**Gilded Age** - Period when corruption existed in society but was overshadowed by the wealth of the period.

“gilded” is when something is golden/beautiful on the surface but is really cheap/worthless underneath.

Term comes from a book written about the time period by Mark Twain and Charles Dudley Warner in 1873 *The Gilded Age*.
WHAT CAUSED THE “GILDED AGE”?

- Lots of natural resources
- Lots of cheap labor (slaves, immigrants)
- New technology
- Creation of corporations
- Growing markets
- Business-friendly government
- Steam-engine revolution
INVENTORS/INVENTIONS

- **Thomas Edison**
  - Perfected the light bulb in 1880, and motion picture
  - Organized power plants
  - Established first research lab

- **Alexander Graham Bell**
  - Telephone (1876)

- **Henry Ford**
  - Assembly Line

- **George Eastman**
  - Camera (1885)

- **Samuel Morse**
  - Telegraph (1837)

- **Wright Brothers**
  - Airplane (1903)

- **Christopher Sholes**
  - Typewriter (1867)

- **Guglielmo Marconi**
  - Radio
TRANSCONTINENTAL RAILROAD -- 1869
IMPACT OF RAILROADS ON AMERICA DURING THE GILDED AGE

- **Benefits**
  - Stimulated growth of other industries (steel, iron, coal, lumber, glass)
  - Helped cities grow
  - Helped increase westward expansion of America
  - Standard time zones were created to get everyone on correct time

- **Corruption**
  - Charged much higher rates to western farmers
  - Credit Mobilier Scandal 1868
    - Union Pacific
    - Fake construction company
    - Bribed members of Congress
    - Represented corruption of period

View Corruption in Railroads
CORNELIUS VANDERBILT

- Got started in business owning/operating steamboats
- Learned the trade from his father
- Eventually enters the railroad business, consolidating several companies through aggressive and (now) illegal tactics
Is Google a Monopoly?
Did you mean: A Historical Perspective

Google’s search market share topped 66% in September. While there seems to be room for competition, monopolies are not all about market share. The government filed anti-trust suits against US Steel when they had 67% of the market. Could it happen to Google?

Google’s tentacles tap into sizable market shares of many different products and services.

- Search
- Maps
- YouTube
- Android
- Gmail
- Chrome

Google search is supposed to provide the best and unbiased results. The problem is that it has to make decisions about ranking its own products versus competitors.

- Search for ‘email’ and Gmail is ranked first despite being the third largest service. The largest, Yahoo! Mail, is second, and Google’s rival, Microsoft, is fourth.
- Google displays a Google Map in 1 in 13 search results. MapQuest or Yahoo! Maps appear in none.
- YouTube and Google Video enjoy higher rankings for queries with the term ‘video’ than competitors.
SEE IF YOU CAN ANSWER THESE!

- What were at least five of the reasons why the "Gilded Age" occurred during the late 19th century?

- Why did Mark Twain call this period the "Gilded Age"?

- Why were railroads such a "disruptive", "game-changing" technology?

- Why was Cornelius Vanderbilt important?
THE STEEL INDUSTRY’S IMPACT ON AMERICA

- **Bessemer Process** developed around 1850 injected air into molten iron to remove impurities and make steel—a lighter, more flexible, rust-resistant metal.

- **Steel** is used in railroads, farm equipment, canned goods.

- Engineers use steel to create **skyscrapers** and longer bridges (Brooklyn Bridge).

[View Steel Industry Video]
THE RISE OF BIG BUSINESS

- **Andrew Carnegie**
  - Industrialists who made a fortune in steel in the late 1800’s, as a philanthropists, he gave away some $350 million.

- **John D. Rockefeller**
  - Industrialists who made a fortune in the oil refining industry
  - **U.S. Standard Oil**
Standard Oil Cartoon based on Ida B. Tarbell’s book- *The History of Standard Oil*
THE RISE OF BIG BUSINESS

- **J.P. Morgan**
  - Industrialists who started U.S. Steel from Carnegie Steel and other companies. Became 1\textsuperscript{st} Billion dollar Corporation.
  - Bailed out the U.S. economy on more than one occasion.
THE RISE OF BIG BUSINESS

- Vertical Integration
  - A process in which a company buys out all of the suppliers. (Ex. coal and iron mines, ore freighters, rr lines)

- Horizontal Consolidation
  - A process in which a company buys out or merges with all competing companies (JP Morgan bought out Carnegie steel and other companies)
CHOOSE A COMPANY YOU LIKE/USE

- Show what it might look like if this company tried to integrate vertically.

- Show what it might look like if this company tried to integrate horizontally.
THE RISE OF BIG BUSINESS

- **Trusts** - A group of separate companies placed under the control of a single managing board

- Similar to **monopolies** – total control of a good or service by one company

- Critics called these practices unfair and the business leaders “Robber Barons”
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What about Standard Oil?

Founded in 1870, John D. Rockefeller’s Standard Oil soon became one of the largest multinational corporations in the world.

In 1904 Standard Oil controlled 91% of production and 85% of sales in the US.

Four years later, the government filed an anti-trust suit alleging a long list of unfair, controlling and abusive practices and tactics. The suit claimed Standard Oil would raise prices for it monopolized customers and lower them to hurt competitors.

Standard Oil was split into 34 separate companies.

The Justice Department won the case. Standard Oil appealed but the decision was upheld by the Supreme Court.

Diagram:

- Standard Oil of New Jersey
- Standard Oil of Louisiana
- Standard Oil of Brazil
- Standard Oil of New York
- Standard Oil of California
- Standard Oil of Iowa
- Standard Oil of Kentucky
- Standard Oil of Indiana
- Standard Oil of Minnesota
- Standard Oil of Illinois
- Standard Oil of Kansas
- Standard Oil of Ohio
- Continental Oil Company
- The Ohio Oil Company
- Standard Oil of Missouri
- South Penn Oil Co.

- Esso
- Exxon
- ExxonMobile

- Sacony
- Sacony-Vacuum
- Mobile
- Chevron
- ChevronTexaco
- Chevron

- Amoco
- BP

- Conoco
- ConocoPhillips
- Marathon Oil

- dissolved
  - Pennzoil
  - Shell
THE RISE OF BIG BUSINESS

- **Social Darwinism**
  - Used Darwin’s theory to explain business
  - Natural Selection, Survival of the Fittest
  - Govt. should not interfere
  - Laissez-faire - policy that US had followed since inception to not allow govt. to interfere with business
THE RISE OF BIG BUSINESS

- **Gospel of Wealth** - belief that the wealthy are the “fittest” citizens and are therefore responsible to look out for the well-being of those less fortunate.

- Many Industrialists shared wealth although rarely through direct welfare. Started museums, libraries, etc.

Carnegie Hall

Carnegie Libraries in Bedford, Bloomfield and Linton, Indiana
The Rise of Big Business

- Interstate Commerce Commission
  - Created to oversee railroad operations
  - First example of Federal gov’t monitoring a business

- Sherman Anti-Trust Act of 1890
  - Law outlawing a combination of companies that restrained interstate trade or commerce; important to prevent monopolies. Not initially enforced properly.

“What can I do when both Parties insist on kicking”
POOR WORKING CONDITIONS IN THE LATE 1800’S

- Most factory workers worked 12 hour days, 6 days a week
- Steel mills often demanded 7 days a week
- No vacations, sick leave, unemployment compensation, or workers compensation for injuries on the job
- Children as young as 5 often worked as much as 12 or sometimes 14 hours a day, for as little as $.27 a day.

Video on factory work
The Purpose of a labor union was “strength in numbers.” Attempted to gain better working conditions and pay.

The Knights of Labor

- Was the first union to accept workers of all races and gender. Pushed for 8 hour workday, equal pay for women, accepted skilled and unskilled workers.
The American Federation of Labor (AFL)- Accepted only skilled white males, won higher wages and shorter work weeks for its members

Head of AFL was Samuel Gompers
THE RISE OF LABOR UNIONS

- **Industrial Workers of the World (IWW) or Wobblies**
  - Created in 1905, was a radical group of mostly unskilled workers who believed in socialism
  - **Socialism** - an economic or political philosophy that favors public (or social) control of property and income.
Palmist: "There is a man following you with a bludgeon."
Capitalist: "Yes, yes! What else do you see?"
Palmist: "Nothing but your finish!"
SETBACKS FOR LABOR UNIONS

- Great Railroad Strike of 1877
  - RR workers strike to protest wage cut
  - Violence erupted in many cities for a week
  - President Rutherford B. Hayes sends in Federal Troops to put down strike
  - Scab – worker called in by an employer to replace strikers
  - Courts and Federal govt. often sided with business during Gilded Age
Haymarket Riot 1886

- Workers protesting and holding demonstrations in Haymarket Square Chicago
- Speakers are socialist and anarchist (no govt.)
- Police arrive and bomb is thrown at police killing some and causing riot
- Public blames labor unions and views them as radical, violent, and mostly foreigners
SETBACKS FOR LABOR UNIONS

**Homestead Strike - 1892**
- Workers strike against Carnegie Steel plant
- Henry Frick was anti-union leader of plant

**Pullman Strike 1894**
- Railroad industry strike in which 120,000 striking railroad workers were stopped only by the intervention of the federal government
THE NEW IMMIGRANTS

- **New Immigrants** - Between 1870 and 1920-20 million Europeans-mostly from Southern and Eastern Europe came to America- (Jews/Catholics)
- Hundreds of thousands more came from Mexico, Caribbean, and China
- Looked and sounded different than natives
- **Nativism** - Movement to ensure that native-born Americans received better treatment than immigrants

Russian Jews
1888 PUCK MAGAZINE CARTOON ABOUT AMERICAN BUSINESSMEN ENCOURAGING IMMIGRATION FOR CHEAP LABOR WHICH HURTS AMERICANS
THE NEW IMMIGRANTS

- **Ellis Island** - In New York harbor where most European immigrants came to get processed
- **Angel Island** - In San Francisco where most Asians entered US
- Culture Shock
- Melting Pot
1882-Chinese Exclusion Act- prohibited Chinese laborers from entering the country. Was not lifted until 1943.

Gentlemen’s Agreement 1907- was reached between U.S. and Japan in which Japan agreed to restrict immigration to the U.S.
“The Chinamen were terribly taxed by the county authorities; but they always came up promptly, and without a word of complaint paid what was demanded of them. Let me here say that I never, during all my years of intercourse with this people, saw a single drunken Chinaman. I never saw a Chinese beggar. I never saw a lazy Chinaman.”—Joquin Miller.

“Equal Rights to All Men. The Cornerstone of Our Republic.”

Blaine Language.

Tramp Nye. “Can this be? We are ruined by Chinese labor.”

Truthful James (G. Blaine). “Which is why I remark,
And my language is plain,
That for ways that are dark
And tricks that are vain,
The heathen Chinese is peculiar.
Which the same I am free to maintain.”
Political Cartoon depicting how Chinese immigrants workers lived and regular American workers lived. Rats, Yummy!
PROBLEMS OF RAPID URBANIZATION

- **Urbanization** - growth of cities
- 3 reasons cities grew in late 1800’s and early 1900’s
  - New immigrants arrived in cities for work
  - As farm machines replaced farmers they moved to cities
  - African Americans left South after Civil War and came to Northern cities.

View Rise of NYC video
1. Housing shortages - Tenement – crowded apartment building with poor standards of sanitation, safety, and comfort
2. Transportation – struggled to keep up with growth
3. Clean water – was difficult to produce and transport
4. Waste and garbage removal was a challenge and often neglected
5. Fires were very common
   - Great Chicago Fire - 1871
   - San Francisco Earthquake 1906
6. Crime rose with urbanization

A trip down Market Street video
EARLY REFORMS TO FIX PROBLEMS OF URBANIZATION

- Settlement House – Community center organized to provide various services to urban poor
- Hull House -1889 – most famous settlement house established by Jane Addams and Ellen Gates Starr
- Social Gospel Movement – social reform movement that sought to fix social problems in the name of Jesus
Political Machines – an organized group of people that controlled the activities of a political party

- By giving voters services they needed, the machine won their vote and controlled city government

City Boss was head of Political Machines

- Controlled
  - Jobs in police, fire, and sanitation departments
  - Agencies that granted licenses to businesses
  - Money to fund large construction projects

“All Politics center around the Boss”

View Gangs in New York Clip #1
Political machines loved immigrants, WHY?
- Never voted, tried to sway votes by bribery, intimidation, and other means

Political machines used power to
- Rig elections
- Become wealthy from kickbacks-illegal payments
- Control police force to stay out of trouble
“BOSS TWEED” AND THOMAS NAST

- **William “Boss” Tweed**
  City Boss of Tammany Hall-
  Democratic Political Machine in New York City

- **Thomas Nast** – political cartoonist who was critical of machines and Tweed
WHO STOLE THE PEOPLE'S MONEY?" OR TELL, ANYWAY.

'TWAS HIM

THE AMERICAN RIVER GANGES,

IN COUNTING THERE IS STRENGTH

'THAT'S WHAT'S THE MATTER.'
CORRUPTION IN GOVERNMENT

- Patronage or Spoils System - giving government jobs to loyal party workers or friends
  - Were not qualified
  - Used position to get money from government (graft)

- President James Garfield is assassinated by disappointed office seeker favoring Spoils System

- President Chester Arthur signs Pendleton Civil Service Act of 1883

View video #2

View video #3
PENDLETON CIVIL SERVICE ACT 1883

- Attempted to end Patronage/Spoils System

1. Creating the Civil Service Commission which required appointed govt. officials to pass the Civil Service Exam to base jobs on merit instead of friendship

2. Federal employees did not have to contribute to campaign funds

3. Federal employees could not be fired for political reasons

Chester A. Arthur signed Pendleton Act into effect