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# Chapter 23 - Political Paralysis in the Gilded Age

## I. The “Bloody Shirt” Elects Grant

1. The Republicans nominated Civil War General Ulysses S. Grant, who was a great soldier but had no political experience.
  - The Democrats could only denounce military Reconstruction and couldn’t agree on anything else, and thus, were disorganized.
  - The Republicans got Grant elected (barely) by “waving the bloody shirt,” or reliving his war victories, and used his popularity to elect him, though his popular vote was only slightly ahead of rival Horatio Seymour. Seymour was the Democratic candidate who didn’t accept a redemption-of-greenbacks-for-maximum-value platform, and thus doomed his party.
2. However, due to the close nature of the election, Republicans could not take future victories for granted.

## II. The Era of Good Stealings

1. Despite the Civil War, the population still mushroomed, partially due to immigration, but during this time, politics became very corrupt.
  - Railroad promoters cheated gullible customers.
  - Stock-market investors were a cancer in the public eye.
  - Too many judges and legislators put their power up for hire.
2. Two notorious millionaires were Jim Fisk and Jay Gould.
  - In 1869, the pair concocted a plot to corner the gold market that would only work if the treasury stopped selling gold, so they worked on President Grant directly and through his brother-in-law, but their plan failed when the treasury sold gold.
3. The infamous Tweed Ring (AKA, “Tammany Hall”) of NYC, headed by “Boss” Tweed, employed bribery, graft, and fake elections to cheat the city of as much as \$200 million.
  - Tweed was finally caught when The New York Times secured evidence of his misdeeds, and later died in jail.
  - Samuel J. Tilden gained fame by leading the prosecution of Tweed, and he would later use this fame to become the Democratic nominee in the presidential election of 1876.
  - Thomas Nast, political cartoonist, constantly drew against Tammany’s corruption.

## III. A Carnival of Corruption

1. Grant, an easy-going fellow, apparently failed to see the

corruption going on, even though many of his friends wanted offices and his cabinet was totally corrupt (except for Secretary of State Hamilton Fish), and his in-laws, the Dent family, were especially terrible.

2. The Credit Mobilier, a railroad construction company that paid itself huge sums of money for small railroad construction, tarred Grant.
  - A New York newspaper finally busted it, and two members of Congress were formally censured (the company had given some of its stock to the congressmen) and the Vice President himself was shown to have accepted 20 shares of stock.
3. In 1875, the public learned that the Whiskey Ring had robbed the Treasury of millions of dollars, and when Grant's own private secretary was shown to be one of the criminals, Grant retracted his earlier statement of "Let no guilty man escape."
  - Later, in 1876, Secretary of War William Belknap was shown to have pocketed some \$24,000 by selling junk to Indians.

#### **IV. The Liberal Republican Revolt of 1872**

1. By 1872, a power wave of disgust at Grant's administration was building, despite the worst of the scandals not having been revealed yet, and reformers organized the Liberal Republican Party and nominated the dogmatic Horace Greeley.
  - The Democratic Party also supported Greeley, even though he had blasted them repeatedly in his newspaper (the New York Tribune), but he pleased them because he called for a clasping of hands between the North and South and an end to Reconstruction.
2. The campaign was filled with more mudslinging (as usual), as Greeley was called an atheist, a communist, a vegetarian, and a signer of Jefferson Davis's bail bond (that part was true) while Grant was called an ignoramus, a drunkard, and a swindler.
  - Still, Grant crushed Greeley in the electoral vote and in the popular vote was well.
3. In 1872, the Republican Congress passed a general amnesty act that removed political disabilities from all but some 500 former Confederate leaders.

#### **V. Depression, Deflation, and Inflation**

1. In 1873, a paralyzing panic broke out, the Panic of 1873, caused by too many railroads and factories being formed than existing markets could bear and the over-lending by banks to those projects. Essentially, the causes of the panic were the same old ones that'd caused recessions every 20 years that century: (1) over-speculation and (2) too-easy credit.
  - It first started with the failure of the New York banking firm Jay Cooke & Company, which was headed by the rich Jay Cooke, a financier of the Civil War.
  - Before, the greenbacks that had been issued in the Civil War were being recalled, but now, during the panic, the "cheap-money" supporters wanted greenbacks to be printed en masse again, to create inflation.
  - However, supporters of "hard-money" (actual gold and silver) persuaded Grant to veto a bill that would print more paper money, and the Resumption Act of 1875 pledged the government to further withdraw greenbacks and made all further redemption of paper money in gold at face value, starting in 1879.

2. Debtors now cried that silver was under-valued (another call for inflation), but Grant refused to coin more silver dollars, which had been stopped in 1873, and besides, new silver discoveries in the later 1870s shot the price of silver way down.
  - Grant's name remained fused to sound money, though not sound government.
  - As greenbacks regained their value, few greenback holders bothered to exchange their more convenient bills for gold when Redemption Day came in 1879.
3. In 1878, the Bland-Allison Act instructed the Treasury to buy and coin between \$2 million and \$4 million worth of silver bullion each month.
  - The minimum was actually coined and its effect was minimal on creating "cheap money."
4. The Republican hard-money policy, unfortunately for it, led to the election of a Democratic House of Representatives in 1874 and spawned the Greenback Labor Party in 1878.

## **VI. Pallid Politics in the Gilded Age**

1. "The Gilded Age," was a term coined by Mark Twain hinting that times looked good, yet if one scratched a bit below the surface, there were problems. Times were filled with corruption and presidential election squeakers, and even though Democrats and Republicans had similar ideas on economic issues, there were fundamental differences.
  - Republicans traced their lineage to Puritanism.
  - Democrats were more like Lutherans and Roman Catholics.
  - Democrats had strong support in the South.
  - Republicans had strong votes in the North and the West, and from the Grand Army of the Republic (G.A.R.), an organization made up of former Union veterans.
2. In the 1870s and the 1880s, Republican infighting was led by rivals Roscoe Conkling (Stalwarts) and James G. Blaine (Half-Breeds), who bickered and deadlocked their party.

## **VII. The Hayes-Tilden Standoff, 1876**

1. Grant almost ran for a third term before the House derailed that proposal, so the Republicans nominated Rutherford B. Hayes, dubbed the "Great Unknown" because no one knew much about him, while the Democrats ran Samuel Tilden.
  - The election was very close, with Tilden getting 184 votes out of a needed 185 in the Electoral College, but votes in four states, Louisiana, South Carolina, Florida, and part of Oregon, were unsure and disputed.
  - The disputed states had sent in two sets of returns, one Democrat, one Republican.

## **VIII. The Compromise of 1877 and the End of Reconstruction**

1. The Electoral Count Act, passed in 1877, set up an electoral commission that consisted of 15 men selected from the Senate, the House, and the Supreme Court, which would count the votes (the 15th man was to be an independent, David Davis, but at the last moment, he resigned).
2. In February of 1877, the Senate and the House met to settle the dispute, and eventually, Hayes became president as a part of the rest of the Compromise of 1877. True to a compromise, both sides won a bit:

- For the North—Hayes would become president if he agreed to remove troops from the remaining two Southern states where Union troops remained (Louisiana and South Carolina), and also, a bill would subsidize the Texas and Pacific rail line.
- For the South—military rule and Reconstruction ended when the military pulled out of the South.
- The Compromise of 1877 abandoned the Blacks in the South by withdrawing troops, and their last attempt at protection of Black rights was the Civil Rights Act of 1875, which was mostly declared unconstitutional by the Supreme Court in the 1883 Civil Rights cases.

## **IX. The Birth of Jim Crow in the Post-Reconstruction South**

1. As Reconstruction ended and the military returned northward, whites once again asserted their power.
  - Literacy requirements for voting began, voter registration laws emerged, and poll taxes began. These were all targeted at black voters.
  - Most blacks became sharecroppers (providing nothing but labor) or tenant farmers (if they could provide their own tools).
2. In 1896, the Supreme Court ruled in the case of Plessy v. Ferguson that “separate but equal” facilities were constitutional.
  - Thus “Jim Crow” segregation was legalized.

## **X. Class Conflicts and Ethnic Clashes**

1. In 1877, the presidents of the nation’s four largest railroads decided to cut wages by 10%. Workers struck back, stopping work, and when President Hayes sent troops to stop this, violence erupted, and more than 100 people died in the several weeks of chaos.
2. The failure of the railroad strike showed the weakness of the labor movement, but this was partly caused by friction between races, especially between the Irish and the Chinese.
3. In San Francisco, Irish-born Denis Kearney incited his followers to terrorize the Chinese.
4. In 1879, Congress passed a bill severely restricting the influx of Chinese immigrants (most of whom were males who had come to California to work on the railroads), but Hayes vetoed the bill on grounds that it violated an existing treaty with China.
  - After Hayes left office, the Chinese Exclusion Act, passed in 1882, was passed, barring any Chinese from entering the United States—the first law limiting immigration.

## **XI. Garfield and Arthur**

1. James A. Garfield
  - In 1880, the Republicans nominated James A. Garfield, a man from Ohio who had risen to the rank of major general in the Civil War, and as his running mate, a notorious Stalwart (supporter of Roscoe Conkling) was chosen: Chester A. Arthur of New York.
  - The Democrats chose Winfield S. Hancock, a Civil War general who appealed to the South due to his fair treatment of it during Reconstruction and a veteran who had been wounded at Gettysburg, and thus appealed to veterans.
  - The campaign once again avoided touchy issues, and Garfield squeaked by in the popular vote (the electoral count was wider: 214 to 155).
    - Garfield was a good person, but he hated to hurt people’s feelings and say “no.”

- Garfield named James G. Blaine to the position of Secretary of the State, and he made other anti-Stalwart acts, but on September 19, 1881, Garfield died after having been shot in the head by a crazy but disappointed office seeker, Charles J. Guiteau, who, after being captured, used an early version of the “insanity defense” to avoid conviction (he was hanged anyway).

## 2. Chester Arthur

- Chester Arthur didn't seem to be a good fit for the presidency, but he surprised many by giving the cold shoulder to Stalwarts, his chief supporters, and by calling for reform, a call heeded by the Republican party as it began to show newly found enthusiasm for reform.
- The Pendleton Act of 1883, the so-called Magna Charta of civil-service reform (awarding of government jobs based on ability, not just because a buddy awarded the job), prohibited financial assessments on jobholders, including lowly scrubwomen, and established a merit system of making appointments to office on the basis of aptitude rather than “pull.”
  - It also set up a Civil Service Commission, charged with administering open competitive service, and offices not “classified” by the president remained the fought-over footballs of politics.
  - Luckily, Arthur cooperated, and by 1884, he had classified nearly 10% of all federal offices, or nearly 14,000 of them.
- The Pendleton Act partially divided politics from patronage, but it drove politicians into “marriages of convenience” with business leaders.

## **XII. The Blaine-Cleveland Mudslingers of 1884**

1. James G. Blaine became the Republican candidate, but some Republican reformers, unable to stomach this, switched to the Democratic Party and were called Mugwumps.
2. The Democrats chose Grover Cleveland as their candidate but received a shock when it was revealed that he might have been the father of an illegitimate child.
  - The campaign of 1884 was filled with perhaps the lowest mudslinging in history.
  - The contest depended on how New York chose, but unfortunately, one foolish Republican insulted the race, faith, and patriotism of New York's heavy Irish population, and as a result, New York voted for Cleveland; that was the difference.

## **XIII. “Old Grover” Takes Over**

1. Portly Grover Cleveland was the first Democratic president since James Buchanan, and as a supporter of laissez-faire capitalism, he delighted business owners and bankers.
2. Cleveland named two former Confederates to his cabinet, and at first tried to adhere to the merit system (but eventually gave in to his party and fired almost 2/3 of the 120,000 federal employees), but he had his problems.
  - Military pensions plagued Cleveland; these bills were given to Civil War veterans to help them, but they were used fraudulently to give money to all sorts of people.
  - However, Cleveland showed that he was ready to take on the corrupt distributors of military pensions when he vetoed a bill that would add

several hundred thousand new people on the pension list.

#### **XIV. Cleveland Battles for a Lower Tariff**

1. By 1881, the Treasury had a surplus of \$145 million, most of it having come from the high tariff, and there was a lot of clamoring for lowering the tariff, though big industrialists opposed it.
2. Cleveland wasn't really interested in the subject at first, but as he researched it, he became inclined towards lowering the tariff, so in late 1887, Cleveland openly tossed the appeal for lower tariffs into the lap of Congress.
  - Democrats were upset at the obstinacy of their chief while Republicans gloated at his apparently reckless act.

#### **XV. The Billion Dollar Congress**

1. The new Speaker of the House, Thomas B. Reed, was a large, tall man, a tremendous debater, and very critical and quick man.
  - To solve the problem of reaching a quorum in Congress, Reed counted the Democrats who were present yet didn't answer to the roll call, and after three days of such chaos, he finally prevailed, opening the 51st, or "Billion Dollar" Congress—one that legislated many expensive projects.

#### **XVI. The Drumbeat of Discontent**

1. The Populist Party emerged in 1892 from disgruntled farmers.
  - Their main call was for inflation via free coinage of silver.
  - They called for a litany of items including: a graduated income tax, government regulation of railroads and telegraphs/telephones, direct elections of U.S. senators, a one term limit, initiative and referendum, a shorter workday, and immigration restriction.

#### **XVII. Cleveland and Depression**

1. Grover Cleveland won, but no sooner than he had stepped into the presidency did the Depression of 1893 break out. It was the first such panic in the new urban and industrial age, and it caused much outrage and hardships. This completed the almost predictable, every-20-year cycle of panics during the 1800s (panics occurred during 1819, 1837, 1857, 1873, and 1893).
2. About 8,000 American business houses collapsed in six months, and dozens of railroad lines went into the hands of receivers.
  - This time, Cleveland had a deficit and a problem, for the Treasury had to issue gold for the notes that it had paid in the Sherman Silver Purchase Act, and according to law, those notes had to be reissued, thus causing a steady drain on gold in the Treasury—the level alarmingly dropped below \$100 million at one point.
3. Meanwhile, Grover Cleveland had developed a malignant growth under the roof of his mouth, and it had to be secretly removed in a surgery that took place aboard his private yacht; had he died, Adlai E. Stevenson, a "soft money" (paper money) man, would have caused massive chaos with inflation.
4. Also, 33 year-old William Jennings Bryan was advocating "free silver," and gaining support for his beliefs, but an angry Cleveland used his executive power to break the filibuster in the

Senate—thus alienating the silver-supporting Democrats.

### **XVIII. Cleveland Breeds a Backlash**

1. Cleveland was embarrassed at having to resort to J.P. Morgan to bale out the depression.
2. He was also embarrassed by the Wilson-Gorman Tariff. He'd promised to lower the tariff, but so many tack-ons had been added, the result was nil.
  - Further, the Supreme Court struck down an income tax. It looked like all politicians were tools of the wealthy.

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