
Period 6 (1865–1898)

OVERVIEW

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- The New South
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LEARNING OBJECTIVES

Upon completion of this chapter you should be able to...

- Discuss how the rise of big business led to a positive and negative reshaping of the nation and national identity
- Explain how the new industrial culture led to opportunities and restrictions for minorities, and immigrants
- Recognize how politics, economics, and society were reshaped by cultural and intellectual movements

THE RISE OF BIG BUSINESS

The massive “**second industrial revolution**” had begun before the Civil War, and, encouraged by Lincoln’s reformation of the country into a centralized nation-state, exploded after war’s end. By 1877, with both the war and what many considered the postwar distraction of Reconstruction were over, the recently acquired continent’s resources were ripe for exploitation. America had the perfect recipe—natural resources, an abundance of labor, government support, and men who were willing to work (or invent) for wealth.

Republican tariff policy followed Hamilton’s recommendation to incubate infant industry until it was ready to compete with more mature versions abroad. The railroads, though built with private wealth by what would soon be referred to as “railroad barons,” benefited massively from dirt-cheap **grants of land** by the government—an early form of subsidy help to

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create new economic markets. Production shifted definitively out of the home and into factories that were themselves increasingly owned by corporate trusts: vertically and/or horizontally integrated mega-corporations that became near-monopolies.

In this increasingly industrialized system, economic efficiency required that workers specialize in a small number of repetitive tasks and be always under the tyranny of the clock, as production time was wages, and wages were lost profit. Technological developments, such as the spread of coal-fired steam power (and later, electricity generation, telephones, airplanes, and automobiles), created both markets and jobs, shifting Americans far from their Puritan roots. A consumer society was at least half-formed by the end of the century.

At the forefront of the reshaping of the United States was a divisive group of men who both helped to create the infrastructure of the country while also widening its economic inequality. **U.S. Steel** and **Standard Oil** saw men like **Andrew Carnegie**, **J.P. Morgan**, and **John D. Rockefeller** become rich beyond their imagination. By bringing new methods (like the Bessemer Process) and materials such as steel and oil to U.S. markets, these men completely transformed the United States into an industrial powerhouse. Even so, their management techniques would shine a bright light on inequalities in society. Steel frames, stronger, more durable and now cheaper than iron thanks to Carnegie Steel, helped to build the skyscrapers that towered over newly formed urban centers. Oil, refined and monopolized by Rockefeller's Standard Oil through horizontal integration, fueled the railroads. However, the lack of competition in these industries would lead to price gauging and collusion known as pools. These captains of industry were making extreme amounts of profit but doing so with questionable hiring practices, lack of safety protocols, and support from government officials. The debate over whether their practices were justified soon garnered the men the nickname, "**robber baron**."

In 1899, the economist and social-critic Thorstein Veblen noted the anthropological value of what seemed to him and many others a wasteful economic system: "**Conspicuous consumption** of valuable goods is a means of reputability to the gentleman of leisure." Aside from the ostentation of great wealth concentrated in the hands of the few, the basis upon which that ostentation was made possible was itself the subject of widespread moral debate. On the side of justification were those who preached a perversion of Darwinian evolutionary theory that came to be known as **Social Darwinism**. Social Darwinism held that in business, as in nature, unrestricted competition allowed the "fittest"—and *only* the fittest—to survive. This perspective fit nicely into the ancient and seemingly indelible point of view that held the poor entirely responsible for their state. The rich earned their position solely through vigorous bootstrap-pulling, just as **Horatio Alger** had written in his widely popular series of "self-made man" stories.

A more beneficent vision of society was known as the **Gospel of Wealth**, after an 1889 article by Andrew Carnegie. Carnegie believed in the redistribution of wealth, but crucially by the philanthropic actions of the wealthy, *not* by government action. He agreed to a large extent with Veblen; he decried conspicuous consumption and urged his wealthy fellows to earn social status (and entrance to heaven) through conspicuous philanthropy instead. To Carnegie, the hard work and character that created wealth shouldn't be allowed to atrophy once wealth was gained; rather, he urged the continuance of character through the mostly voluntary redistribution of great wealth for social benefit. In fact, the Carnegie Foundation still exists, and many universities, public libraries, and hospitals in America owe their existence to the philanthropy of men like Rockefeller or Vanderbilt. However, the battle

inside the arena of social inequality raged on, as workers found a new weapon with which to defend themselves.

LABOR'S RESPONSE

One effect of more efficient production was a drop in the cost of goods and services. As long as wages stayed ahead of these lowered costs, standards of living increased. However, wages paid meant profits lost; hence, the long battle between capital and labor over the spoils of their joint efforts took on new importance as the American economy radically shifted toward greater centralization of production.

Trusts themselves were a method by which profits were raised: why pay for transfers of products within a supply chain or tolerate profit-reducing competition among producers when one could simply absorb them? No redistributive taxation system existed at the time; the wartime income tax was seen merely as a wartime necessity. Naturally, as wealth concentrated, so did power. Moreover, when the economy contracted, as occurred with regularity, as financial panics in 1873 and 1893 led to depressions, those with power tended to suffer least.

Labor was doing the heavy lifting for the country, and it was beginning to take its toll. Ten plus hours a day, six days a week, and unsafe conditions created a vacuum that labor unions attempted to fill. With different ways of achieving goals, these unions were all dedicated to helping organize labor. The **Knights of Labor** focused on attempting to combine wages of workers with open membership and the use of strikes. Unfortunately for their members, this led to misrepresentation as radicals, and they were blamed for the Haymarket Square riot and bombing in the late 1890s. This would all but end their charge for workers leaving the IWW and AFL to fight for workers in distinctive ways.

The **Industrial Workers of the World** were “One Big Union” that, similar to the Knights of Labor, united skilled and unskilled workers. They hoped to achieve a socialist economic system but, like the Knights of Labor, were seen as too radical for mainstream America. The **American Federation of Labor** behind **Samuel Gompers** would see the greatest and longest lasting success of all unions because of their use of collective bargaining and focus on “**bread and butter**” issues. Because the AFL only accepted skilled workers, they were able to demand higher wages and could not be replaced by immigrant labor.

Management used several different approaches to handling labor discontent. They would close the factory, “**locking out**” the workers, keeping them from obtaining their day’s pay (however, this also meant no work was being completed). **Blacklists** were created with names of pro-union workers, **yellow-dog** contracts were forced upon workers to keep them from joining unions, and **Pinkerton agents** were hired to infiltrate unions. **Strikes** were often the only tool unions could utilize to force their issues, but the government seemed to be firmly behind management in all instances. President Hayes ended the **Great Railroad Strike of 1877**, the National Guard was brought in to protect the **Homestead** plant in 1892, and President Cleveland used federal troops to crush the **Pullman Strike** organized by **Eugene Debs**. Labor would have to wait until the next century to find support from the federal government and success with the private sector.

Farming, too, had become centralized and financialized, numbering if not the days then at least the decades of the Jeffersonian family farm—a feature naturally not lost on farmers, who would soon flock to a new political party. Increasing mechanization of agriculture increased per capita productivity, and

thus supply, which lowered the price of foodstuffs while raising the cost of production. But farmers, always exposed to the vagaries of the weather, required loans as profit margins fell and were bound to commodity markets that increasingly defined prices; to successive administrations that insisted on paying down the national debt and a “tight money supply,” which further squeezed both available credit and lowered prices; and to large agricultural corporations, as they bought up smaller farms and centralized production.

Financial panics in both 1873 and 1893 saw farmers hit the hardest, and the federal government responded with a laissez-faire attitude that did little to ease the burden. Small farmers were also forced to deal with the new reality that the railroads had created: the railroads had indeed opened up new markets, but they charged high freight rates and had also integrated American farmers into a world market stuffed with competition. They faced challenges not only from the railroad companies but also the government, and attempts to regulate the system resulted only in more struggles. The creation of an **Interstate Commerce Commission** and passage of the **Sherman Anti-trust Act** (coupled with the repeal of the **Sherman Silver Purchase**) did more to harm farmers (and labor in general) than help. When the favorable decision of *Munn v. Illinois* was essentially nullified by the *Wabash v. Illinois* decision, farmers had to look elsewhere for support.

Farmers fought back with cooperative farms soon bolstered by the **Farmers' Alliance**, which organized cooperative efforts to provide financing and marketing to farmers as a whole. However, farmers themselves lacked the collective wealth the Alliance needed. Eastern banks were not interested in helping those who were mostly debtors (that is, hurting themselves, the creditors), so the Alliance proposed that the federal government provide low-interest loans and also help farmers to warehouse excess crops for future sale. Thus the Alliance morphed in 1892 into the **Populist Party**, a “people’s” party that spread throughout rural America via outdoor meetings with a rhetoric reminiscent of the Great Awakenings.

The Populists demanded silver money under government, not banker, control; freer credit; the right to unionize; the nationalization of the railroads as a kind of public utility; direct election of federal Senators; women’s suffrage; and a graduated income tax (much of which was taken from the **Omaha** or **Ocala Platform**). By the end of the century, they were on the verge of taking real, national power behind the **Cross of Gold** speech of William Jennings Bryan and a combined ticket with the Democrats. Every economic downturn gained them more support. However, the Populists were driven by racial and other divisions, which were usually widened by conscious effort of their opponents. Ultimately, the divergent interests of city and countryside—higher food prices helped farmers but hurt factory workers—limited the party’s reach. Moreover, the Protestant-revival nature of their rhetoric held little appeal for mostly Catholic urban workers.

THE AMERICAN WEST

While industrial growth did touch those in the West and South, it primarily was found near larger populations and transportation (Northeast and Midwest). The movement west, however, deserves special note both for what it created and for what it destroyed. Government policies (such as the **Homestead Act**), the spreading railroads, and the lure of gold and other mineral riches turned the West wild. Boomtowns and bonanza ranches arose almost overnight. Some grew, prospered, and

survived; many did not. Fortunes were made and lost with equal speed as a vast, nearly pre-modern expanse was within a generation dragged into modernity.

The impact of the **transcontinental railroad** cannot be overstated: it cut travel time for goods and people, helped to create time zones, transported goods freely (helping to create a national market and economy), and shifted population to the West. People of the West were resourceful—they built homes of sod or mud, adopted **dry farming**, and handled extreme weather conditions. However, change would also have an impact on the old ways of the West, including cowboys and farmers. Open ranges would become a thing of the past, and, with the introduction of **barbed wire**, the vast stretches of grassland would be no more. The historian Frederick Jackson Turner's **frontier thesis** noted that the frontier was essentially gone and that the massive safety valve provided by that frontier was soon to be shut off.

Left out of Turner's thesis were Native Americans, as Patricia Nelson Limerick would note. Native Americans were consistently herded into ever-smaller spaces and finally onto reservations, usually on the most inhospitable lands available—that is, lands undesired by the settler-colonists. Both the Plains Indians and the bison that formed the basis of their economy and way of life were steadily exterminated (in part due to the railroad).

The federal government led the way with the **Dawes Act** of 1887, which broke up tribal lands into parcels: some reserved for Native Americans, who were to be “civilized,” and the rest for white settlers who poured in. Education was provided at places such as the Carlisle Indian school, but, as Helen Hunt Jackson noted in her work, *A Century of Dishonor*, the United States government actions would actually have an adverse effect. Intended as a humane solution to the “Indian problem,” the Act's aim of more closely integrating Native Americans into society was met with resistance, and many Native Americans ended up both landless and poverty-stricken.

Added to failed acts of Congress (or outright ignoring of treaties) were brutal disputes or **Indian Wars** that sometimes ended in outright massacre, such as at **Wounded Knee** (1890), where confusion among cavalry troops who wished to disarm the Lakota at South Dakota's Pine Ridge Indian Reservation ended with their killing more than 150 Lakota men, women, and children. Subsequent actions, such as the banning of the tribal ritual the **Ghost Dance**, coupled with the previous discovery of mineral wealth in the **Black Hills** meant that Native Americans would continue to be treated as second-class citizens in the United States.

THE NEW SOUTH

The South remained primarily focused on agriculture after the Civil War, even as industry slowly crept its way into their practices of farming. As the North continued to dominate the economic landscape, the South looked for ways to diversify its crop holdings. Segregation continued to be found on southern farms in the form of sharecropping, but it was seen at even greater heights within the new southern society.

The Fourteenth Amendment required that all people born or naturalized in the United States were to be given due process as citizens. This meant that blacks were to be given the same rights as whites, but in the South this was not the case. The biggest issue with this ruling (as was the case with much of Reconstruction) was the lack of enforcement. Once troops left the South, there were

few reasons for the ruling to be followed, leading African Americans to face greater challenges with less support and resources.

The laws and social codes that undergirded **segregation** were collectively known as **Jim Crow**, and they governed black life for almost a century after the fall of Reconstruction. In Southern states laws were passed that became voting “qualifiers” such as the following:

- **Poll Taxes:** Any citizen wishing to vote had to pay a poll tax, or fee. While this was effective in stopping many black voters, it also denied many poor whites the right to vote.
- **Literacy Tests:** Any citizen wishing to vote had to pass a literacy test designed to stop freedmen from voting. Again, however, many poor, illiterate whites were also disenfranchised.
- **Grandfather Clause:** This was the most effective way of disenfranchising black voters only: those whose grandfather had been able to vote could also vote. While almost no blacks could navigate this clause, many poor whites could.

The Jim Crow laws were codified by the landmark Supreme Court case of 1896, **Plessy v. Ferguson**. The decision in this case ruled that citizens could be separated as long as they received equal services or amenities. This legalized the ability for the South to create two separate societies: one black and one white. There were separate schools, and later separate water fountains and dining areas. The Plessy v. Ferguson ruling would later be overturned in 1954 by **Brown v. Board of Education of Topeka Kansas**. Northern racism flared up as thousands of African Americans fled the increasingly inhospitable South, attracted by the demand for labor in burgeoning Northern cities, bringing a hybrid music, the blues (the precursor of jazz and rock), with them.

URBAN REFORMS AND MOVEMENTS

The second industrial revolution drove many millions to move: from Europe and even Asia to America; from the still-underdeveloped, quasi-feudal South to the North (especially African Americans); from the countryside into the rapidly growing cities; from the East to the West; and from inside the home to factories. Standard of living and life expectancy both increased as better products and improvement of mechanization led to better diets and lower prices. It was truly revolutionary, and thus reactions abounded. Know-Nothingness ended as a party but nativism remained a feature of American politics.

Prejudice was stoked by the **mass immigration** of foreigners from Southern and Eastern Europe (as opposed to previous immigration that stemmed from Western Europe), often through New York’s **Ellis Island**. Many of these immigrants were not welcomed and were seen, rightly or not, as yet more competition for jobs and other resources. Not only did they willingly take less pay and long hours for their unskilled work in the industrial economy, but they lived in crowded **tenement** housing, often held strong to their cultural ties, and were Roman Catholic or Jewish. Neighborhoods saw a mix of people looking to escape persecution, find employment, and assimilate to the national culture while remaining true to their heritage. Discrimination against immigrants would be found all over the country, as the **Chinese Exclusion Act** was passed in 1882 to restrict the immigration from Asia that had been instrumental in building the western railroads. Much like in the East, competition for jobs was the issue. Even as the West Coast closed its doors, more and more immigrants were passing

the **Statue of Liberty** and making their way to the land of opportunity. These new immigrants in the Northeast were politically raw and looking for something or someone to help them survive.

This led in some cases to corrupt **machine politicians** in the big cities, such as New York City's **Tammany Hall**, gaining power; in order to maintain that power, politicians redistributed a little of what they stole from the public back to those who supported them in elections in the form of social services and perks. With no real countervailing force and lobbyists in control of state, and sometimes federal, legislatures, the poor were left to fend for themselves; so, they were almost grateful to people like **Boss Tweed**. While Tweed would suffer a great fall at the hands of political cartoonist **Thomas Nast**, other political machines continued the corruption.

Different forms of support would be found in the growth of public schools, U.S. colleges, the statistical methods of **W.E.B. Du Bois**, and the **Social Gospel**, which extended Carnegie's ideas to religious institutions and individuals who were not wealthy. Both Protestant and Catholic (and other) congregations were urged to follow New Testament injunctions to help the poor and downtrodden. There were plenty of opportunities to do so, and many religious organizations allied with labor and other social reformers of the day, such as Jane Addams, to urge progressive action on housing, health, and the ongoing practice of child labor, among other goals. (Among other endeavors, Addams founded **Hull House**, which provided English lessons for immigrants and daycare and playgrounds for the children of working mothers. Addams was the first woman to win the Nobel Peace Prize.)

Exposés of appalling urban living conditions did much to open the public's eyes to the underside of the second industrial revolution. What probably had even greater impact were photographic essays, such as those of **Jacob Riis**, a Danish-American social reformer who used photography to document the plight of the poor during a period of literature and the arts that was focused on **realism**. The essays of Riis and others depicted just how poorly "the other half" lived and utilized the popular press to spread their works through printing technology like magazines. These interventions helped shape a growing progressive attack on what was called the **Gilded Age**.

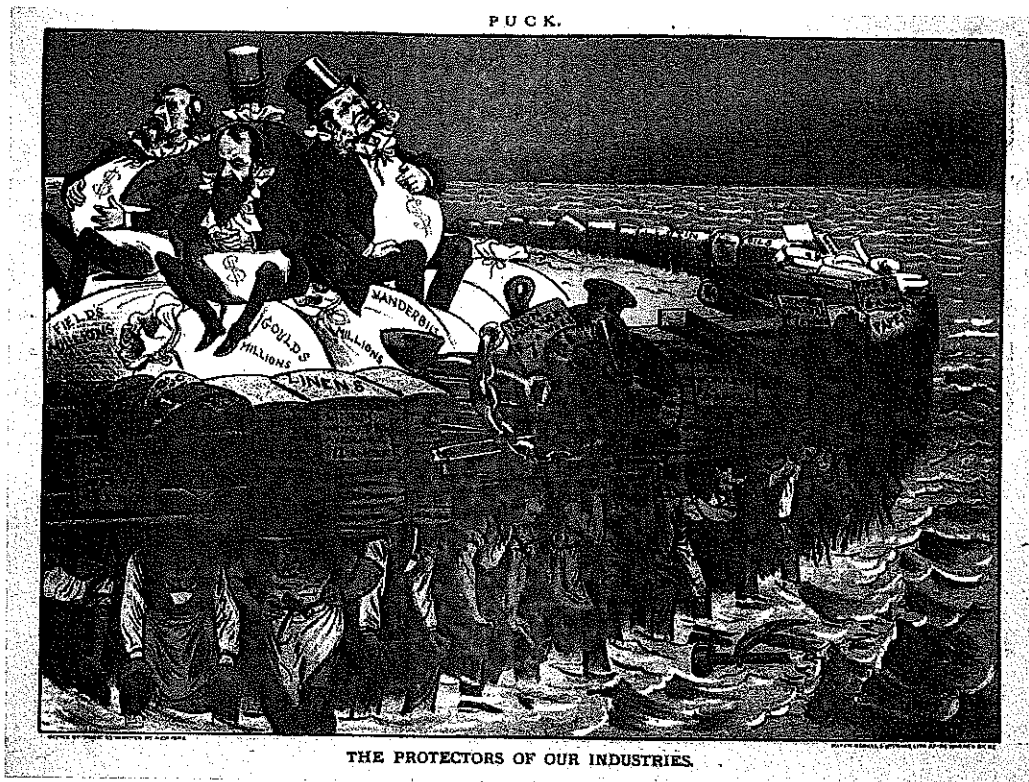
The attempts at political, economic, and social reform would all struggle to gain traction during this period, but, by the end of the century, more people were advocating for equity and honesty in all parts of the nation. The first decade of the twentieth century would see great challenges—to industry, government corruption (at federal, state, and local levels), minority rights, and the environment while America stepped onto the world stage.

KEY EVENTS IN PERIOD 6: A TIMELINE

Significant Date	Event
1862	Homestead Act
1869	Transcontinental Railroad completed
1870	Standard Oil created
1873	Financial Panic
1874	Black Hills Gold Rush
1876	Battle of Little Big Horn; Alexander Graham Bell patents telephone
1877	Compromise of 1877; Nez Perce surrender; Great Railroad strike
1879	Carlisle Indian School; Edison invention of incandescent lamp
1882	Chinese Exclusion Act
1883	Buffalo Bill's Wild West Show debuts
1886	Haymarket Square bombing
1887	Dawes Act
1889	Hull House founded
1890	Massacre at Wounded Knee
1892	Ellis Island opens
1893	Financial Panic; <i>McClure's Magazine</i> published
1894	Coxey's Army; Pullman strike
1896	<i>Plessy v. Ferguson</i> decision

PRACTICE

Directions: Each of the questions or incomplete statements below is followed by four suggested answers or completions. Select the one that is best in each case.



[Source: [https://en.wikipedia.org/wiki/Robber_baron_\(industrialist\)#/media/File:The_protectors_of_our_industries.jpg](https://en.wikipedia.org/wiki/Robber_baron_(industrialist)#/media/File:The_protectors_of_our_industries.jpg)]

1. Which of the following men would support the point of view depicted in the image above?
 - A. John D. Rockefeller
 - B. J.P. Morgan
 - C. Andrew Carnegie
 - D. Samuel Gompers

2. What evidence would be used to support the point of view of the image above?
 - A. The men referenced helped to build the infrastructure of the United States.
 - B. The men referenced donated millions of dollars to charities.
 - C. The men referenced influenced government officials and decisions.
 - D. The men referenced created employment for millions of workers.

3. What defense would the men in the picture give as support for their actions during the Gilded Age?
- A. Immigration created competition in the workforce, which led to lower wages and the necessity to hire unskilled workers.
 - B. Labor organized into unions, leading to confrontations with management and uneasy feelings between the two.
 - C. Social Darwinism and the works of Horatio Alger supported the lifestyles and hard work of these men.
 - D. They provided necessary social services to lower class citizens in exchange for support.

Answer Key and Explanations**1. D****2. C****3. C**

- 1. The correct answer is D.** Gompers was the leader of the American Federation of Labor and would view the men in the boat as “robber barons” who abused their power and wealth. Choices A, B, and C are incorrect because these men were given the label of “robber baron.”
- 2. The correct answer is C.** The point of view is negative and the “robber barons” of the Gilded Age used their wealth to influence members of the Congress and persuade government decisions in their favor. Choices A, B, and D are all examples of a positive view of the “captains of industry” and would not support the point of view.
- 3. The correct answer is C.** The captains of industry/robber barons used the ideas of Social Darwinism (that humans are subject to the survival of the fittest) and Alger’s “self-made man” stories to support their actions. Choice A is incorrect because hiring unskilled laborers would not help support these men in proving their actions were just. Choice B is incorrect because the battle between unions and management does not justify low wages or poor working conditions. Choice D is incorrect because this is inaccurate; it was political machines that provided these services.