **Jim Fisk**
- ❖ **John D. Rockefeller**
- ❖ **Andrew Carnegie**
- ❖ **J.P. Morgan**



The Gilded Age: A Tale of Today (1873)



A novel by Mark Twain and Charles Dudley Warner which explored political and economic corruption in the U.S. The phrase "Gilded Age", commonly given to the era, comes from the title of this book. The term gilded means to be covered with gold.

Twain and Warner used it in the novel to refer to a city, which from a distance, looked as if it was made of gold, but instead, was covered in cheap gold paint. This was a symbol of the truth about America, where corporations like the railroad companies told lies about streets made of gold to attract immigrants to work for them.

The two major characters, Colonel Beriah Sellers and Senator Abner Dilworthy, are linked together by a government railroad bribery scheme.

Twain and Warner depicted an American society that on the surface appeared prosperous and full of opportunities but underneath was corrupt and scandalous.

Wealthy business leaders in the 19th century were glamorized or villanized

One view glorified their abilities and contributions

1. "Captains of Industry"

Industrial leaders were viewed as ingenious and industrious capitalists who transformed the American economy with their business skills. These "Captains" were the heroes of their day who embodied the American dream of rags to riches.

A second view questioned their tactics and ethics

2. "Robber Barons"

Industrial leaders were viewed as immoral, greedy, and corrupt, using bribery, illegal business practices, and cruelty to workers to get ahead. Many of the most respected industrialists were also feared and hated. While not all of these men were unethical, many used questionable tactics to achieve their goals of wealth and power.

Robber Barons

***Robber Baron* is an insult term used to describe a class of enormously rich businessmen that emerged in the post civil war era. Today they would be known as billionaires. They were both admired and hated at the time. They used ruthless, unscrupulous, and often illegal methods to create monopolies and develop overwhelming economic power and control over their industries. In the late 1800's a handful of these businessmen controlled over 90 percent of total U.S. wealth.**

Some of the more commonly known industrial leaders and bankers who were called Robber Barons include:

- ❖ **Andrew Carnegie**
- ❖ **John D. Rockefeller**
- ❖ **Cornelius and William Vanderbilt**
- ❖ **Jay Gould**
- ❖ **J. Pierpont Morgan**
- ❖ **Jim Fisk**
- ❖ **Daniel Drew**

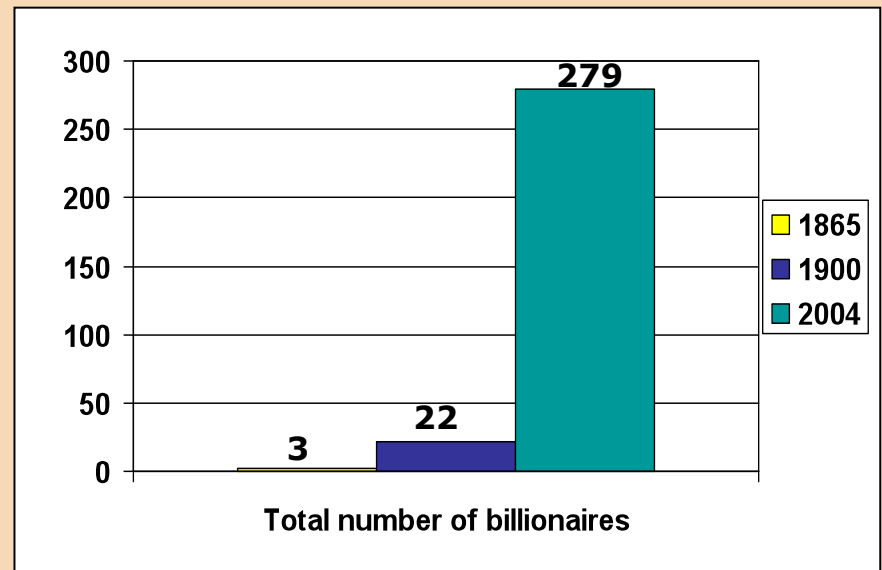
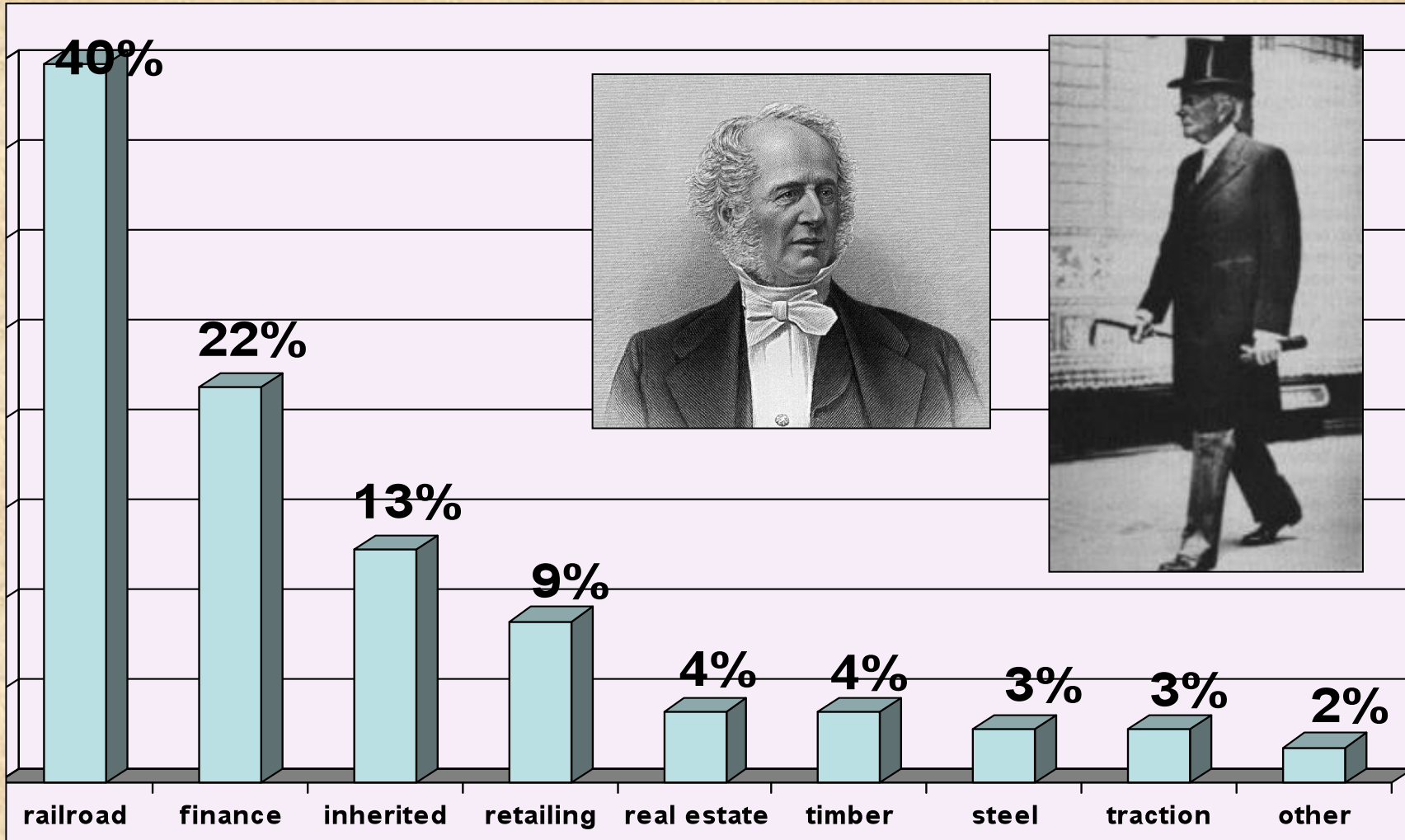
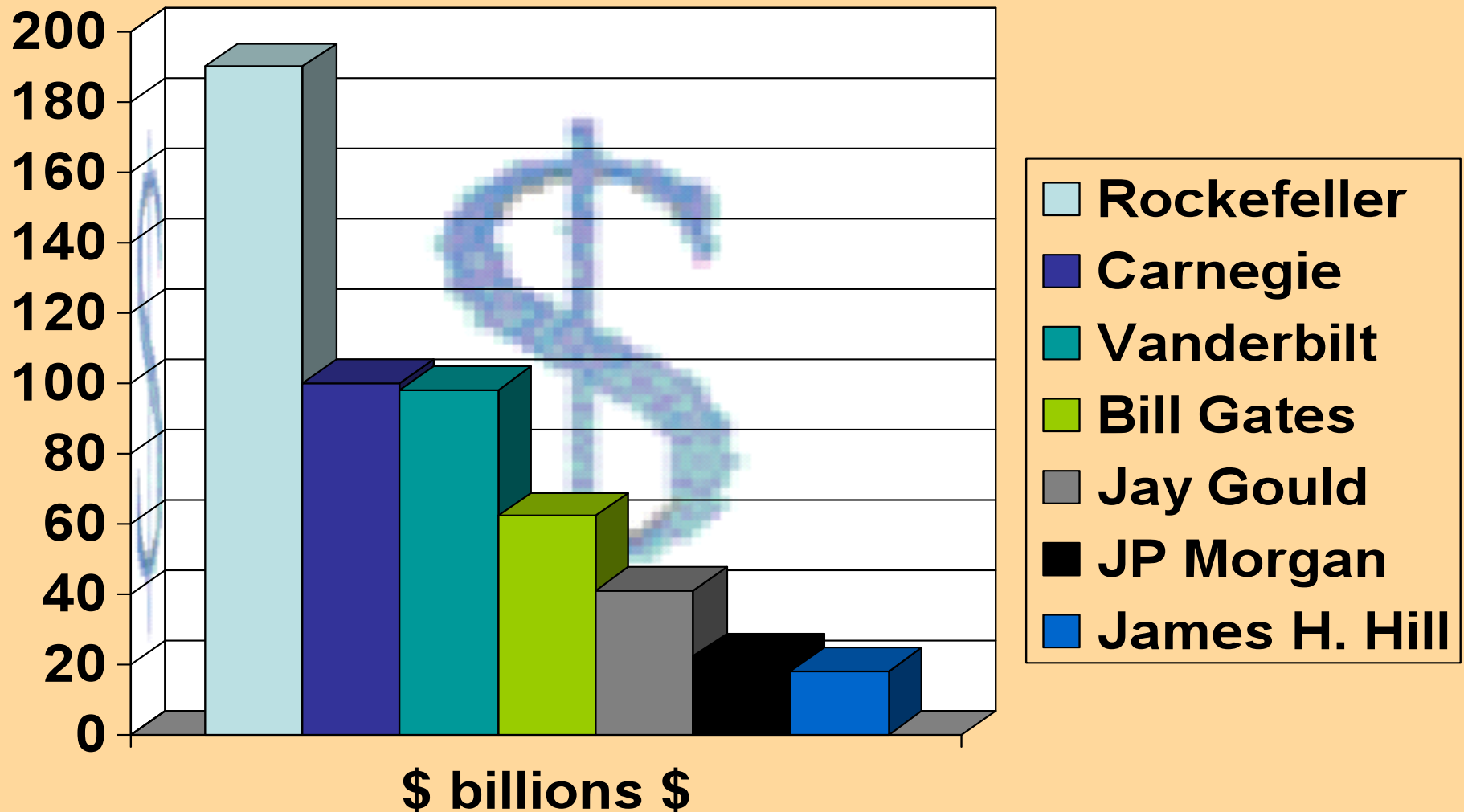


Chart shows the comparison in the number of billionaires from 1865 through 2004

**Billionaires in 1900: where they got their money
(Note: the finance category was mainly involved
with railroad financing)**



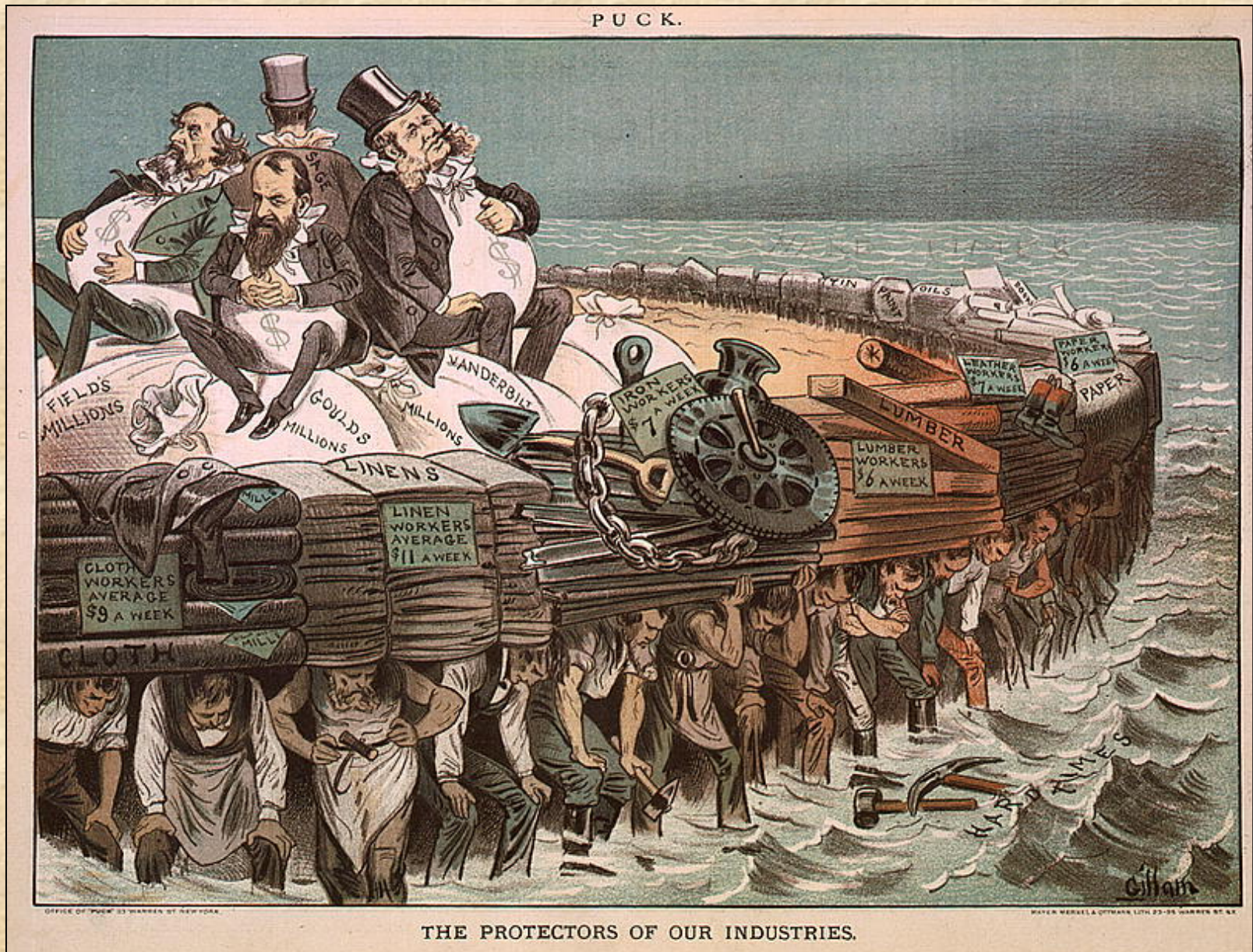
How rich were the "robber barons" compared to Microsoft founder Bill Gates?



Contemporary political cartoon comparing robber barons of the 19th century with robber barons from the Middle Ages



The millions made by the robber barons is at the expense of the workers



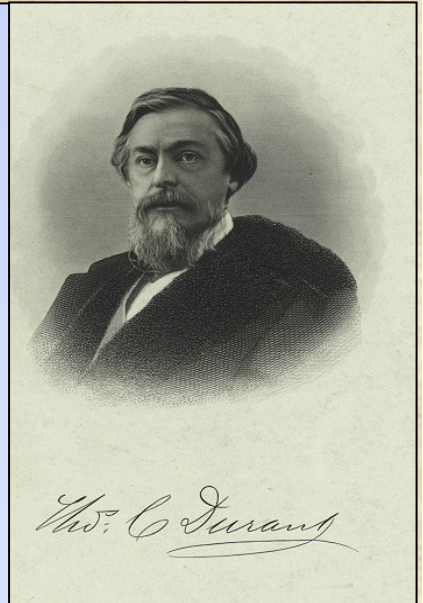
The age of Robber Barons began with an enormous fraud in the building of the transcontinental railroad in the 1860's known as the Credit Mobilier

Thomas Clark Durant and others of the Union Pacific Railroad formed a company called the Credit Mobilier of America which was given the contract to build a portion of the transcontinental railroad. Credit Mobilier sold or gave shares of the company to prominent congressmen, who approved federal subsidies for the cost of railroad construction. The company charged the government about twice the actual cost of construction, making huge profits for everyone involved. Basically Durant and others were stealing money from the government.

The scandal was uncovered by a New York newspaper in 1872. The Speaker of the House James G. Blaine created a congressional committee to investigate.

The investigation uncovered involvement by several congressmen and led to the censure of two House members, implicated outgoing vice president Schuyler Colfax, incoming vice president Henry Wilson, and Representative James A. Garfield. Garfield denied the corruption charges and was later elected president.

The scandal exposed the degree to which corruption existed in politics, and how far "robber barons" would go to increase profits.



Part of the route Credit Mobilier was responsible for constructing

The Erie War: the battle for control of the Erie Railroad Company 1866-1868



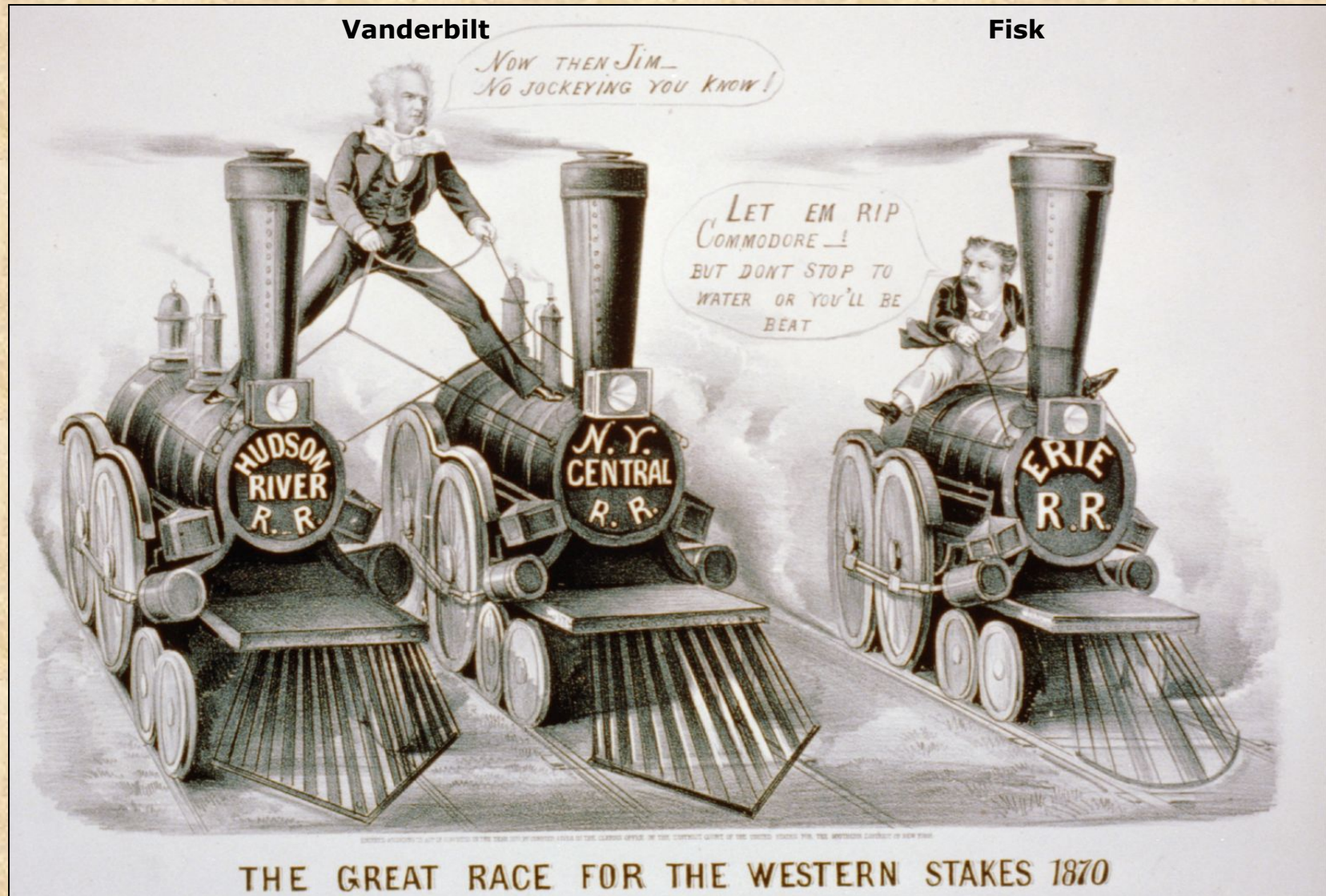
The Erie line ran between New York City and Buffalo. During the Civil War it was especially profitable. Three men, James Fisk, Jay Gould, and Daniel Drew were able to pool their profits and take control of the railroad. They intended to make as much profit as possible, even at the expense of the efficiency of the line.

Cornelius Vanderbilt, who owned the New York Central Railroad, wanted to take over the Erie Company. Drew, Gould, and Fisk prevented this by issuing fake shares of stock which Vanderbilt purchased in hopes of gaining majority control of the company. The price of the shares was highly inflated and Vanderbilt lost millions in the process.

Vanderbilt fought back by appealing to the politicians he had been bribing in New York to arrest the men. Drew, Gould, and Fisk escaped to New Jersey and upon their return proceeded to bribe the same politicians into preventing the sale of the Erie line to Vanderbilt.

This bitter war resulted in: monetary losses for Vanderbilt and many other investors, victory for Drew, Gould, and Fisk, and a lack of profitability for the Erie line for many more decades.


Cornelius Vanderbilt and James Fisk are shown in a race for control of New York's rails during the Erie War.







Cornelius Vanderbilt 1794-1877



 **As a teenager, he borrowed money from his parents to buy a boat that took passengers between Staten Island and New York City**

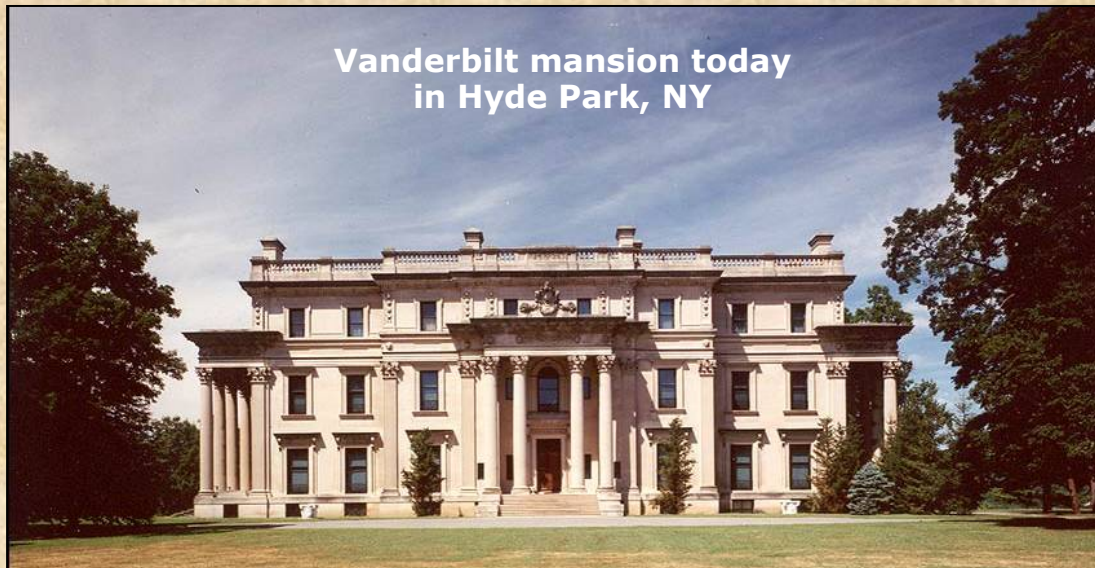
 **During the War of 1812 he was commissioned to transport items for the government around New City, which made him enough money to buy several more ships**

 **In 1829 he formed a steamship company on the Hudson River and charged lower fares than his competitors, which allowed him to become the most powerful shipping tycoon in the region and made him a millionaire by 1846, earning the nickname "Commodore"**

 **In the 1860s he began investing in railroads and eventually built the first line connecting New York City and Chicago. He also built New York's Grand Central station**

 **Most historians estimate that when he died he was worth \$100 million (\$1.7 billion in today's dollars)**

Vanderbilt and his descendents, like many other robber barons, built massive mansions and spent huge amounts of money known as conspicuous consumption (spending money to show off one's wealth).

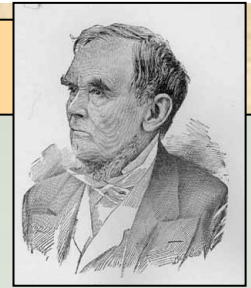


This bedroom is a reproduction of a French Queen's chamber from the Louis XV period.



William Vanderbilt took over the family business

Daniel Drew 1797-1879



Fought in the War of 1812 and afterwards ran a successful cattle-driving business.



Entered the steamship business in 1834, and was unable to have lines in New York due to Vanderbilt's dominance but had several profitable lines elsewhere.



In 1844 started and ran the brokerage firm of Drew, Robinson & Company for ten years, afterwards continued to be an independent broker.



In 1857, became a member of the board of directors of the Erie Railroad and used his position to manipulate the firm's stock price.



In 1864, faced his second skirmish with Vanderbilt, this time over the stock price of the Harlem Railroad. Drew lost \$500,000.



In 1866-1868, helped orchestrate the Erie War, his final showdown with Vanderbilt where he prevented Vanderbilt from taking over the Erie Railroad. Vanderbilt lost a large amount of money and was unsuccessful in taking over the railroad.



In 1870, Fisk and Gould, his partners in the Erie Railroad betrayed Drew, causing him lose \$1.5 million due to manipulating the stock price. The downturn of the economy during the Panic of 1873 made him lose more, and by 1876, Drew filed for bankruptcy, in debt for over a million dollars and no ability to pay.



He died in 1879, broke and living with his son.



Newspapers called him the “Worst Man in the World” because he gained great wealth through dishonest means, often bribing elected government officials and threatening or plotting against opponents.



Made the majority of his wealth from railroad speculation. After gaining control of a railroad he lowered wages and worsened working conditions causing workers to strike.



In 1869 Gould and Jim Fisk tried to gain control of the gold market to increase the price of wheat which would provide more business for their Erie railroad. To accomplish this Gould paid off President Grant's brother-in-law, A.H. Corbin, to try to influence the president. Their speculations in gold led to Black Friday, which resulted in the bankruptcy of almost a thousand individuals and the collapse of fourteen brokerage houses and several banks.



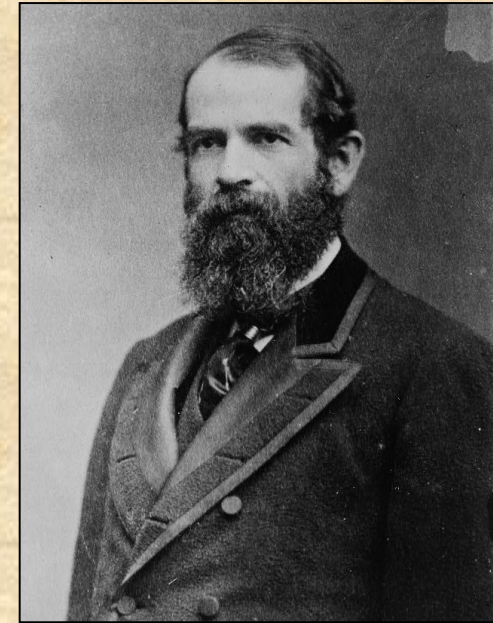
He pioneered the practice of declaring bankruptcy as a business strategy. He used stock manipulation and insider trading (now illegal).



He was one of the architects of a consolidated national railroad and communication system. One of his major achievements was to lead Western Union to dominance in the telegraph industry.

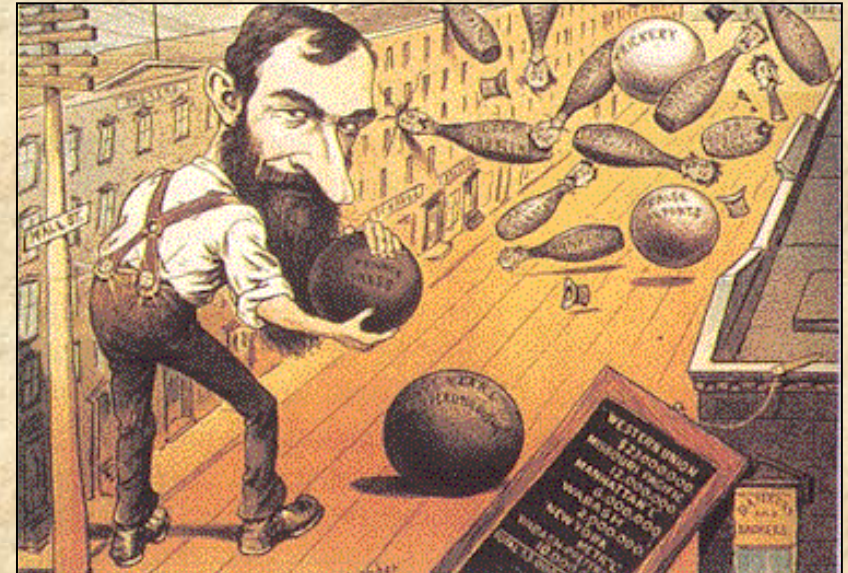
**Jay Gould
1836-1892**

Classic Robber Baron

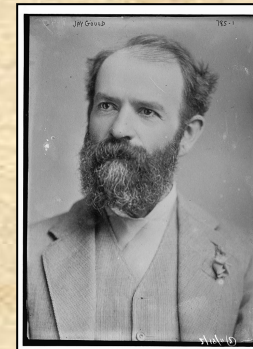


Stock certificate

**Gould was famous for saying,
"I can hire one half of the
working class to kill the other
half."**



**Gould was viewed as a
predator who looted
companies. Dubbed "the
Mephistopheles (devil) of
Wall Street" in 1869 by the
New York Times.**



James Fisk 1834-1872



Had little formal education because as a child he ran away and joined the circus and was a waiter



As an adult he became a dry goods salesman in Boston and worked his way into owning a share in the business which got lucrative contracts during the Civil War. Many believe that he smuggled cotton out of the south during the war as he became quite wealthy by war's end, however he soon lost it all in speculation



In 1864, he became a stockbroker in New York where he met and was employed by Daniel Drew as a buyer. He later helped Drew in the Erie railroad war against Vanderbilt, which resulted in Fisk and Jay Gould becoming members of the Erie directorate. Fisk and Gould soon schemed to gain control of the railroad from Drew



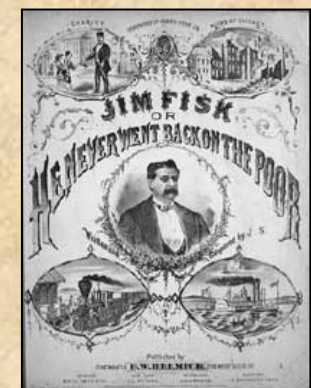
Fisk partnered with Gould in various illegal and unscrupulous schemes to make money including forming an open alliance with Boss Tweed, bribing political officials, and buying judges



Black Friday occurred because of Fisk and Gould's attempt to corner the gold market in 1869



Fisk was murdered by business associate Edward S. Stokes over money and the affections of Broadway showgirl Josie Mansfield in 1872



John D. Rockefeller 1839-1937



Saved money as a clerk to buy a business in 1860 with Maurice Clark called Clark & Rockefeller Produce and Commission, which sold farm implements, fertilizers and household goods.



In 1862 met and went into business with Samuel Andrews who had developed a better and cheaper way of refining crude petroleum. They named the company Standard Oil.



Rockefeller negotiated his first major deal to lower his cost of transporting oil and refined oil by guaranteeing the railway company sixty carloads a day. This allowed him to lower the prices he charged for oil, his sales skyrocketed, and in less than a year some of his competitors went out of business. Rockefeller bought out Andrews for a million dollars and eventually monopolized oil refining in Cleveland.



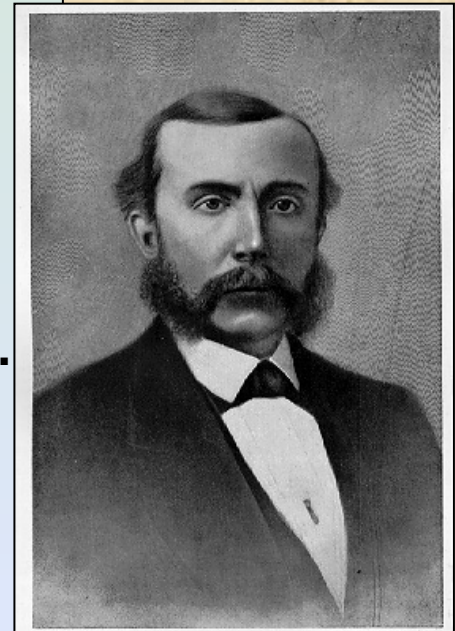
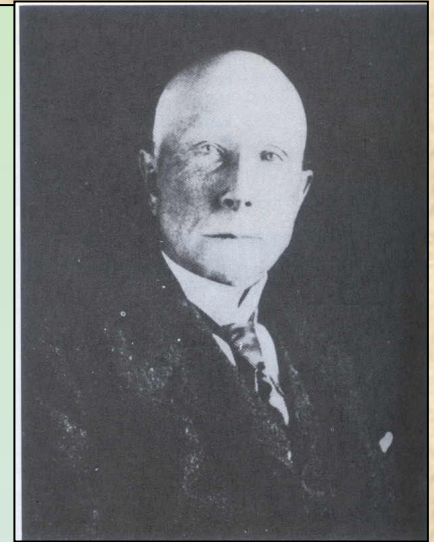
Rockefeller dominated the oil industry across the nation by putting local companies out of business through his aggressive maneuvering and lower prices.



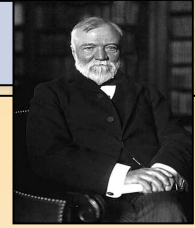
By 1890 Standard Oil was a monopoly that could fix its own prices and terms of business because it had no competitors.





Rockefeller was worth about \$9 billion dollars (\$190 billion in 2002 dollars).




Andrew Carnegie 1835-1919




 Carnegie was born in Scotland to poor parents and emigrated to the U.S. at 13

 Recognized while a telegraph operator at the Pennsylvania Railroad by his boss who hired him as his secretary in 1853, and later made him superintendent of the western division of the line. During the Civil War he invested with George Pullman and made a large profit from the sleeping car business


 In 1864 he purchased a farm which yielded huge profits from the oil wells found there

 In 1865 he invested in iron bridge building and focused his attentions on the iron industry

 Later invested in the Bessemer process for making cheap steel and came to dominate the industry with the Carnegie Steel Corporation

 Different from other robber barons in the sense that he did support worker's right to organize even though he violently broke up a strike at his Homestead Plant in 1892

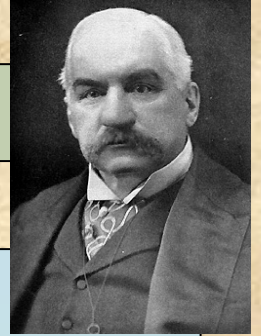
 Richest man in the world after Rockefeller

 Author of The Gospel of Wealth in which he argued that the wealthy had an obligation to give away their money. Spent the last part of his life donating money to create over 3,000 public libraries worldwide as well giving to education including the creation and major funding of several universities

Carnegie attacks the rich, presumably because of his belief that the rich have a duty to help the poor, as he advocated in Gospel of Wealth.



John Pierpont Morgan 1837-1913



Born into a wealthy family



In 1857 he worked as an accountant in his father's firm in London



After returning to the U.S. worked for several New York banking firms until he became a partner in Drexel, Morgan and Company in 1871. In 1895 he reorganized the company into J.P. Morgan and Company



Made a huge amount of money by financing railroad companies that were in financial trouble



Hated competition and instability in the economy and dedicated his career to brokering and financing deals that yielded consolidations in the electric and steel industries



In 1901 created U.S. Steel, the world's first billion-dollar corporation



By the early 1900s, Morgan controlled almost all of the major industries in the U.S. and had a large stake in the financial and insurance industries



Morgan was an avid art and book collector. The Pierpont Morgan Library in New York is the original building Morgan owned and housed his collections in

J.P. Morgan lived his life on a large scale, spending massive amounts of money, gambling, on “toys” like yachts, huge parties, palatial homes and art. One of his famous quotes, “If you have to ask how much it costs you can’t afford it”, typifies his beliefs about money.



Morgan as the piper that people of various professions & nationalities, including some countries in the distance, are following.



Business structure evolved

- ❖ **Business climate of the mid-late 1800s**
- ❖ **Railways**
- ❖ **Major business terms**
- ❖ **Corporations**
- ❖ **Horizontal versus vertical integration**
- ❖ **Trusts**
- ❖ **Oil trust**
- ❖ **Attacks on trusts**



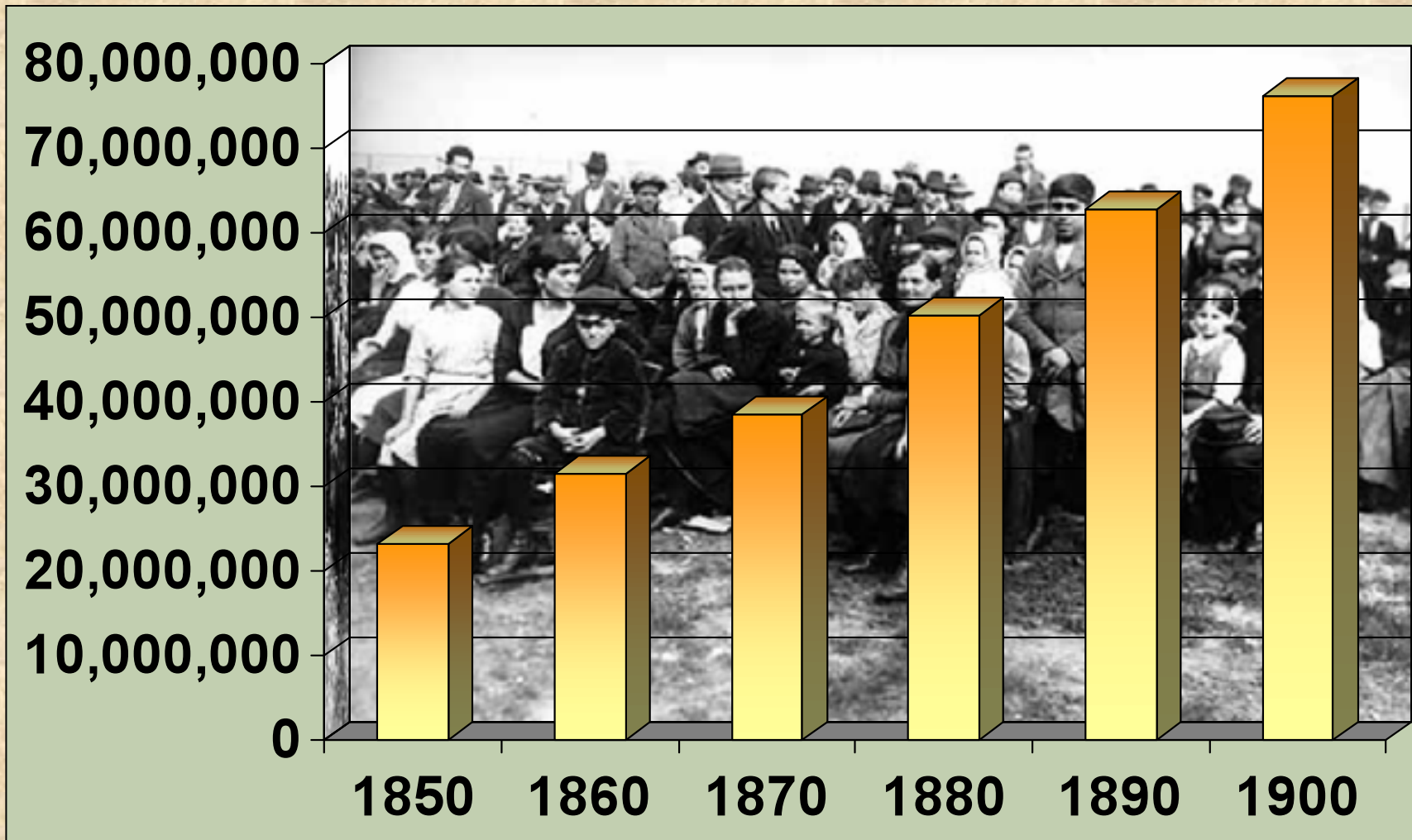
Business climate of the mid-late 19th century

The government did not regulate business in the late 1800s. The popular philosophies of laissez faire, Social Darwinism, and individualism dictated much of the economic policy during this era.

This easy environment for business led to domination by a few individuals who possessed the capital and resources necessary to control industries.

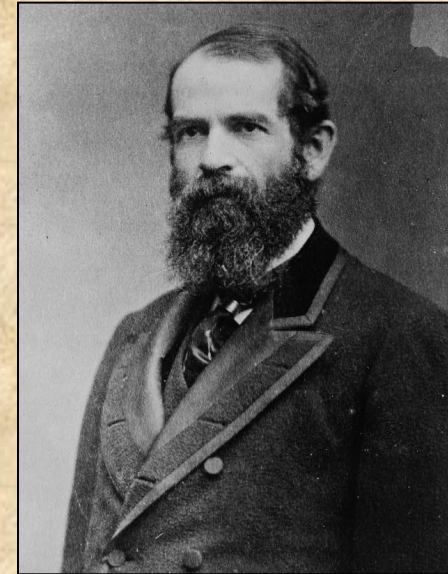
At first this growth appeared good for the entire nation, however the unfair treatment of workers, wide scale bribing of public officials, and cutthroat tactics to close small businesses and eliminate competition led many Americans to distrust big business at the turn of the century.

Another factor that allowed huge growth in business and industry was the large population increase between 1850 and 1900, which supplied a rising demand for new products at low prices.



Railways were the first industry to consolidate

By 1881 Jay Gould controlled nearly 15% of all railway mileage in the U.S. He did this after beating Vanderbilt in the Erie War when he began expanding lines west of New York. He also took over other railway lines that were owned locally and purchased the Union Pacific line. Although his bid for nationwide control over the railways failed due to his inability to manage a business once he acquired it, he provided the model followed by many others for large scale consolidation of an industry.



Major terms defined

✧ **Capital**: the amount and type of resources a person or a company has access to including money, property, and other valuables

✧ **Corporation**: a type of business organization created when a group of individuals apply for a license or charter from a state legislature

✧ **Dividends**: a share of the profits issued to investors from a corporation

✧ **Pool**: a group of companies in the same industry would get together to fix prices and otherwise manipulate the industry to their advantage

✧ **Trust**: major stockholders of many different corporations give their stock to "trustees" who promise dividend payments in return. This allowed the trust to operate on a large scale on behalf of several companies at once and entire industries

✧ **Monopoly**: domination of all aspects of an entire industry by a trust, individual, or corporation

Corporations

A corporation was formed when a group of people requested a charter from the state legislature that provided them with a set of legal rights and (presumably) responsibilities. State law treated the corporation as an individual. Unlike a partnership, in which liability ran high for individual investors, the corporation involved limited liability. Limited liability makes individual investors legally liable only for their share of the investment. In partnerships, if a partner skips town or dies, the other partners are liable for any outstanding debts. In corporations, if an individual investor dies no other investors are affected. If the corporation goes bankrupt, the law only required investors to foot the bill for a percentage of their investment. As corporations became more common in the mid-nineteenth century, the opportunity for wide numbers of people to invest in business greatly expanded, for individual investors could now invest without the fear of total liability. Another important result of the corporation revolution was that corporations became "immortal." Most state laws allowed corporations to buy, sell, and inherit property; thus, they took on their own identity. Individual investors may come and go, but the corporation has an indefinite lifespan.

Corporate status under the law in the late 1880s

In the Santa Clara County vs. Southern Pacific Railroad case in 1886 over a rail bed route, the U.S. Supreme Court declared that a private corporation was a "natural person" under the U.S. Constitution and therefore entitled to protection under the Bill of Rights. This gave a corporation all of the constitutional rights of a person. This equated to a corporation having immense powers when compared to the right of an individual person, since they have access to more resources to fight battles in court or give campaign donations to a politician. Thus, the power at the end of the 19th century was balanced in favor of corporations, not individuals.

This protected legal status combined with the unregulated business climate led to millions of men, women, and children working for long hours with low pay in dangerous conditions. There were few work-safety regulations, no worker compensation laws, no company pensions, and no government social security.

Around 1890, the U.S. Supreme began aggressively backing laissez-faire capitalism. Supreme Court Justice Stephen J. Field asserted that the Declaration of Independence guaranteed "the right to pursue any lawful business or vocation in any manner not inconsistent with the equal rights of others"

The Supreme Court ruled as unconstitutional many state laws that attempted to regulate such things as working conditions, minimum wages for women, and child labor.

Large corporations developed in two major ways: horizontal or vertical integration

Horizontal integration is the growth of a business through acquiring additional business activities in the same industry. A business either combines with other similar companies or buys them, called "mergers and acquisitions". The benefits to the firms that horizontally integrate include cheaper operating costs because production is on a larger scale, increased market control of the product including over suppliers and distributors, and greater control over treatment of workers.

An example of this form of expansion would be Standard Oil's acquisition of almost all oil refineries around the U.S.

Vertical integration is the growth of a business through the acquisition of the materials that make the product, the factories that manufacture the products including the machines needed to produce the product, as well as the distribution channels to take the product to market. This allows the business to control all aspects of the industry and provides large profits. An example would be Carnegie Steel's control of raw materials, production of steel, transportation, and companies that made products out of steel.

How trusts worked

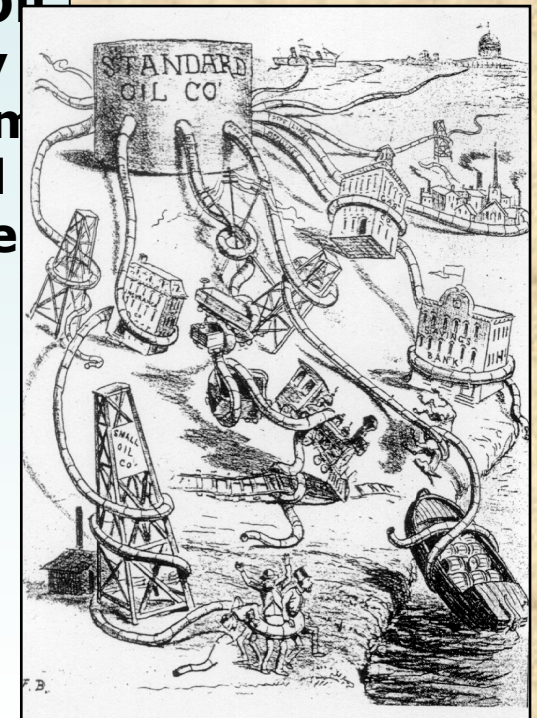
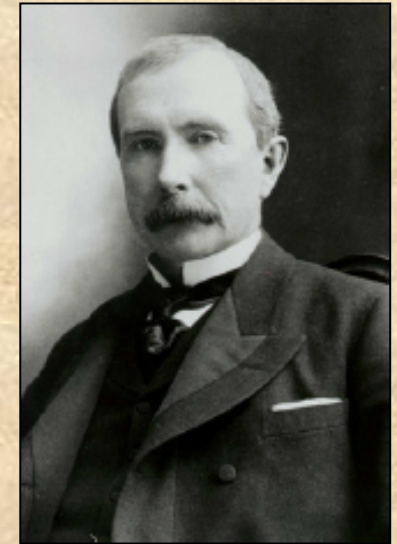
A trust was a business entity designed to create a monopoly over an industry. Some were formally organized as trusts under the law. They were created when corporate leaders convinced, often through coercion, the shareholders of all the companies in one industry to turn over their shares of a corporation to a board of trustees, in exchange for dividend-paying certificates. The board would then manage all the companies in "trust" for the shareholders. This translated to an emphasis on the elimination of competition in the process of managing all of the companies in order to maximize profits. Eventually the term was used to refer to monopolies in general.



The monopoly, represented by a pig, is trying to steal the world away from the poor man through the control of major industries such as mining, railroad, telegraph, telephone and others.

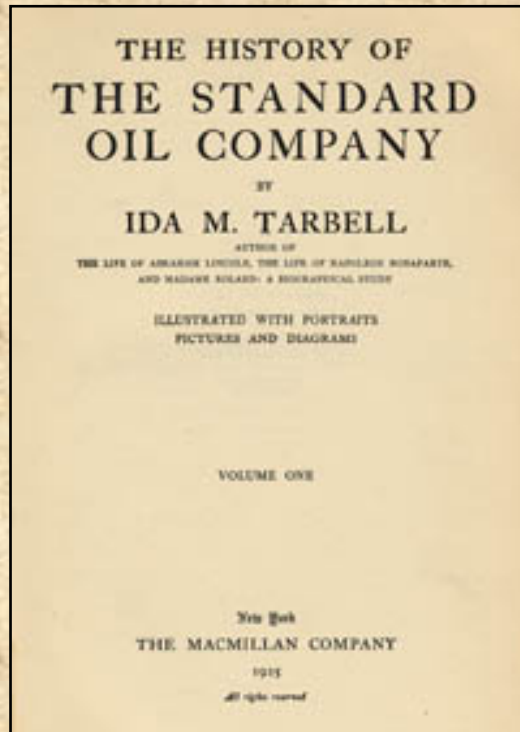
The oil industry was consolidated into a trust

John D. Rockefeller created his oil empire initially through regional consolidation. By 1872 he controlled all of the 34 other refineries in the Cleveland area. Two years later Rockefeller purchased the 3 other largest refineries in the U.S. which gave him control of 90% of the refining capacity in the nation. The Standard Oil Company was challenged in 1879 by Pennsylvania antitrust laws when officials of his company were indicted, however the case did not go to court. Standard Oil Trust was then formed to allow them to legally operate across state boundaries which gave them almost complete control over refineries and oil pipelines in the U.S. In 1892 the Ohio Supreme Court prohibited Standard Oil Ohio from operating so they moved their headquarters to New Jersey. Finally in 1911 the Supreme Court forced Standard Oil to sell many of its subsidiaries due to the Sherman Antitrust Act (passed in large part because of Standard Oil), however they were still able to acquire more businesses in the aftermath.

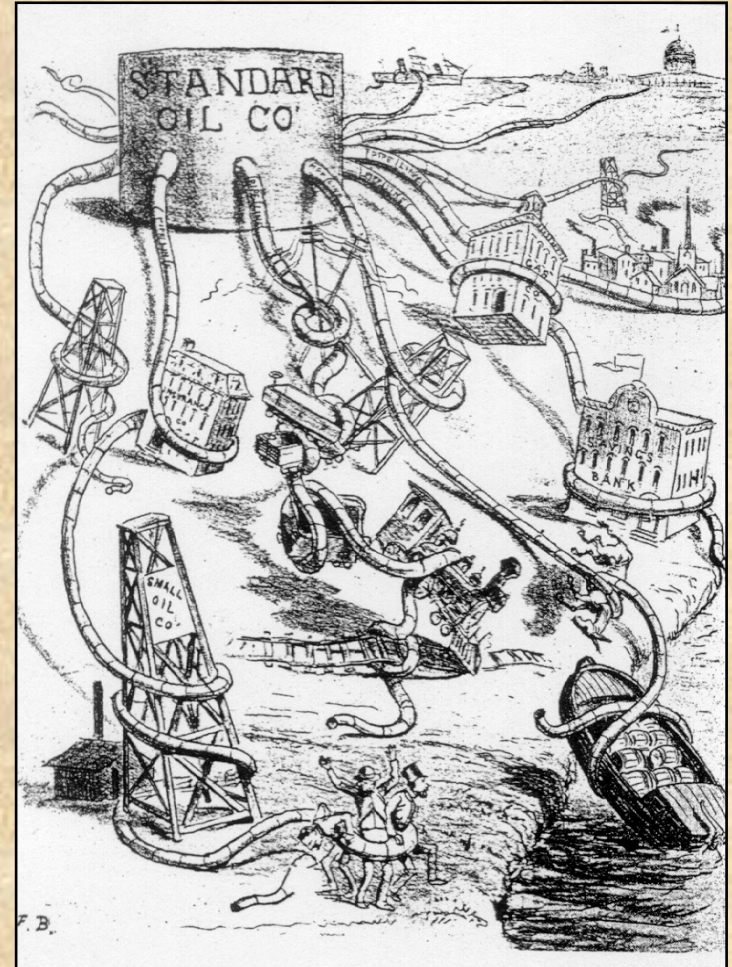




During the Progressive Era in the early 1900s many journalists exposed the ruthless tactics practiced by robber barons

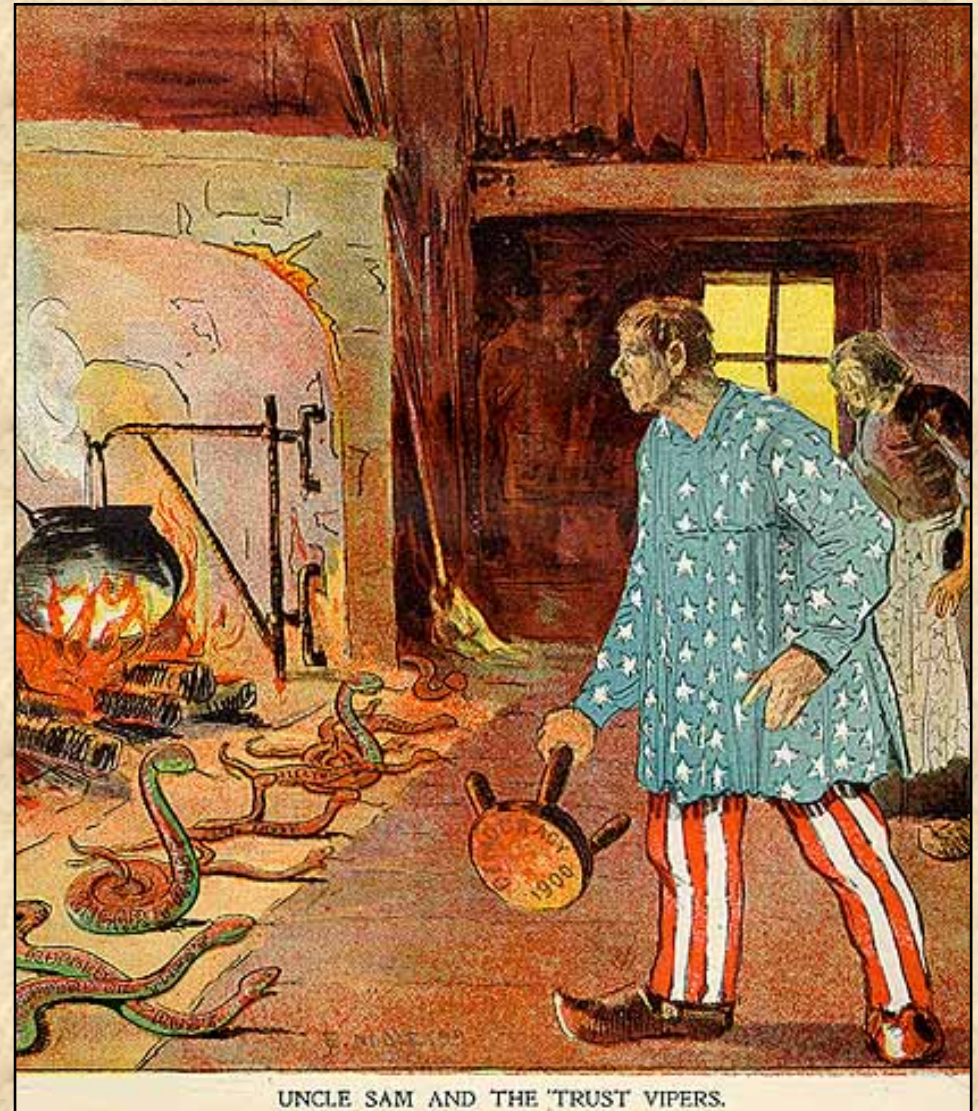


Ida Tarbell revealed in her book, after years of diligent research, the illegal means used by John D. Rockefeller to monopolize the early oil industry.



"Octopus" Standard Oil seizing the nation's oil businesses

Anti-trust political cartoons

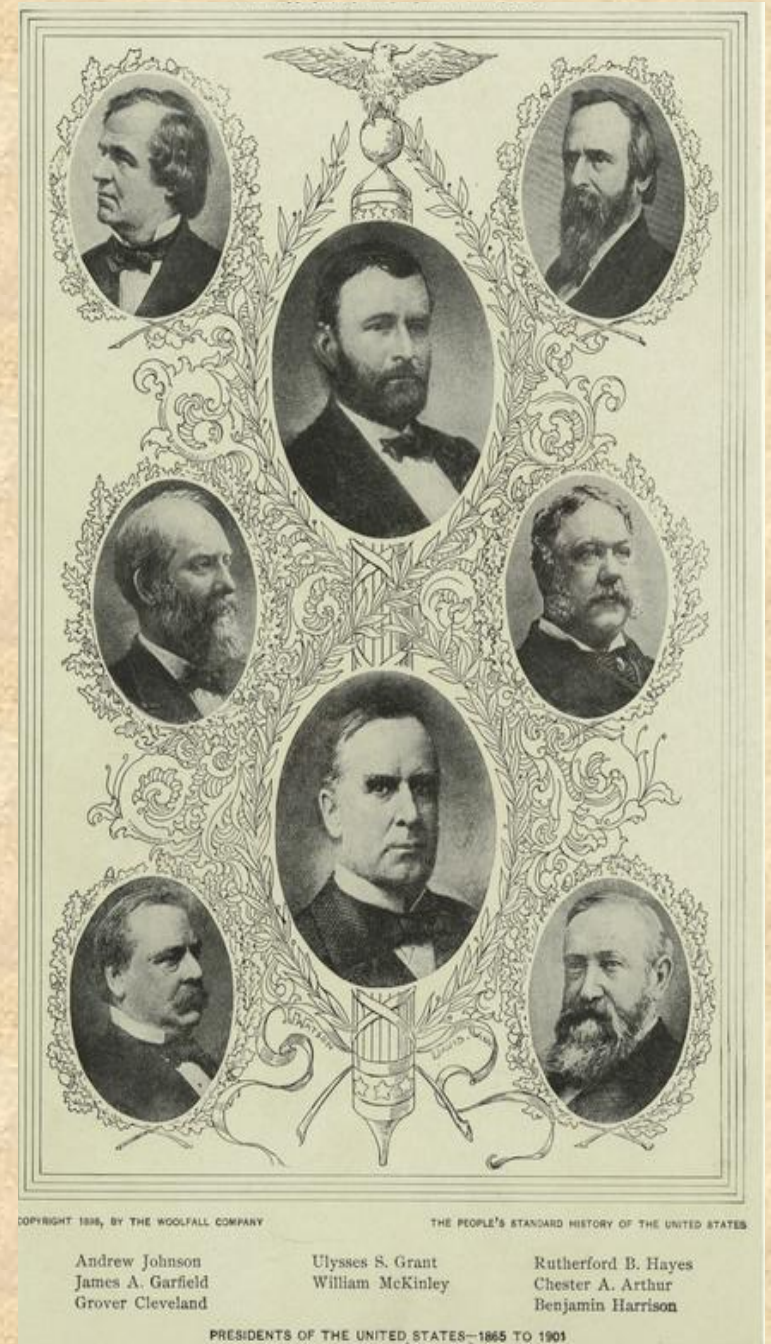




ONE SEES HIS FINISH UNLESS GOOD GOVERNMENT RETAKES THE SHIP.

Presidents of the Gilded Age

- ❖ **Politics in the Gilded Age**
- ❖ **Growth of government**
- ❖ **Ulysses S. Grant**
- ❖ **Rutherford B. Hayes**
- ❖ **James A. Garfield**
- ❖ **Chester A. Arthur**
- ❖ **Grover Cleveland**
- ❖ **Benjamin Harrison**
- ❖ **Grover Cleveland**
- ❖ **William McKinley**



Politics in the Gilded Age, 1870's to WW I



The main political issues were reforms in the Civil Service, currency and tariff legislation.



Voter turnout was as high as 80%, however people were able to vote more than once due to very few restrictions in place to prevent voter fraud.



“Voting the Graveyard” was rampant as political machines cast votes in the name of dead citizens.

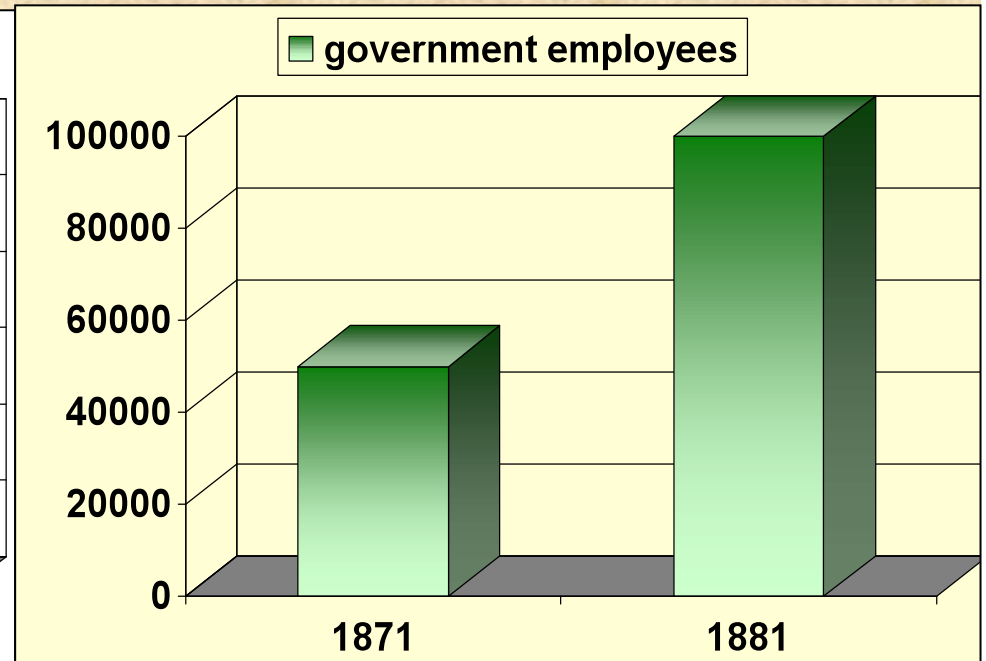
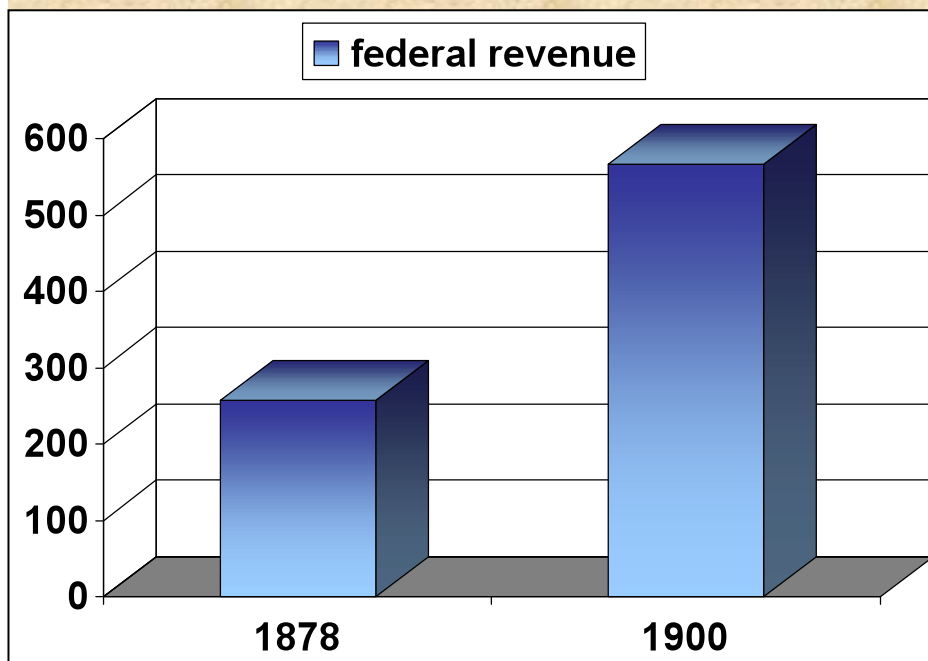


The Republican Party was made up primarily of northern White Protestants (from Northern Europe), Black men from the north and south, and Union Civil War veterans.

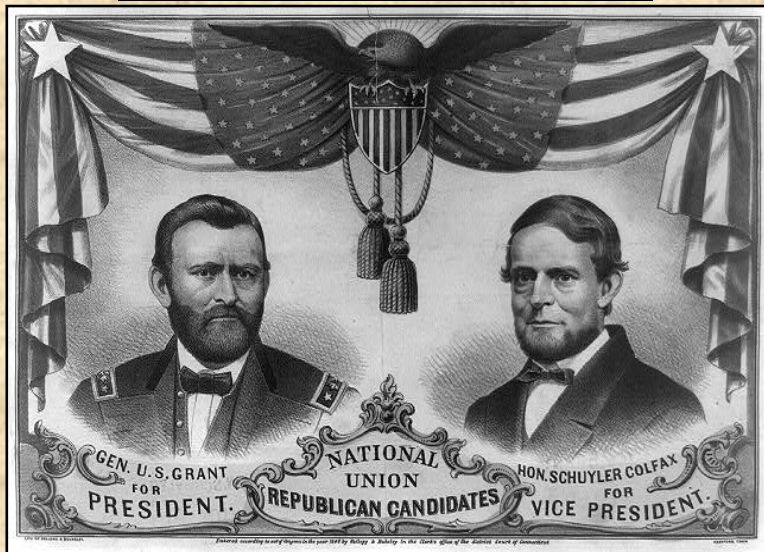
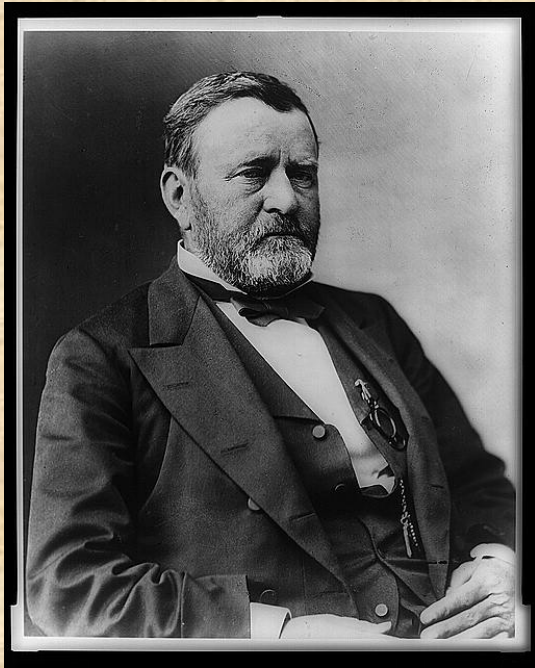


The Democrat Party consisted primarily of southern Whites, Roman Catholics and immigrants from Eastern and Southern Europe. Many of the big cities were run by Democratic Party bosses who built effective political machines to keep themselves in power.

The power and scope of government at all levels greatly expanded at the end of 19th century. This was due to the expansion of the economy and the task of governing a rapidly industrializing and urbanizing nation. This made the job of the government more complicated and required a larger bureaucracy with increased taxes to support the growing number of government employees at the municipal, county, state and federal levels.



Ulysses S. Grant 1869-1877



Famous Civil War General who accepted General Lee's surrender at the Appomattox Courthouse



Although both parties courted him as a presidential candidate, he ran as a Republican



He brought part of his Army staff to the White House



Although he was an honest man, he was surrounded by corrupt associates and relatives who took advantage of their positions to enrich themselves



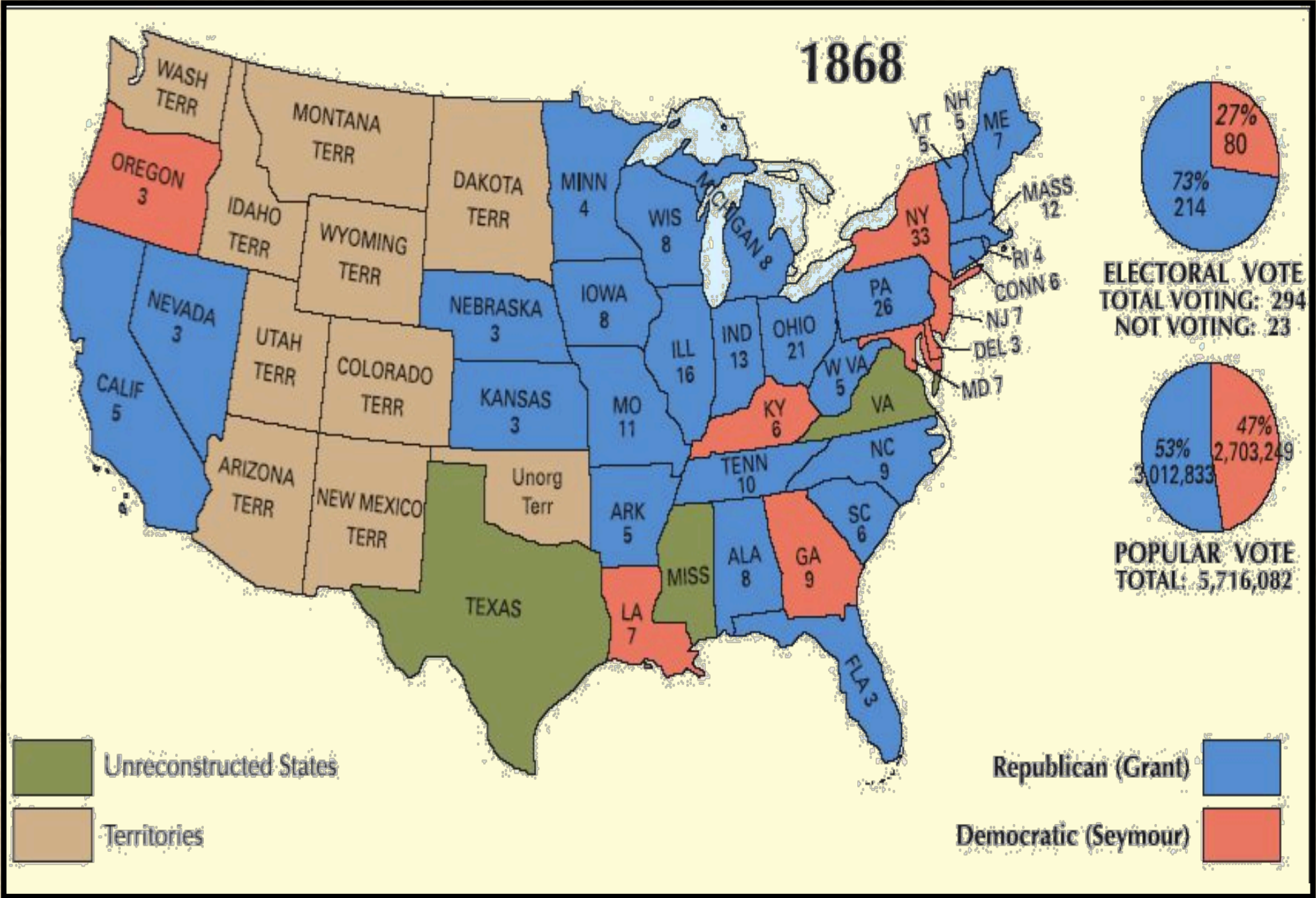
Many historians judge Grant's presidency as the most corrupt in American history












Grant allowed Radical Reconstruction to run its course in the South, even supporting it at times with military force

1868 ELECTION RESULTS

1868



Major events of Reconstruction during Grant's presidency

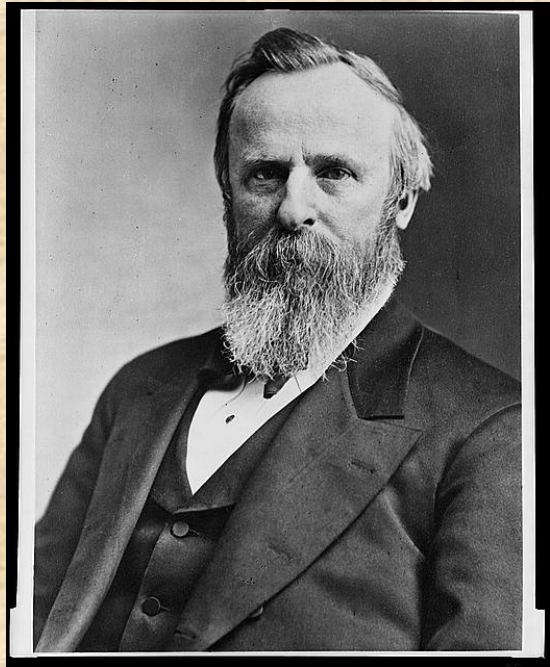
-  **"Redeemer" government reestablished in many southern states. These replaced the Republican governments.**
-  **15th Amendment became part of the Constitution.**
-  **First Enforcement Act passed to enforce the 14th and 15th Amendment.**
-  **Second Enforcement Act passed to supervise Congressional elections.**
-  **Congress passed the Ku Klux Klan Act.**
-  **Grant, using the KKK Act, suspended writ of habeas corpus in South Carolina.**
-  **Grant reelected for a second term.**
-  **Democrats won control of both houses of Congress.**
-  **Civil Rights Act of 1875 was passed by the lame duck Republican Congress. It outlawed discrimination in public places but was overturned by the Supreme Court in 1883.**

Major scandals during Grant's two terms as president

Over the course of Grant's presidency, all of the executive departments came under investigation.

- **Black Friday Scandal (1869)** James Fisk and Jay Gould, railroad and Wall street speculators, tried to corner the gold market due to their belief that the government would pay back the credit extended during the Civil War in gold. Fisk and Gould bribed Grant's brother-in-law who encouraged an appointment to the Treasury who would alert Fisk and Gould when the government was selling gold so they could profit. Grant learned of the scheme and was able to sell enough gold to prevent a major financial disaster for the government.
- **Credit Mobilier Scandal (1872)** Major stockholders in the Union Pacific Railroad formed a company, the Credit Mobilier of America, and gave it contracts to build the railroad. They sold or gave shares in this construction to influential congressmen. It was a lucrative deal for the congressmen, because they helped themselves by approving federal subsidies for the cost of railroad construction without paying much attention to expenses, enabling railroad builders to make huge profits.
- **Whiskey Ring Scandal (1875)** Benjamin H. Bristow, Grant's third secretary of the Treasury, found a group of distillers falsifying reports. They cheated the government out of millions in tax dollars. It was then discovered that many of Grant's appointees were also involved in the scandal. Included in these appointees was Grant's personal secretary, Orville E. Babcock. Even though the prosecutor had mounds of evidence against him, Babcock was acquitted and he resigned.
- **Belknap Bribery Scandal (1876)** In 1876, Secretary of War, William Belknap, was under investigation for accepting bribes in connection with the Indian Agency. He resigned as Congress was voting on his impeachment.

Rutherford B. Hayes 1877-1881



Civil war veteran



Served in House of Representatives



Governor of Ohio for three terms

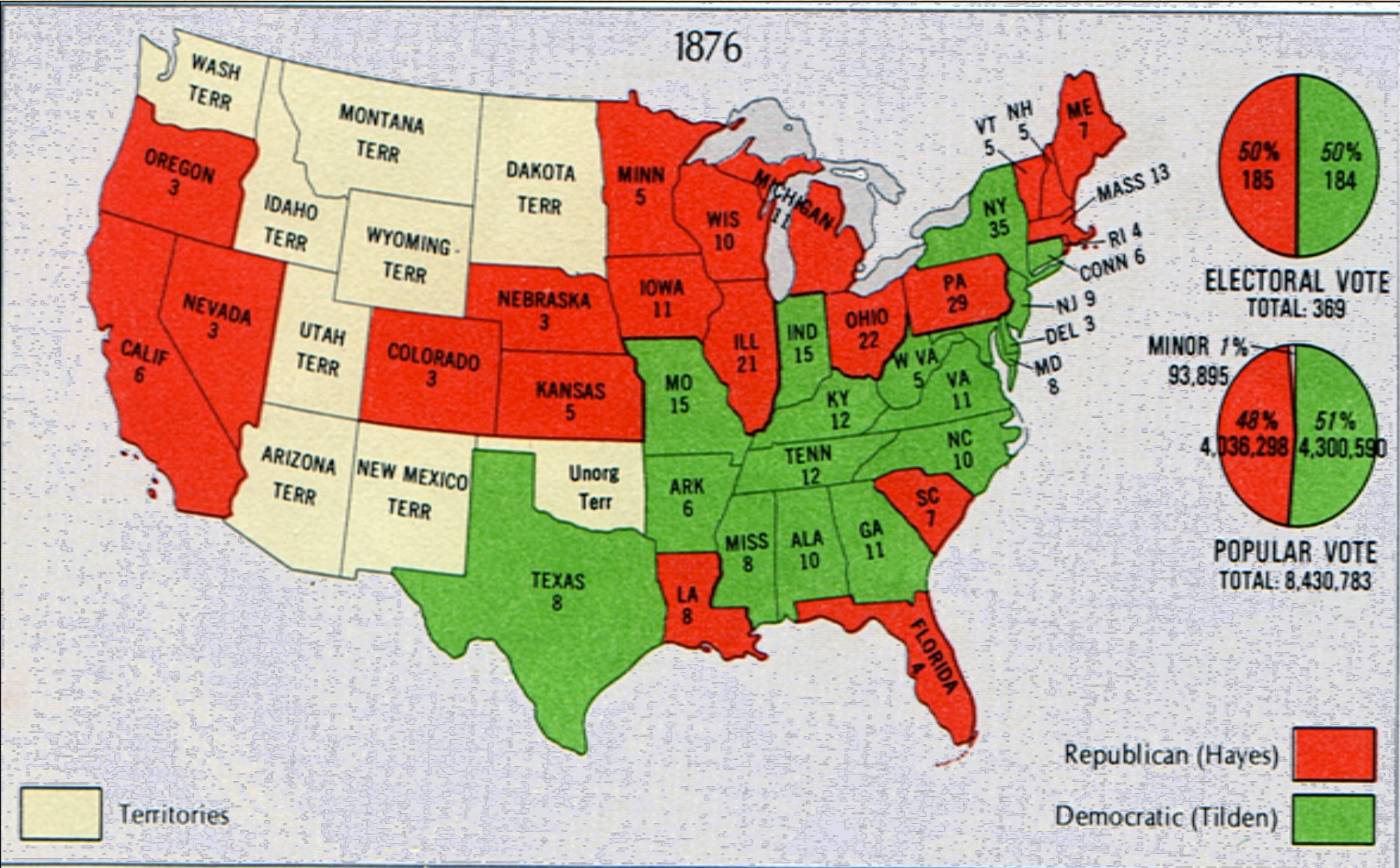


Disputed election led to the Compromise of 1877



In an attempt to repair relations with the south he removed the troops enforcing Reconstruction reforms, although he did support change in the south. This marked the end of Reconstruction as many of the policies were no longer enforced and Blacks were disenfranchised.

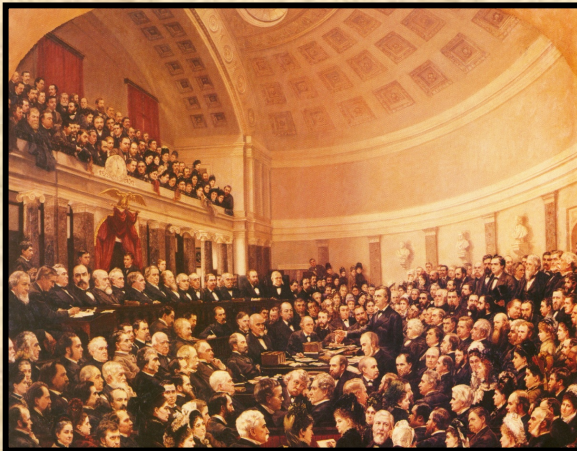
1876 election results



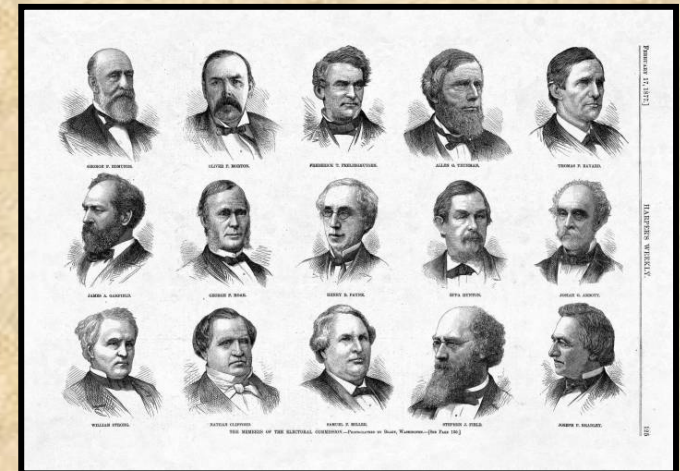
Compromise of 1877

Tilden had the most popular votes but lacked one electoral vote to earn a majority in the electoral college. There were 22 disputed electoral votes from the states of Florida, Louisiana, South Carolina, and Oregon. Each state sent two sets of election returns. Republicans made deals with southern Democrats which gave Hayes the presidency. The southern politicians gave their support to Hayes in return for his promise to pull all the remaining troops out of the former Confederate states. The south also wanted the appointment of at least one Southerner to Hayes's cabinet and support for southern railroad construction.

The Compromise of 1877 is often called the deal that ended Reconstruction.



The Electoral Commission that was formed to decide the disputed election









James A. Garfield 1881



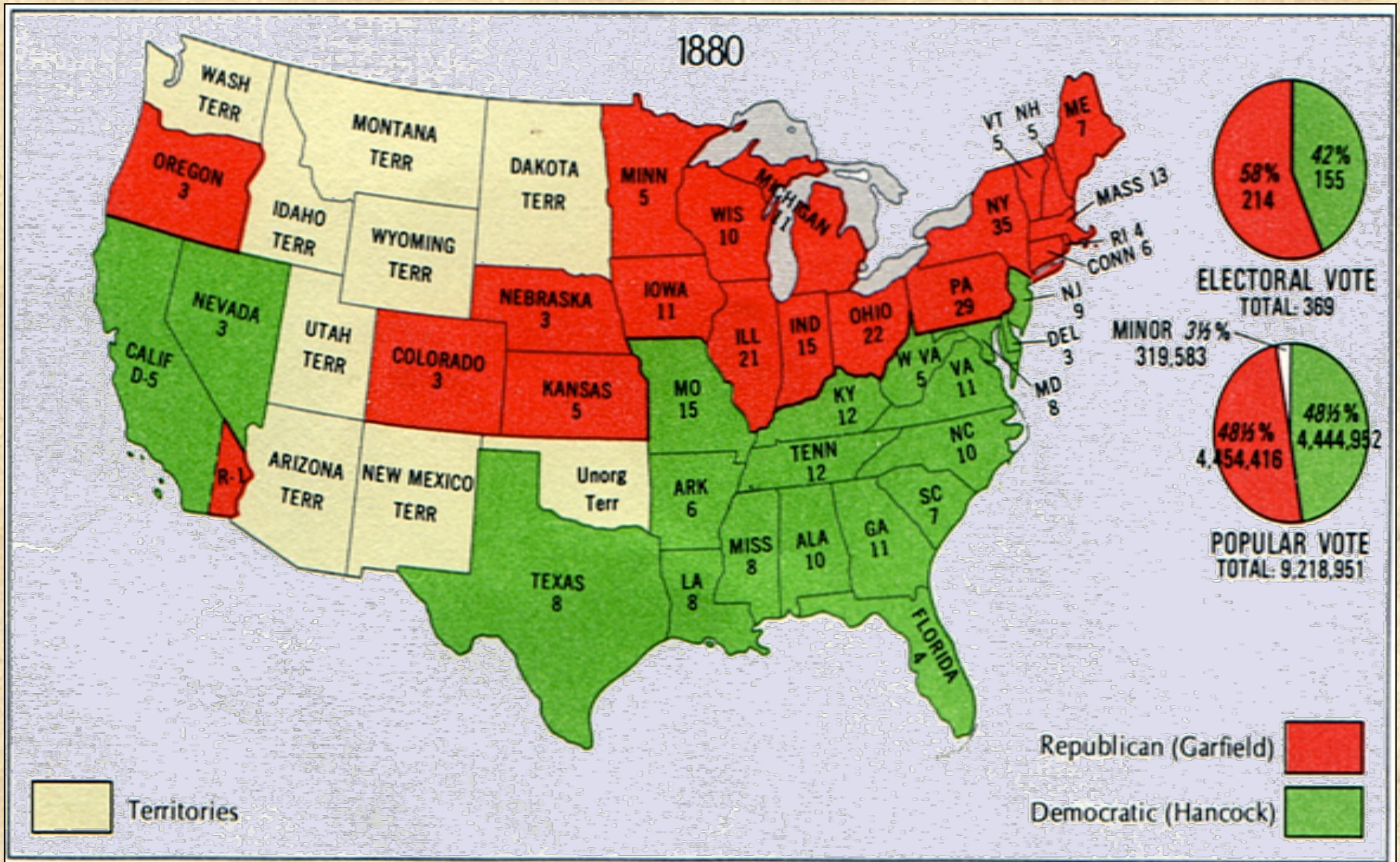
Mrs. Garfield

President Garfield at the inauguration ceremonies, March 4, 1881



-  **Served in Ohio Senate**
-  **Fought for the Union during the Civil War**
-  **A member of the House of Representative for Ohio for 20 years**
-  **As president he had a power struggle over an appointment in New York with that state's senator in which he asserted his presidential authority**
-  **With his Secretary of State planned a conference in Washington for all the American republics**
-  **Died in office in less than one year after an infection developed in a gunshot wound in an assassination attempt**

1880 election results

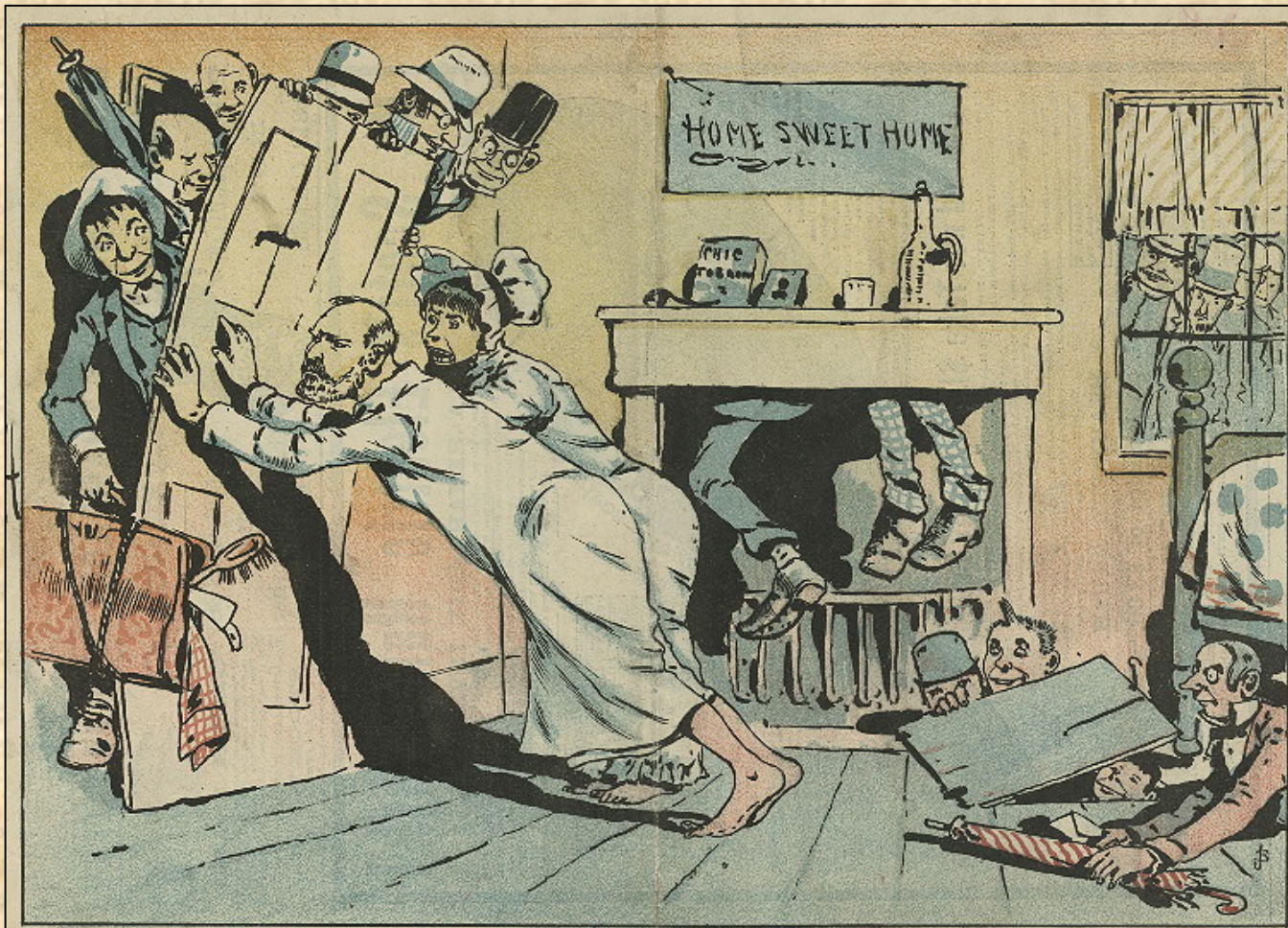


Charles Guiteau, a lawyer with a history of mental illness, shot Garfield in the back on July 2, 1881. He believed God told him to shoot the president.

Doctors searched for the bullet in Garfield's wound with unwashed fingers and unsterilized medical devices (sterilization was a new concept in 1881). A massive infection developed. After 2½ months, Garfield died on September 19, 1881.



Garfield's death led to the passage of the Pendleton Act which created the Civil Service System. Potential federal employees were required to pass an exam in order to receive the job, instead of patronage where a recipient was hired for political reasons rather than qualifications.



This cartoon shows people wanting jobs after the election. Most people received jobs because of their loyalty to the party or candidate during the campaign.

1881

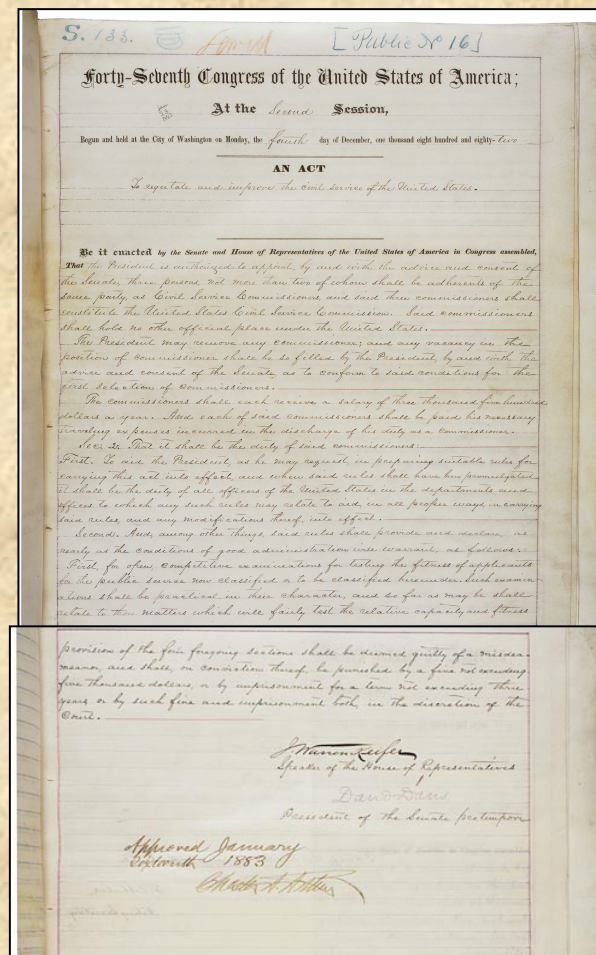
THE RAID OF THE OFFICE SEEKERS.
HOW THE PRESIDENT-ELECT SPENT ELECTION NIGHT.

Garfield

After Garfield's death President Arthur helped push through the Pendleton Act which ended the "spoils system". The spoils system was based on the idea that the winner of the presidential election was allowed to give jobs as political favors.



Pendleton



Chester A. Arthur 1881-1885



A lawyer in New York who became known for defending Lizzie Jennings, a Black woman thrown off a streetcar in Brooklyn. The case led to the desegregation of public transportation in New York



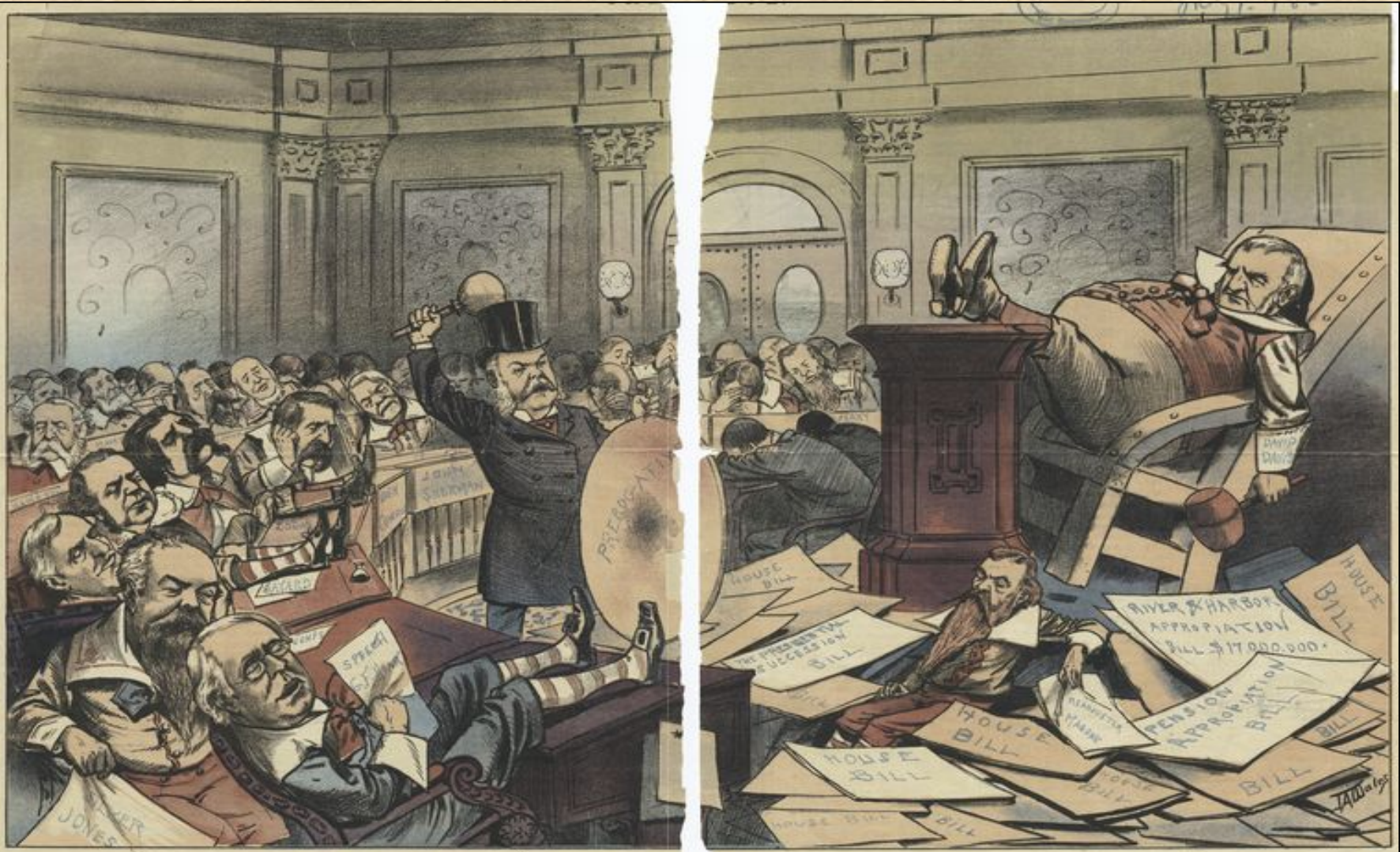
Collector of Customs for the Port of New York appointed by Grant was fired by Hayes in suspicion of corruption with the Tammany Hall political machine, the charges were false



Signed legislation forbidding Chinese immigration, the Pendleton Act ending the spoils system, and the Tariff Act to lower the tariff



President Arthur tried to get Congress to take action



PRESIDENT ARTHUR TO CONGRESS: "WAKE UP AND ADVISE ME. YOU HAVE BEEN SLEEPING HERE LONG ENOUGH."

One of the major pieces of legislation passed during Arthur's presidency prevented criminals, poor, and lunatics from entering the U.S. It also banned Chinese immigration for 10 years.



Grover Cleveland 1885-1889, 1893-1897



Mayor of Buffalo, New York, later Governor of NY



First Democrat elected president after Civil War



Only president to be married at the White House



Only president who served a nonconsecutive second term



Forced the railroad to return 81,000,000 acres to the government and signed into law the Interstate Commerce Act to regulate the railroads

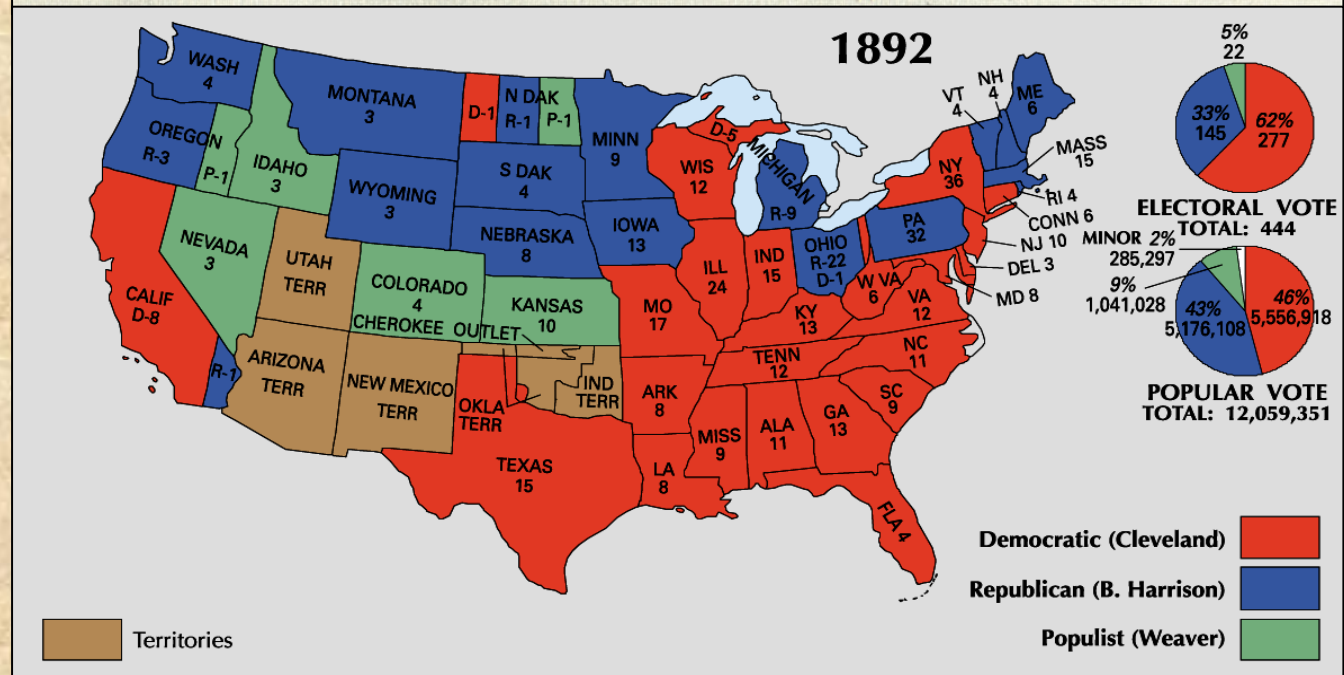
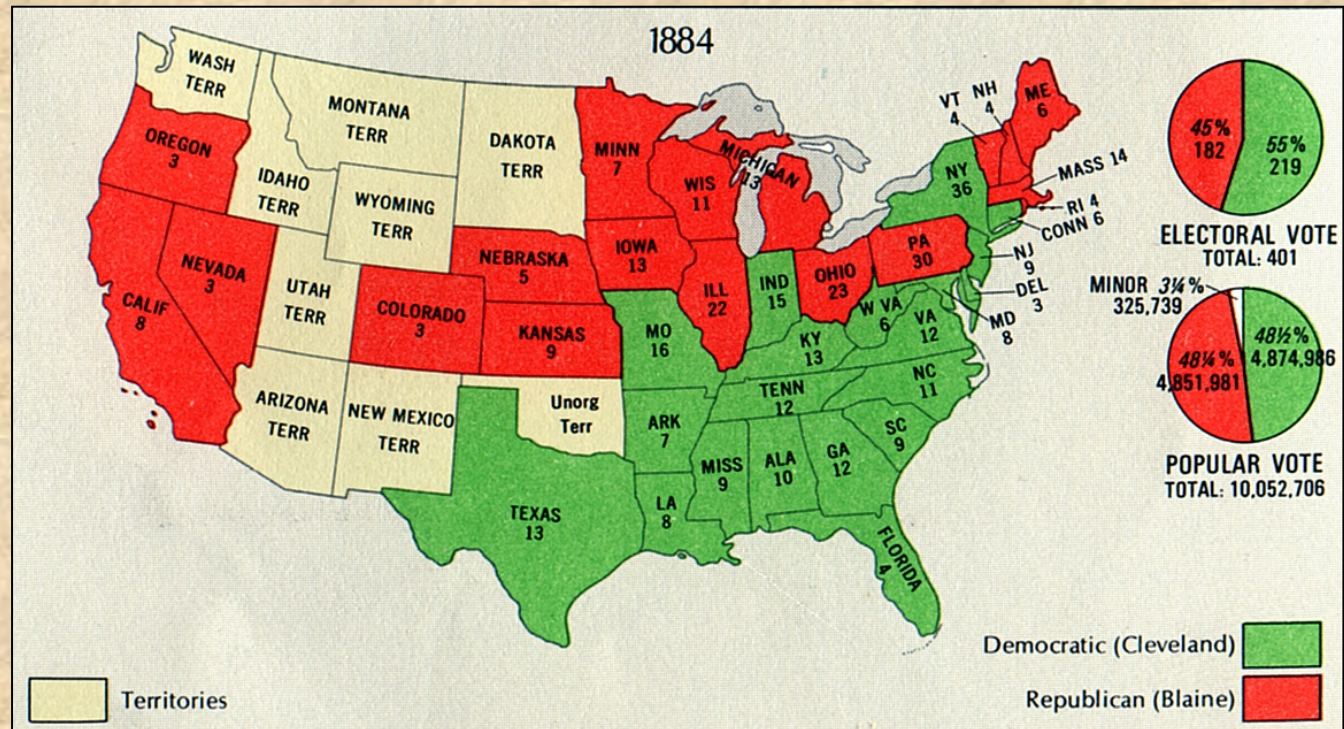


Was against any government economic support of any one group, corporations and disabled war veterans alike



His second term left him unpopular as he did not tackle the major social ills of the day

Cleveland is the only president to win a second term 4 years after his first term



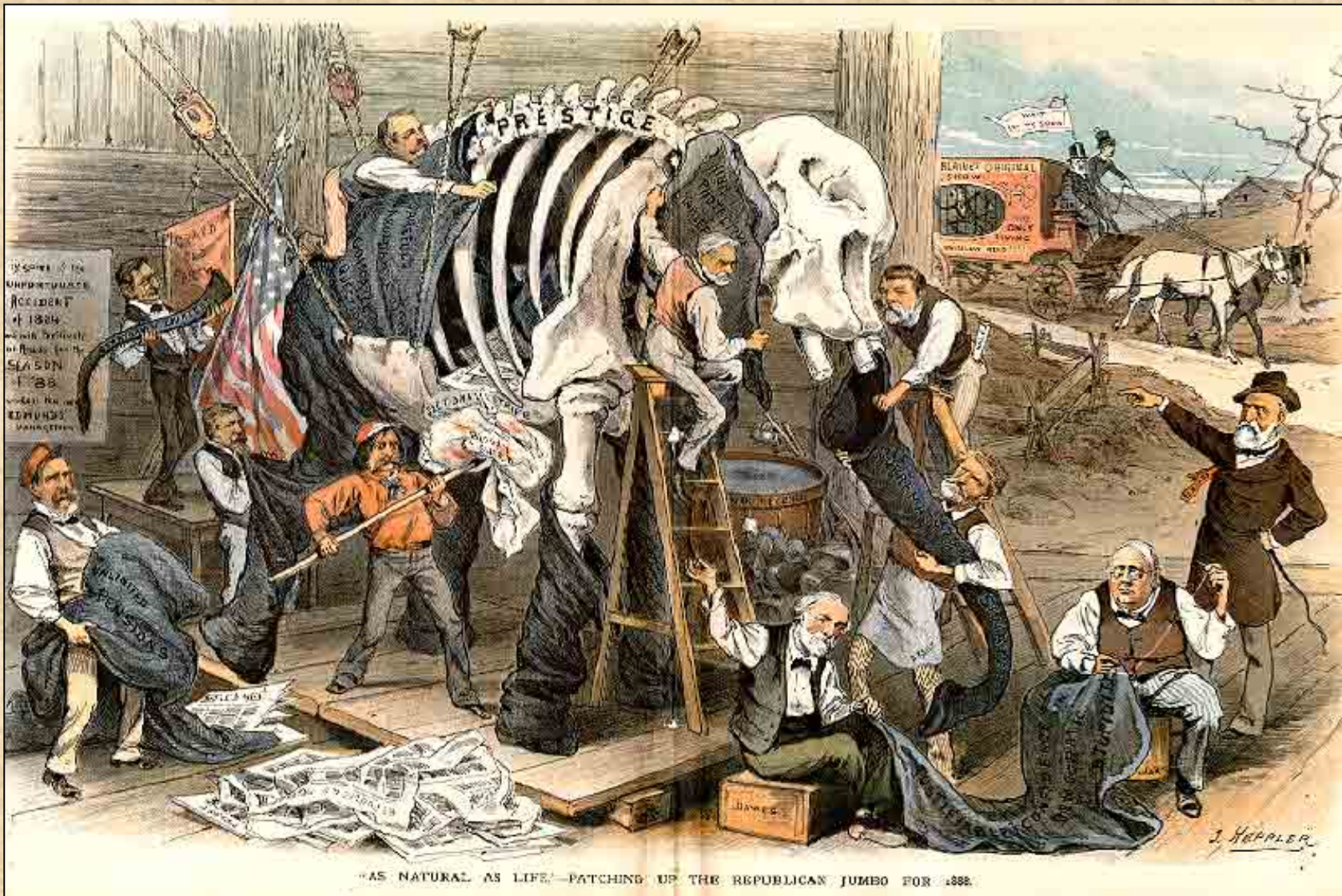
These cartoons show Cleveland taking on the spoils system and the railroad



This cartoon accused Cleveland of breaking his campaign promises (papers in the trash on right).

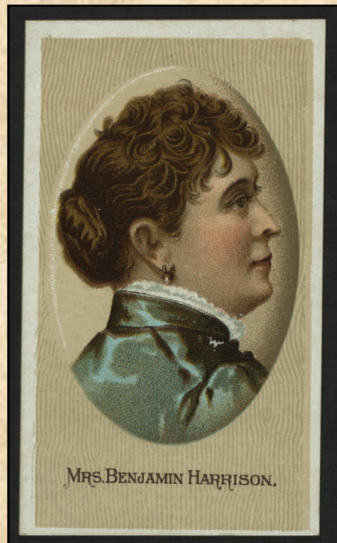


The Republicans are shown here, in 1886, planning their strategies for the 1888 presidential election. One man is stuffing the belly of the elephant with "bloody shirts", a metaphor to represent the sectional strife. "Waving the bloody shirt" was a Republican rallying cry to remind voters of the Southern secession and the civil war that had followed in its wake.



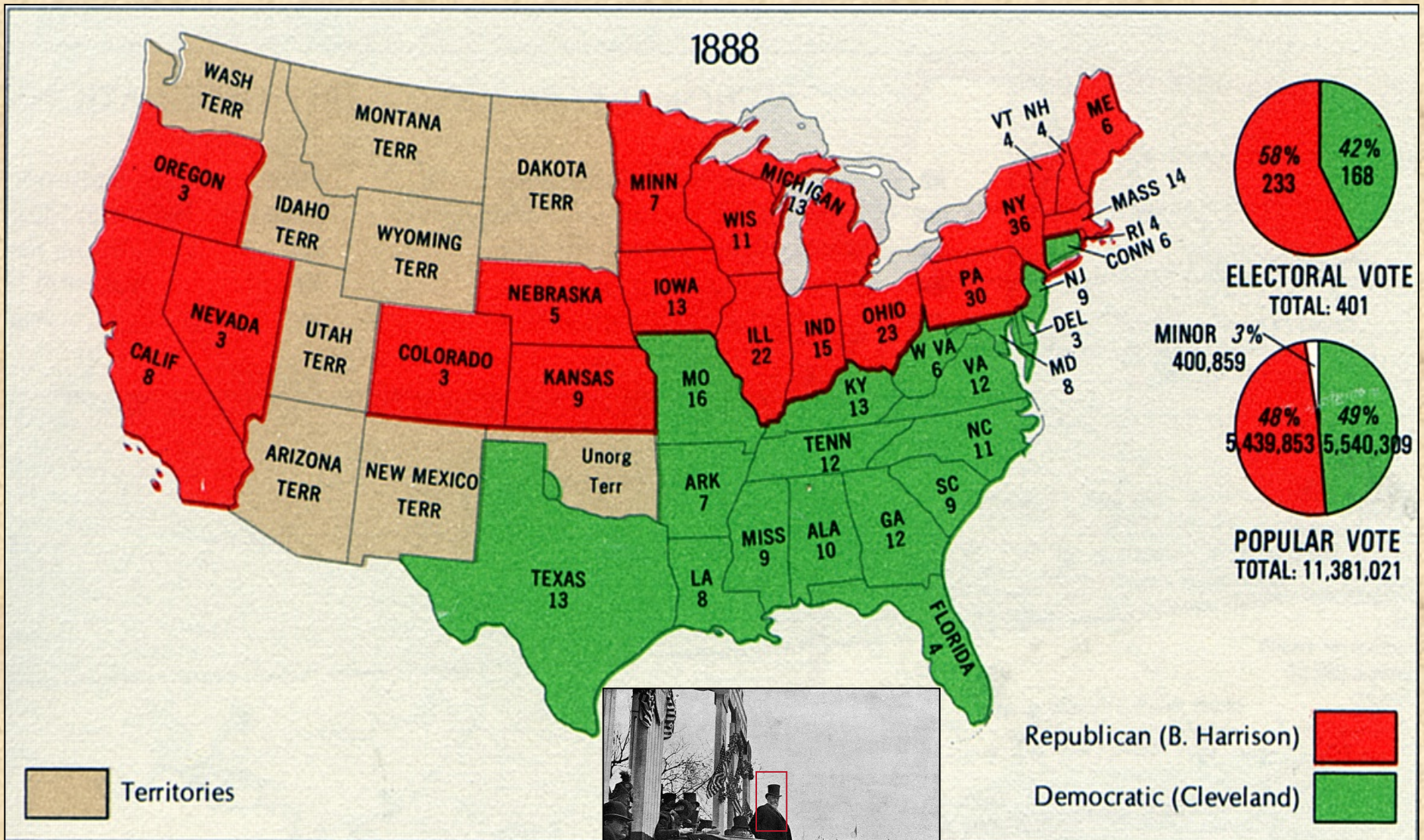
"AS NATURAL AS LIFE."—PATCHING UP THE REPUBLICAN JUMBO FOR 1888.

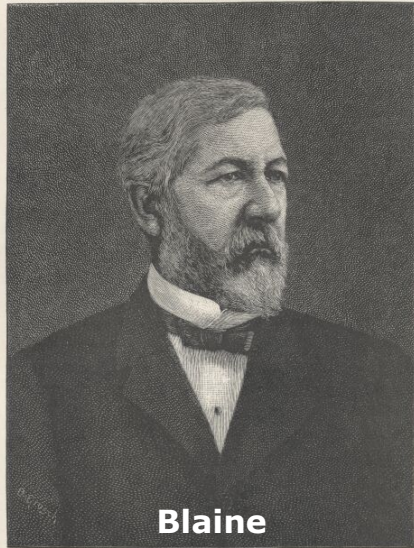
Benjamin Harrison 1889-1893



- ⊕ **Civil War veteran**
- ⊕ **U.S. Senator in the 1880s who fought for rights for Indians, homesteaders, and Civil War veterans**
- ⊕ **During his presidency he improved the infrastructure of the nation**
- ⊕ **Signed the Sherman Anti-Trust Act to regulate trusts for the first time**
- ⊕ **Harrison was a protectionist who supported a tariff, however it ultimately resulted in higher prices which made him unpopular**
- ⊕ **Advocated conservation of forests, supported U.S. expansion in the Pacific, and wanted a canal built through Central America**
- ⊕ **Endorsed legislation to force the south to allow African American males to vote and appointed Frederick Douglass ambassador to Haiti**

1888 Presidential election





Blaine

State Department Special

TO THE PAN-AMERICAN CONGRESS
AT THE CITY OF MEXICO

LUNCHEON

PUREE OF TURNIPS WITH SAGO
RAW TOMATOES INDIA RELISH
ROAST FILLET OF BEEF
SCRAMBLED EGGS WITH MUSHROOMS
COLD
ROAST BEEF TONGUE HAM SARDINES
PICKLED LAMB'S TONGUE
BOSTON BAKED BEANS
BAKED POTATOES BROWNED POTATOES
STEWED TOMATOES BOILED RICE
CHICKEN SALAD
ICE CREAM CAKE MARMALADE
PRESERVED FRUITS GOLDEN GATE FRUITS
ENGLISH AND GRAHAM WAFERS
FRESH FRUIT
CANADIAN AND EDAM CHEESE
BEN'S WATER CRACKERS
COFFEE TEA

PULLMAN DINING CAR SERVICE
EN ROUTE OCT. 16, 1901

James G. Blaine, was appointed by his former rival for the Republican presidential nomination President Garfield, to Secretary of State in 1881.

Blaine focused on Latin America, "first, to bring about peace and prevent futile wars in North and South America; second, to cultivate such friendly commercial ties with all American countries as would lead to a large increase in the export trade of the United States."

President Harrison in 1888, appointed Blaine as Secretary of State once again (a position he lost after Garfield died in office). In 1889, a Pan American Congress was convened in Washington. Blaine followed up by campaigning for arbitration treaties with Latin American nations and for Congressional authority to negotiate trade agreements on the basis of reciprocity. His efforts resulted in closer political and commercial relations between the United States and the nations of Latin America.

Grover Cleveland 1893-1897



Cleveland faced severe depression and illness his second term in office



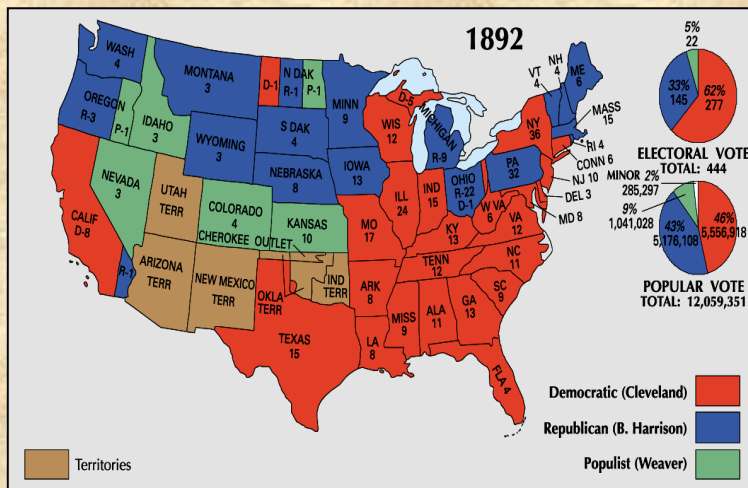
Although the nation faced business failures, farm mortgage foreclosures, and unemployment in the worst economic depression ever experienced in the Panic of 1893 he did nothing



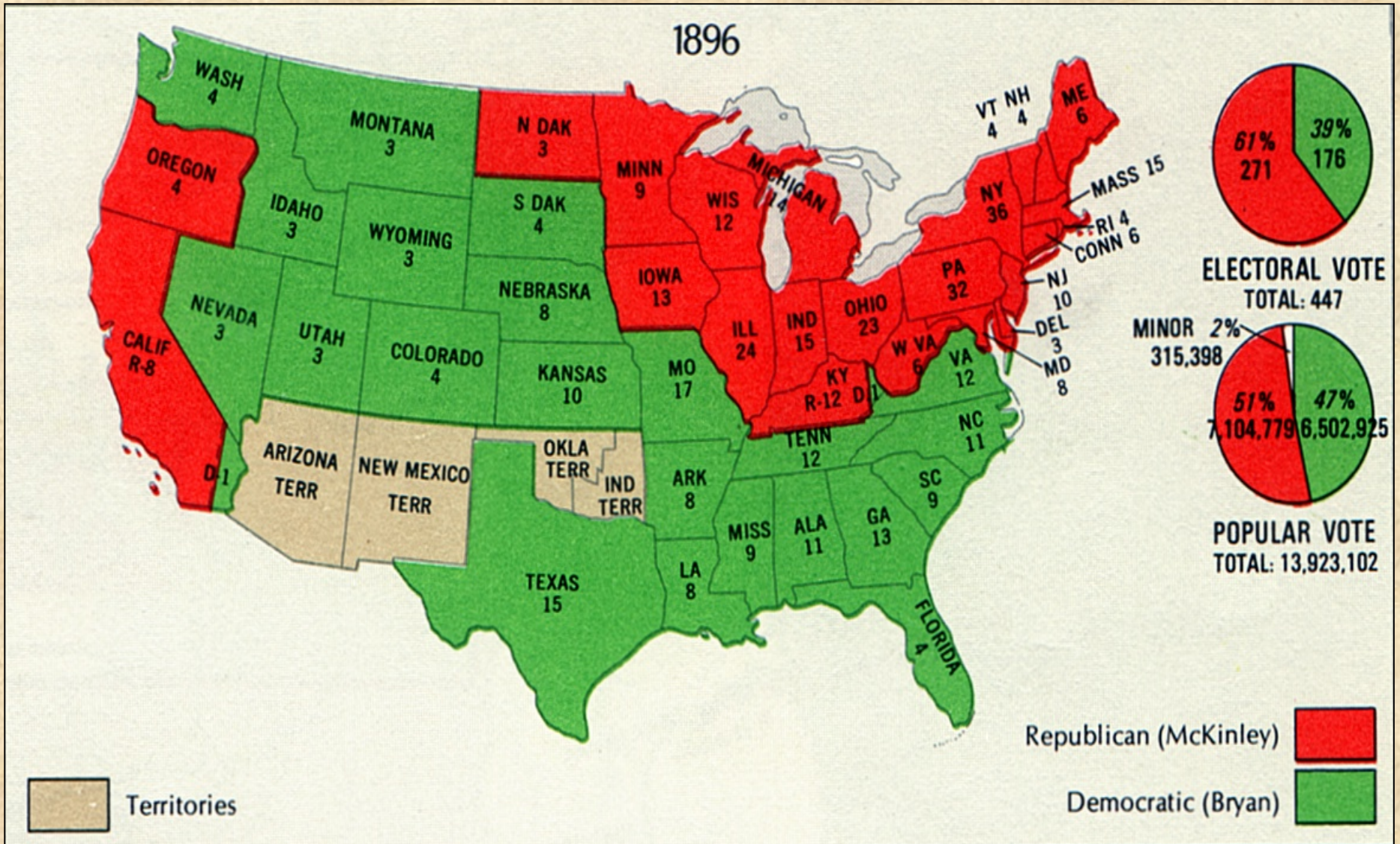
He focused his energy on the Treasury crisis, maintained gold reserves and repealed the Sherman Silver Purchase Act



Sent federal troops to Chicago when railroad workers violated an injunction which made him unpopular with many workers





1896 Presidential election





William McKinley 1897-1901




 Served in the Union army during the Civil War

 A Representative in the House for Ohio beginning in 1877 for fifteen years

 Governor of Ohio for 2 terms

 Although he was supported by big business, he believed trusts were dangerous and against the public good

 Tariff rates were raised in his first term

 Entered the U.S. in the Spanish American War and gained Puerto Rico, Guam, and the Philippines

 Was shot by a deranged anarchist at the beginning of his second term





ASSASSINATION OF PRESIDENT MCKINLEY

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