**Module 1: Slide Set 2: The Gilded Age**

**Industrialization in America**

* Samual Slater in early 1790s which led to others trying out the same creation. Profits enticed it to continue. 1802s in Lowell, Mass manufacturing was established. It grew to a thriving factory complex. Birthplace of Industrial revolution.
* 1820s and 1830s, old production methods went away amd gave way to a modern capitalist system. Instead of producing for local, they figured they could trade in other locations which created advances in transportation and communication technology.
* Emerging business owners foresaw the growth by borrowing money to expand. Began to pay market wage where they paid lowest wage a market could bare.
* Early industrialization began with no changes to technology but the process in how they made it. America’s rapid growth from 1850 to 1900 was the raw materials available. Also labor was cheap. The population grew so rapidly that workforce was unlimited while no laws to workday min or minimum wage. 3rd factor was the people were inventive. Patents grew from 4500 to 125k in 1870.
* Government didnt get involved and followed a laissez-faire approach. When they did get involved they did by creative tariffs on production, funding for railroad production or armed forces for workers strikes.

**Railroads**

* 1865 - 1900 railroads grew from 35k mi to 193k mi. Vanderbilt was the biggest name in railroads known at the “commodore”
* Age 70 he sold his initial shipping interests and invested in New York Central railroad and it became a monopoly between ny and chicago. By age 82, he was worth 105mil.
* Allowed for farmers to flock to new areas as they expanded to sell their products to the national market.
* The rise of railroads lead to americas first big business practices such as issuing stock where stockholders could benefit. Stock added capital to a company and as the company grew, the stock prices grew and stockholder could get dividends from the company profit.
* Massive railroads forced owners to development modern management practices such as standardization of parts, equipment and timezones, administrative structures, accounting, info management and pricing which would later be adopted by other corporations.

**Steel Industry**

* Carnegie was the main person associated with steel production. Steel was used by every corporation from transportation, architecture, medicine, agriculture and warfare. Started in 1870 and it grew massively over the next 20 years and he bought out his competitors.
* He developed important practices like investing in new technology, competition and watching costs. His cutthroat competition caused him to become a pioneer of vertical integration. Not only investing in steelmaking but all enterprises connected to it such as mines, smelt operations, railroads and ships. Controlling them all led to lower costs and steady delivery.

**Oil Industry**

* Oil industry was led by John D Rockefeller. Rockefeller created the first oil refinery in 1863 using whale oil but as resources depleted, “rock oil” was introduced in 1859 by Bissell and Drake who discovered it by drilling. Resulting in the oil rush.
* In 1870, Rockefeller created Standard Oil company and continued to buy out competitors. By 1880 he controlled 90 percent of nations oil refineries.
* He pioneered business practices like Carnegie by creating first trust which replaced the pool, secret collaborations of rival companies in the same business that set prices and production limits so all participants benefited. Pools have no legal framework but trusts were legally binding agreements that brought together many companies under a board of trustees. To join, a company must relinquish most of its stock in exchange for certificates that guarantee it a share in the trust's profits. Rockefellers trust grew to consist of 40 companies run by a single board hand selected by Rockefeller.

**Art of Selling**

* Key development was the creation of the department store lead by an irish immigrant in 1846. People mirrored this model. By 1870, department stores created an experience when shopping for products. Consumers were drawn to lavishness with things such as restaurants, telegraph and banks.
* Some invested in stores dedicated to everyday needs such as Frank Wooworth with his five and dime store. From 1879 to 1909 he owned over 600 stores. Others could eventually order by mail offered by Montgomery Ward and Sears, Roebuck and Company.
* This led to the crease in consumerism and resources dedicated to it such as advertising and promotion. From 1867 to 1900 rise of advertising increased from 50 mil to over 500 mil

**Self made man**

* The idea is defined by a person who rises to success by strong work ethic, can do attitude, willingness to sacrifice and to take risks. Often lack advantages and faced disadvantages. Although this idea had been around for so long it became popular duing the gilded age.
* Idea tapped into individualism which cherished the notion that no matter where you began life you have the freedom and opportunity to chart your own destiny.
* These ideas spread greatly through printed literature.
* Horatio Alger was main author of this ideology which consisted of fictional characters and built a life.
* Carnegie created a lot of self help books who ideas are used today.

**Social Darwinism**

* Americans tools darwinism to the extreme which stated that those that are poor are due to their own fault. That economically it would be survival of the fittest. Social darwinisms hostility towards the poor was expressed by Henry ward beecher but dismissed that workers cannot live on 1$ a day, but instead that too many workers waste their money and they can provide and live off bread and water.
* Caused workers to point fingers at big business and politicians that their wealth controlled.

**History of Corporation**

* In European culture, the crown owned large corporations to benefit society and owned them as a monopoly. After the revolution, america did the same but states began to issue corporate charters to private for-profit enterprises. This gre to over 100k corporations in 1870 which were entirely free of state control.
* The gilded age was also marked by the number of factories that rose to over 500 workers which by 1900 was over 1500.
* One key element that arose was the idea of declining opportunity. America was guaranteed opportunity not success and as big businesses rose, that opportunity of the average person seemed to diminish.
* Many americans seemed to worry about the growing gap between the rich and the poor which had accumulated to the idea that america was reverting back to european ways of extreme wealth and poverty.
* Multiple scandals such as the Credit Mobilier and the Treasury department with the liquor distillers(excise taxes) seemed to occur to help the big business owners. Legals decisions seemed to favor big business over farmers and workers.
* William Vanderbilt made a comment about the public that his trained weren't for them that they needed to be ran which became a political cartoon.
* Between 1880 and 1890 there were 37k strikes. The Great Uprising railroad strike of 1877 was first national strike that involved violence, deaths and mass arrests.
* America began to settle in classes such as the working class and the upper class.
* In reaction to this, big business want to make it seem like it was a positive thing. Many big business owners began donating money to philanthropic efforts such as Carnegie and Pullman.
* After 1870 govt became viewed less as a threat to republican values and more as a one institution that could protect the power of the people known as Progressivism.

**Electricity and the Second Industrial Revolution**

* Second Industrial revolution went from 1870 to 1914 with the rise of chemical, petroleum and electricity. New technologies such as radios, engines, cars and planes, assembly lines and mass production.
* 1879, Edison created incandescent light and the electric light company that was in contract to lower manhattan, specifically just outdoors which then moved to indoors to those that could afford it like hotels, opera houses, etc. Electricity was cleaner source for urban transit. 1888 Frank Sprague created the electric trolly.
* People and companies were able to work in other times besides daylight creating multiple shifts and increasing production.
* 1875 to 1900 electricity became big business and attracted financial monguls such as JP Morgan.
* Also led to the invention of home appliances, mass entertainment and media.
* Vital role to batteries which powered cars and airplanes in early 20th century.
* Essential part of New Deal to spread electricity to rural areas because it was essential.

**Panic of 1893 and Clevelands Second Term**

* Financial crisis that started when gold went from 190mil to 100mil in 1890. Second was economic slowing prior to the panic. The recession raised rates of defaults on loans which weakened banks balancing sheets. People began withdrawing money from banks in fear. In June, 100 banks stopped operations and by August almost 340 banks were suspended.
* To satisfy withdraws, money centers began selling assets which lowered asset prices. In early august, New york banks slowed currency output which affects smaller local banks which caused them to fail.
* In the fail, panic ended and many banks resumed operation. Gold from europe lowered rates. Recession continued till following summer.
* Clevelands response was the Purchase Act of 1890 which ultimately failed and was eventually repealed. This action caused democratic party to be split losing support of western and southern democrats.
* In 1894, Clevelands authorized new bonds to raise enough gold to not default on international obligations. He turned to JP Morgan to support the bonds which made him seem that he supported Wall Street more then the avg american. He felt he had no choice but to replenish the reserves. Causing him to become widely unpopular in running for a third term.