How did the railroads stimulate big business?

In the years following the Civil War, the American economy underwent a transformation. Where once wealth had been measured in tangible assets — property, livestock, buildings — the economy now ran on money and the new devices of business — paper currency, securities, and anonymous corporate entities. Wall Street, the heart of the country's financial system, increasingly affected Main Street. Driving the transition was the building of a transcontinental railroad system, which radically altered the scale and scope of American industry. Old industries like iron transformed into modern industries such as the behemoth U.S. Steel. Discovery and invention stimulated new industries, from oil refining to electric light and power. The overbuilding of the railroad in the decades after the Civil War played a key role in transforming the American economy as business came to rely on huge government subsidies, "friends" in Congress, and complicated financial transactions.

Jay Gould in railroads, Andrew Carnegie in steel, and John D. Rockefeller in oil pioneered new strategies to seize markets and consolidate power. With keen senses of self-interest, these tycoons set the tone in the get-rich-quick era of freewheeling capitalism that came to be called the **Gilded Age**.

Railroads: America’s First Big Business

The military conquest of America’s inland empire and the dispossession of Native Americans (see chapter 17) was fed by an elaborate new railroad system in the West built on speculation and government giveaways. Between 1870 and 1880, the amount of track in the country doubled, and it nearly doubled again in the following decade. By 1900, the nation boasted more than 193,000 miles of railroad track — more than in all of Europe and Russia combined (**Map 18.1**). The railroads had become America’s first big business. Credit fueled the railroad boom. Privately owned but publicly financed and subsidized by enormous land grants from the federal government and the states, the railroads epitomized the insidious nexus of business and politics in the Gilded Age.

MAP 18.1 Railroad Expansion, 1870–1890

Railroad mileage nearly quadrupled between 1870 and 1890, with the greatest growth occurring in the trans-Mississippi West. The western lines were completed in the 1880s. Fueled by speculation and built ahead of demand, the western railroads made fortunes for individual speculators. But they rarely paid for themselves and speeded the demise of Native Americans.

Description

"The data area as follows:

Major railroads in 1870: The railroad begins from San Francisco on the West through Omaha and branches on the East reaching Chicago, South reaching Kansas City, St. Louis, and North reaching Minneapolis St. Paul.

The railroad from Chicago spreads on the East through Detroit, Cleveland, Cincinnati, Buffalo, Pittsburgh, Washington, New York, Boston, Philadelphia, Washington, D.C. and Richmond.

They also run in the South through Louisville, Nashville, Atlanta, Memphis, Jackson, and New Orleans spreading further south towards Mexico.

Major railroads built between 1870 and 1890:

The railroad begins from Seattle and Portland on the West, spreading on the South West along San Francisco, Los Angeles, Tucson, El Paso, Salt Lake City, Denver, and Dallas.

The railroad from Dallas spreads North through Kansas City, St. Louis along Missouri, Omaha along Nebraska, Chicago, Minneapolis St. Paul along Iowa, Minnesota, Tallahassee, Charleston, Atlanta, spreading north through Richmond, Washington D. C., Pittsburgh, and Buffalo."

To understand how the railroads came to dominate American life, there is no better place to start than with the career of Jay Gould, the era's most notorious speculator. Jason "Jay" Gould bought his first railroad before he turned twenty-five. It was only sixty-two miles long, in bad repair, and on the brink of failure, but within two years he sold it at a profit of $130,000.

The secretive Gould operated in the stock market like a shark, looking for vulnerable railroads, buying enough stock to take control, and threatening to undercut his competitors until they bought him out at a profit. The railroads that fell into his hands often went bankrupt. Gould's genius lay not in providing transportation, but in cleverly buying and selling railroad stock on Wall Street. Gould soon realized that a corporate failure could still mean financial success. His strategy of expansion and consolidation encouraged overbuilding even as it stimulated a new national market.

The first transcontinental railway had been completed in 1869 at Promontory Point, Utah. In the 1880s, Gould moved to put together a second transcontinental railroad. To defend their interests, his competitors had little choice but to adopt his strategy of expansion. The railroads built ahead of demand, regardless of the social and environmental costs. Soon more railroads drove into the West — by 1893, Kansas alone had at least six competing lines.

The railroad barons put up little of their own money to build the roads and instead relied on the largesse of government and the sale of railroad bonds and stock. Bondholders were creditors who required repayment at a specific time. Stockholders bought a share in the company and received dividends if the company prospered. Thus, railroad investors received money from these sales of financial interests but did not need to pay out until later. If the railroad failed, a court-appointed receiver determined how many pennies on the dollar shareholders received. The owners, astutely using the market, always came out ahead. Novelist Charles Dudley Warner described how wrecking a railroad could yield profits:

> [They fasten upon] some railway that is prosperous, … and has a surplus. They contrive to buy … a controlling interest in it…. Then they absorb its surplus; they let it run down so that it pays no dividends, and by-and-by cannot even pay its interest; then they squeeze the bondholders, who may be glad to accept anything that is offered out of the wreck, and perhaps they throw the property into the hands of a receiver or consolidate it with some other road at a value far greater than it cost them in stealing it. Having one way or another sucked it dry, they look around for another road.

With help from railroad growth and speculation, the New York Stock Exchange expanded. The volume of stock increased sixfold between 1869 and 1901. The line between investment and speculation blurred, causing many Americans to question whether speculators fueled the boom and bust cycles that led to panic and depression in 1873 and again twenty years later. The dramatic growth of the railroads created the country's first big business. Before the Civil War, even the largest textile mill in New England employed no more than 800 workers. By contrast, the Pennsylvania Railroad by the 1870s boasted a payroll of more than 55,000 employees. Capitalized at more than $400 million, the Pennsylvania Railroad constituted the largest private enterprise in the world.

The big business of railroads bestowed enormous riches on a handful of tycoons. Both Gould and his competitor "Commodore" Cornelius Vanderbilt amassed fortunes estimated at $100 million. Such staggering wealth eclipsed the power and influence of upper-class Americans from previous generations and created an abyss between the nation’s rich and poor. In its wake, it left a legacy of lavish spending for an elite crop of ultrarich heirs.

The Republican Party, firmly entrenched in Washington after the Civil War, worked closely with business interests, subsidizing the transcontinental railroad system. Significant amounts of money changed hands to move bills through Congress. Along with “friends,” often on the railroads’ payrolls, lobbyists worked to craft legislation favorable to railroad interests. Friends of the railroads in state legislatures and Congress lavished the new western roads with land grants of a staggering 100 million acres (taken from Indian land) and $64 million in tax incentives and direct aid. States and local communities joined the railroad boom, betting that only those towns and villages along the tracks would grow and flourish.

A revolution in communication accompanied and supported the growth of the railroads. The telegraph, developed by Samuel F. B. Morse, marched across the continent alongside the railroad. By transmitting coded messages along electrical wire, the telegraph formed the nervous system of the new industrial order. Telegraph service quickly replaced Pony Express mail carriers in the West and transformed business by providing instantaneous communication. Once again Jay Gould took the lead. In 1879, through stock manipulation, he seized control of Western Union, the company that monopolized the telegraph industry.

The railroads soon fell on hard times. Already by the 1870s, lack of planning led to overbuilding. Across the nation, railroads competed fiercely for business. Manufacturers in areas served by competing railroads could get substantially reduced shipping rates in return for promises of steady business. Because railroad owners lost money through this kind of competition, they tried to set up agreements, or "pools," to divide up territory and set rates. But these informal gentlemen's agreements invariably failed because men like Gould, intent on undercutting all competitors, refused to play by the rules.

Andrew Carnegie, Steel, and Vertical Integration

If Jay Gould was the man Americans loved to hate, Andrew Carnegie became one of America's heroes. Unlike Gould, Carnegie turned his back on speculation and worked to build something enduring — Carnegie Steel, the biggest steel business in the world during the Gilded Age.

The growth of the steel industry proceeded directly from railroad building. The first railroads ran on iron rails, which cracked and broke with alarming frequency. Steel, both stronger and more flexible than iron, remained too expensive for use in rails until Englishman Henry Bessemer developed a process to make steel more cheaply. Andrew Carnegie, among the first to champion the new “King Steel,” came to dominate the emerging industry.

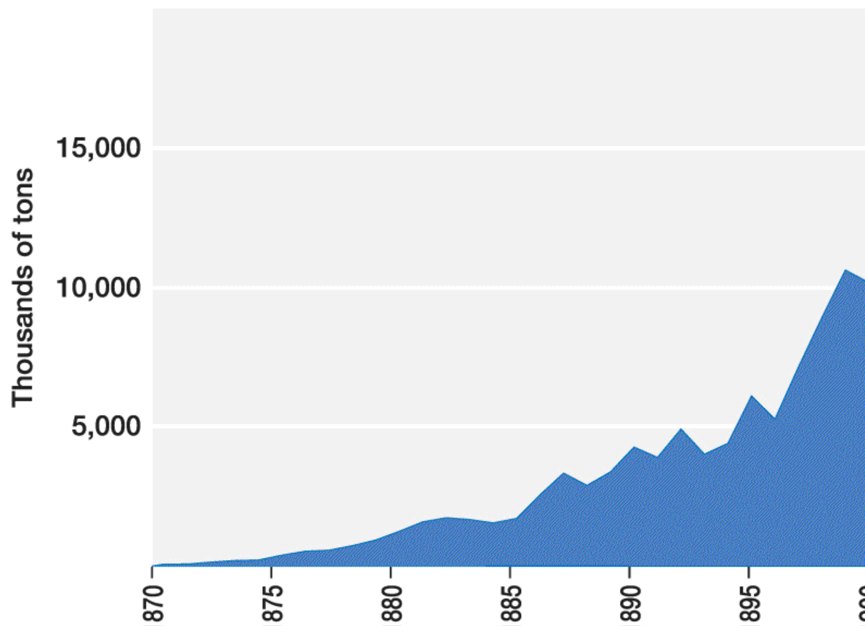
Carnegie, a Scottish immigrant, landed in New York in 1848 at the age of twelve. He rose from a job cleaning bobbins in a textile factory to become one of the richest men in America. Before he died, he gave away more than $300 million, most notably to public libraries. His generosity, combined with his own rise from poverty, burnished his public image.

While Carnegie was a teenager, his skill as a telegraph operator caught the attention of Tom Scott, superintendent of the Pennsylvania Railroad. Scott hired Carnegie, soon promoted him, and lent him the money for his first foray into Wall Street investment. As a result of this crony capitalism, Carnegie became a millionaire before his thirtieth birthday. At that point, Carnegie turned away from speculation. “My preference was always manufacturing,” he wrote. “I wished to make something tangible.” By applying the lessons of cost accounting and efficiency that he had learned with the Pennsylvania Railroad, Carnegie turned steel into the nation’s first manufacturing big business.

In 1872, Andrew Carnegie built the world's largest, most up-to-date steel mill in Braddock, Pennsylvania. At that time, steelmakers produced about 70 tons a week. Within two decades, Carnegie's blast furnaces poured out an incredible 10,000 tons a week. His formula for success was simple: "Cut the prices, scoop the market, run the mills full; watch the costs and profits will take care of themselves." Carnegie pioneered a system of business organization called vertical integration in which all aspects of the business were under his control — from the mining of iron ore, to its transport on the Great Lakes, to the production of steel. As one observer noted, "there was never a price, profit, or royalty paid to any outsider."

The great productivity Carnegie encouraged came at a high price. He deliberately pitted his managers against one another, firing the losers and rewarding the winners with a share in the company. Workers achieved the output Carnegie demanded by enduring low wages, dangerous working conditions, and twelve-hour days, six days a week. One worker, observing the contradiction between Carnegie's generous endowment of public libraries and his labor policy, observed, "After working twelve hours, how can a man go to a library?"

By 1900, Andrew Carnegie had become the best-known manufacturer in the nation, and the age of iron had yielded to an age of steel (**Figure 18.1**). Steel from Carnegie's mills supported the elevated trains in New York and Chicago, formed the skeleton of the Washington Monument, supported the first steel bridge to span the Mississippi, and girded America's first skyscrapers. As a captain of industry, Carnegie's only rival was the titan of the oil industry, John D. Rockefeller.



Roark et al., *The American Promise*, 8e, Value Edition © 2020 Bedford/St. Martin's

FIGURE 18.1 Iron and Steel Production, 1870–1900

Iron and steel production in the United States grew from nearly none in 1870 to ten million tons a year by 1900. The secrets to such a great increase were the use of the Bessemer process and vertical integration, pioneered by Andrew Carnegie. By 1900, Carnegie's mills alone produced more steel than all of Great Britain. With corporate consolidation after 1900, the rate of growth in steel proved even more spectacular.

Description
“The approximate data with year and amount are as follows:

1870, 100; 1875, 300; 1800, 1,000; 1885, 1,500; 1890, 4,000; 1895, 6,000; and 1900, 10,000.”

John D. Rockefeller, Standard Oil, and the Trust

In the days before the automobile and gasoline, crude oil was refined into lubricating oil for machinery and kerosene for lamps, the major source of lighting in the nineteenth century. The amount of capital needed to buy or build an oil refinery in the 1860s and 1870s remained relatively low — roughly what it cost to lay one mile of railroad track. As a result, the new petroleum industry experienced riotous competition. Ultimately, John D. Rockefeller and his Standard Oil Company succeeded in controlling nine-tenths of the oil-refining business.

Rockefeller grew up the son of a shrewd Yankee who peddled quack cures for cancer. Under his father’s rough tutelage, Rockefeller learned how to drive a hard bargain. In 1865, at the age of twenty-five, he controlled the largest oil refinery in Cleveland. Like a growing number of business owners, Rockefeller abandoned partnership or single proprietorship to embrace the corporation as the business structure best suited to maximize profit and minimize personal liability. In 1870, he incorporated his oil business, founding the Standard Oil Company.

As the largest refiner in Cleveland, Rockefeller demanded illegal rebates from the railroads in exchange for his steady business. The secret rebates enabled Rockefeller to drive out his competitors through predatory pricing. The railroads needed Rockefeller's business so badly that they even gave him a share of the rates that his competitors paid. A Pennsylvania Railroad official later confessed that Rockefeller extracted such huge rebates that the railroad, which could not risk losing his business, sometimes ended up paying him to transport Standard's oil. Rebates enabled Rockefeller to undercut his competitors and pressure competing refiners to sell out or face ruin.

To gain legal standing for Standard Oil's secret deals, Rockefeller in 1882 pioneered a new form of corporate structure — the **trust**. The trust differed markedly from Carnegie's vertical approach in steel. Rockefeller used horizontal integration to control not the entire process, but only an aspect of oil production — refining. Several trustees held stock in various refinery companies in trust for Standard's stockholders. This elaborate stock swap allowed the trustees to coordinate policy among the refineries by gobbling up all the small, competing refineries. Often buyers did not know they were selling out to Standard. By the end of the century, Rockefeller enjoyed a virtual monopoly of the oil-refining business. The Standard Oil trust, valued at more than $70 million, paved the way for trusts in sugar, whiskey, matches, and many other products.

When the federal government responded to public pressure to outlaw the trust in 1890, Standard Oil changed tactics and reorganized as a holding company. Instead of stockholders in competing companies acting through trustees to set prices and determine territories, the holding company simply brought competing companies under one central administration. Now one business, not an assortment of individual refineries, Standard Oil controlled competition without violating antitrust laws that forbade competing companies from forming “combinations in restraint of trade.” By the 1890s, Standard Oil ruled more than 90 percent of the oil business, employed 100,000 people, and was the biggest, richest, most feared, and most admired business organization in the world.

John D. Rockefeller enjoyed enormous success in business, but he was not well liked by the public. Editor and journalist Ida M. Tarbell’s “History of the Standard Oil Company,” which ran in serial form in *McClure’s Magazine* (1902–1905), largely shaped the public’s harsh view of Rockefeller. Her father had owned a refinery squeezed out by Rockefeller, and Tarbell scrupulously chronicled the illegal methods Rockefeller used to take over the oil industry. By the time she finished her story, Rockefeller slept with a loaded revolver by his bed. Standard Oil and the man who created it had become the symbol of heartless monopoly.

New Inventions: The Telephone and Electricity

The second half of the nineteenth century was an age of invention. Men like Thomas Alva Edison and Alexander Graham Bell became folk heroes. But no matter how dramatic the inventors or the inventions, the new electric and telephone industries pioneered by Edison and Bell soon eclipsed their inventors and fell under the control of bankers and industrialists.

Alexander Graham Bell came to America from Scotland at the age of twenty-four with a passion to find a way to teach the deaf to speak (his wife and mother were deaf). Instead, he developed a way to transmit voice over wire — the telephone. Bell's invention astounded the world when he demonstrated it at the Philadelphia Centennial Exposition in 1876. In 1880, Bell's company, American Bell, pioneered "long lines" (long-distance telephone service), creating American Telephone and Telegraph (AT&T) as a subsidiary.

In 1900, AT&T developed a complicated structure that enabled Americans to communicate not only locally but also across the country. And unlike a telegraph message, the telephone connected both parties immediately and privately. Bell's invention proved a boon to business, contributing to speed and efficiency. The number of telephones soared, reaching 310,000 in 1895 and more than 1.5 million in 1900.

Even more than Alexander Graham Bell, inventor Thomas Alva Edison embodied the old-fashioned virtues of Yankee ingenuity and rugged individualism that Americans most admired. A self-educated dynamo, he worked twenty hours a day in his laboratory in Menlo Park, New Jersey, vowing to turn out "a minor invention every ten days and a big thing every six months or so." He made good on his promise. At the height of his career, he averaged a patent every eleven days and invented such "big things" as the phonograph, the motion picture camera, and the filament for the incandescent lightbulb.

Everett Collection.

Telephone Operator Less than ten years after Alexander Graham Bell demonstrated his new invention, the telephone, in 1876, this young man worked as a telephone operator for American Telephone and Telegraph in Marietta, Georgia. In coming years women would flood into the new field in search of office work, which they preferred to domestic service. By 1900, over 1.5 million homes and offices had telephones.

Edison, in competition with George W. Westinghouse, pioneered the use of electricity as an energy source. By the late nineteenth century, electricity had become a part of American urban life. It powered trolley cars and lighted factories, homes, and office buildings. Indeed, electricity became so prevalent in urban life that it symbolized the city, whose bright lights contrasted with rural America, left largely in the dark.

The day of the inventor quietly yielded to the heyday of the corporation. In 1892, the electric industry consolidated. Reflecting a nationwide trend in business, Edison General Electric dropped the name of its inventor, becoming simply General Electric (GE). For years, an embittered Edison refused to set foot inside a GE building. GE, a prime example of the trend toward business consolidation, soon dominated the market.

REVIEW

What tactics and strategies did American business owners employ during the Gilded Age?

Why did the ideas of social Darwinism appeal to wealthy Americans?

Even as Rockefeller and Carnegie built their empires, the era of the “robber barons,” as their detractors dubbed them was drawing to a close. Increasingly, businesses replaced partnerships and sole proprietorships with the anonymous corporate structure that would come to dominate the twentieth century. At the same time, mergers led to the creation of huge new corporations.

Banks and financiers played key roles in this consolidation, so much so that the decades at the turn of the twentieth century can be characterized as a period of **finance capitalism** — investment sponsored by banks and bankers. When the depression that followed the panic of 1893 bankrupted many businesses, bankers stepped in to bring order and to reorganize major industries. During these years, a new social philosophy developed that helped to justify consolidation and to inhibit state or federal regulation of business. A conservative Supreme Court further frustrated attempts to control business by consistently declaring unconstitutional legislation designed to regulate railroads or to outlaw trusts and monopolies.

J. P. Morgan and Finance Capitalism

John Pierpont Morgan, the preeminent finance capitalist of the late nineteenth century, loathed competition and sought whenever possible to eliminate it by substituting consolidation and central control. Morgan’s passion for order made him the architect of business mergers. At the turn of the twentieth century, he dominated American banking, exerting an influence so powerful that his critics charged he controlled a vast “money trust” even more insidious than Rockefeller’s Standard Oil.

Morgan acted as a power broker in the reorganization of the railroads and the creation of industrial giants such as General Electric. When the railroads collapsed, Morgan took over and eliminated competition by creating what he called “a community of interest.” By the time he finished “Morganizing” the railroads, a handful of directors controlled two-thirds of the nation’s track. His directors were bankers, not railroad men, and they saw the roads as little more than “a set of books.” Their conservative approach aimed at short-term profit and discouraged the technological and organizational innovation necessary to run the railroads effectively.

In 1898, Morgan moved into the steel industry, directly challenging Andrew Carnegie. The pugnacious Carnegie cabled his partners in the summer of 1900: “Action essential: crisis has arrived … have no fear as to the result; victory certain.” The press trumpeted news of the impending fight between the feisty Scot and the haughty Wall Street banker. But for all his belligerence, the sixty-six-year-old Carnegie yearned to retire to Scotland. Morgan, who disdained haggling, agreed to pay Carnegie’s asking price, $480 million (the equivalent of about $10 billion in today’s currency). According to legend, when Carnegie later teased Morgan, saying that he should have asked $100 million more, Morgan replied, “You would have got it if you had.”

Morgan’s acquisition of Carnegie Steel signaled the passing of the old entrepreneurial order personified by Andrew Carnegie and the arrival of a new anonymous corporate world. Morgan quickly moved to pull together Carnegie’s chief competitors to form a huge new corporation, United States Steel, known today as USX. Created in 1901 and capitalized at $1.4 billion, U.S. Steel was the largest corporation in the world. Morgan, observed one of his contemporaries, “is apparently trying to swallow the sun.”

Even more than Carnegie or Rockefeller, Morgan left his stamp on the twentieth century and formed the model for corporate consolidation that economists and social scientists justified with a new social theory later called social Darwinism.

Social Darwinism, Laissez-Faire, and the Supreme Court

John D. Rockefeller Jr., the son of the founder of Standard Oil, once remarked to his Baptist Bible class that the Standard Oil Company, like the American Beauty rose, resulted from "pruning the early buds that grew up around it." The elimination of competition, he declared, was "merely the working out of a law of nature and a law of God."

The comparison of the business world to the natural world resembled the theory of evolution formulated by the British naturalist Charles Darwin. In his monumental work *On the Origin of Species* (1859), Darwin theorized that in the struggle for survival, adaptation to the environment triggered among species a natural selection process that led to evolution. Herbert Spencer in Britain and William Graham Sumner in the United States developed the theory of **social Darwinism**. The social Darwinists insisted that societal progress came about as a result of relentless competition in which the strong survived and the weak died out.

In social terms, the idea of the “survival of the fittest,” a phrase coined by Spencer, had profound significance. Sumner, a professor of political economy at Yale University, stated the principle baldly in his book *What Social Classes Owe to Each Other* (1883). “The drunkard in the gutter is just where he ought to be, according to the fitness and tendency of things,” Sumner insisted. Conversely, “millionaires are the product of natural selection,” and although “they get high wages and live in luxury,” Sumner claimed, “the bargain is a good one for society.”

Social Darwinists equated wealth and power with “fitness” and believed that any efforts by the rich to aid the poor would tamper with the laws of nature and slow down evolution. Social Darwinism acted to curb social reform while glorifying great wealth. In an age when Rockefeller and Carnegie amassed hundreds of millions of dollars (billions in today’s currency) and the average worker earned $500 a year, social Darwinism justified economic inequality and stood as a solid barrier to reform.

Carnegie softened some of the harshness of social Darwinism in his essay “The Gospel of Wealth,” published in 1889. The millionaire, Carnegie wrote, acted as a “mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they could or would do for themselves." Carnegie preached philanthropy and urged the rich to "live unostentatious lives" and "administer surplus wealth for the good of the people." His **gospel of wealth** earned much praise but won few converts. Most millionaires followed the lead of Morgan, who contributed to charity but hoarded private treasures in his marble library.

With its emphasis on the free play of competition and the survival of the fittest, social Darwinism encouraged the economic theory of laissez-faire (French for "let it alone"). Business leaders argued that government should not meddle in economic affairs, except to protect private property (or support high tariffs and government subsidies). A conservative Supreme Court agreed. During the 1880s and 1890s, the Court increasingly reinterpreted the Constitution, judging corporations to be "persons" in order to protect business from taxation, regulation, labor organization, and antitrust legislation.

Only in the arena of politics did Americans tackle the social issues raised by corporate capitalism.

REVIEW

How did social Darwinism shape American society and business in the late nineteenth century?

What factors influenced political life in the late nineteenth century?

For many Americans, politics provided a source of identity, a means of livelihood, and a ready form of entertainment. No wonder voter turnout averaged a hefty 77 percent (compared to roughly 58 percent in the 2016 presidential election). A variety of factors contributed to the complicated interplay of politics and culture. Patronage provided an economic incentive for voter participation, but ethnicity, religion, sectional loyalty, race, and gender all influenced the political life of the period.

Political Participation and Party Loyalty

Political parties in power doled out federal, state, and local government jobs to their loyal supporters. With hundreds of thousands of jobs to be filled, the choice of party affiliation could mean the difference between a paycheck and an empty pocket. Money greased the wheels of this system of patronage, dubbed the **spoils system** from the adage “To the victor go the spoils.” With their livelihoods tied to their party identity, government employees had a powerful incentive to vote in great numbers.

Political affiliation provided a sense of group identity for many voters proud of their loyalty to the Democrats or the Republicans. Democrats, who traced the party's roots back to Thomas Jefferson, called theirs "the party of the fathers." The Republican Party, founded in the 1850s, still claimed strong loyalties in the North as a result of its alignment with the Union during the Civil War. Republicans proved particularly adept at evoking Civil War loyalty, using a tactic called "waving the bloody shirt."

Religion and ethnicity also played a significant role in politics. In the North, Protestants from the old-line denominations, particularly Presbyterians and Methodists, flocked to the Republican Party, which championed a series of moral reforms, including local laws requiring business to close on Sunday. In the cities, the Democratic Party courted immigrants and working-class Catholic and Jewish voters and charged, rightly, that Republican moral crusades often masked attacks on immigrant culture.

Sectionalism and the New South

After the end of Reconstruction, most white voters in the former Confederate states remained loyal Democrats, creating the so-called solid South that lasted for the next seventy years. Labeling the Republican Party the agent of

“Negro rule,” Democrats urged white southerners to “vote the way you shot.” Yet the South proved far from solid for the Democrats on the state and local levels, leading to shifting political alliances and to third-party movements that challenged Democratic attempts to define politics along race lines and maintain the Democrats as the white man’s party.

The South’s economy, devastated by the war, foundered at the same time the North experienced an unprecedented industrial boom. Soon an influential group of southerners called for a “New South” modeled on the industrial North. Henry Grady, the ebullient young editor of the *Atlanta Constitution*, used his paper’s influence to exhort the South to use its natural advantages — cheap labor and abundant natural resources — to go head-to-head in competition with northern industry. And even as southern Democrats took back control of state governments, they embraced northern promoters who promised prosperity and profits.

The railroads came first, opening up the region for industrial development. Southern railroad mileage grew fourfold from 1865 to 1890. The number of cotton spindles also soared as textile mill owners abandoned New England in search of the cheap labor and proximity to raw materials promised in the South. By 1900, the South had become the nation’s leading producer of cloth, and more than 100,000 southerners, many of them women and children, worked in the region’s textile mills.

The New South prided itself most on its iron and steel industry, which grew up in the area surrounding Birmingham, Alabama. During this period, the smokestack replaced the white-pillared plantation as the symbol of the New South. Andrew Carnegie toured the region in 1889 and observed, “The South is Pennsylvania’s most formidable industrial enemy.” But southern industry remained controlled by northern investors, who had no intention of letting the South beat the North at its own game. Elaborate mechanisms rigged the price of southern steel, inflating it, as one northern insider confessed, “for the purpose of protecting the Pittsburgh mills and in turn the Pittsburgh steel users.” Similarly, in the lumber and mining industries, investors in the North and abroad, not southerners, reaped the lion’s share of the profits.

In only one industry did the South truly dominate — tobacco. Capitalizing on the invention of a machine for rolling cigarettes, the American Tobacco Company, founded by the Duke family of North Carolina, eventually dominated the industry. As cigarettes replaced chewing tobacco in popularity at the turn of the twentieth century, a booming market developed for Duke’s “ready mades.” Soon the company sold 400,000 cigarettes a day.

In practical terms, the industrialized New South proved an illusion. Much of the South remained agricultural, caught in the grip of the insidious crop lien system (see chapter 16). White southern farmers, desperate to get out of debt, sometimes joined African Americans to pursue mutual political goals. Between 1865 and 1900, voters in every southern state experimented with political alliances that crossed the color line and threatened the status quo.

Gender, Race, and Politics

Gender — society's notion of what constitutes acceptable masculine or feminine behavior — influenced politics throughout the nineteenth century. From the early days of the Republic, citizenship had been defined in male terms. Citizenship and its prerogatives (voting and officeholding) served as a badge of manliness and rested on its corollary, patriarchy — the power and authority men exerted over their wives and families. With the advent of universal (white) male suffrage in the early nineteenth century, gender eclipsed class as the defining feature of citizenship; men's dominance over women provided the common thread that knit all white men together politically. The concept of separate spheres dictated political participation for men only. Once the public sphere of political participation became equated with manhood, women found themselves increasingly restricted to the private sphere of the home.

Women were not alone in their limited access to the public sphere. Blacks continued to face discrimination well after Reconstruction, especially in the New South. Segregation, commonly practiced through **Jim Crow** laws (as discussed in chapter 21), prevented ex-slaves from riding in the same train cars as whites, from eating in the same restaurants, or from using the same toilet facilities.

Amid the turmoil of the post-Reconstruction South, some groups struck cross-racial alliances. In Virginia, the “Readjusters,” a coalition of blacks and whites determined to “readjust” (lower) the state debt and spend more money on public education, captured state offices from 1879 to 1883. Groups like the Readjusters believed universal political rights could be extended to black males while maintaining racial segregation in the private sphere. Democrats fought back by arguing that black voting would lead to racial mixing and urged whites to return to the Democratic fold to protect “white womanhood.”

The notion that black men threatened white southern women reached its most vicious form in the practice of lynching — the killing and mutilation of black men by white mobs. By 1892, the practice had become so prevalent that a courageous black editor, Ida B. Wells, launched an anti-lynching movement. That year, a white mob lynched a friend of Wells’s whose grocery store competed too successfully with a white-owned store. Wells shrewdly concluded that lynching served “as an excuse to get rid of Negroes who were acquiring wealth and property and thus keep the race terrorized.”

She began to collect data on lynching and discovered that in the decade between 1882 and 1892, lynching rose in the South by an overwhelming 200 percent, with more than 241 black people killed. The vast increase in lynching testified to the retreat of the federal government following Reconstruction and to white southerners’ determination to maintain supremacy through terrorism and intimidation.

Wells articulated lynching as a problem of gender as well as race. She insisted that the myth of black attacks on white southern women masked the reality that mob violence had more to do with economics and the shifting social structure of the South than with rape. She demonstrated in a sophisticated way how the southern patriarchal system, having lost its control over blacks with the end of slavery, used its control over white women to circumscribe the liberty of black men.

Special Collections Research Center, University of Chicago Library.

Ida B. Wells Ida B. Wells began her anti-lynching campaign in 1892 after a friend's murder led her to examine lynching in the South. Through lectures and pamphlets, she brought the horror of lynching to national and international audiences, and she became a founding member of the National Association for the Advancement of Colored People (NAACP).

Wells's outspoken stance immediately resulted in reprisal. While she was traveling in the North, vandals ransacked her office in Tennessee and destroyed her printing equipment. Yet the warning that she would be killed on sight if she ever returned to Memphis only stiffened her resolve. As she wrote in her autobiography, *Crusade for Justice* (1928), "Having lost my paper, had a price put on my life and been made an exile …, I felt that I owed it to myself and to my race to tell the whole truth now that I was where I could do so freely.”

Lynching did not end during Wells’s lifetime, but her forceful voice brought the issue to national and international prominence. Black leader W. E. B. Du Bois eulogized Wells as the woman who “began the awakening of the conscience of the nation” at her funeral in 1931. Wells’s determined campaign against lynching provided just one example of women’s political activism during the Gilded Age. The suffrage and temperance movements, along with the growing popularity of women’s clubs, dramatized how women refused to be relegated to a separate sphere that kept them out of politics.

Women’s Activism

In 1869, Elizabeth Cady Stanton and Susan B. Anthony formed the National Woman Suffrage Association (NWSA), the first independent women’s rights organization in the United States, to fight for the vote for women. Already women had found ways to act politically before they voted and cleverly used their moral authority as wives and mothers to move from the domestic sphere into the realm of politics.

The extraordinary activity of women's clubs in the period following the Civil War provides just one example. Women's clubs proliferated beginning in the 1860s. Newspaper reporter Jane Cunningham Croly (pen name Jennie June) founded the Sorosis Club in New York City in 1868, after the New York Press Club denied entry to women journalists wishing to attend a banquet honoring the British author Charles Dickens. In 1890, Croly brought state and local clubs together under the umbrella of the General Federation of Women's Clubs (GFWC). Not wishing to alienate southern women, the GFWC barred black women's clubs from joining, despite vehement objections. Women's clubs soon abandoned literary pursuits to devote themselves to "civic usefulness," endorsing an end to child labor, supporting the eight-hour workday, and helping pass pure food and drug legislation.

The temperance movement (the movement to end drunkenness) attracted by far the largest number of organized women in the late nineteenth century. In the late 1860s and the 1870s, the liquor business flourished, with about one saloon for every fifty males over the age of fifteen. During the winter of 1873–74, temperance women adopted a radical new tactic. Armed with Bibles and singing hymns, they marched on taverns and saloons and refused to leave until the proprietors signed a pledge to quit selling liquor.

Known as the Woman's Crusade, the movement spread through small towns in Ohio, Indiana, Michigan, and Illinois, and soon moved east into New York, New England, and Pennsylvania. Before it was over, more than 100,000 women had marched in more than 450 cities and towns.

The women's tactics may have been new, but the temperance movement dated back to the 1820s. Originally, Protestant men led the movement, organizing clubs to pledge voluntary abstinence from liquor. By the 1850s, temperance advocates won significant victories when states, starting with Maine, passed laws to prohibit the sale of liquor. The Woman's Crusade dramatically brought the issue of temperance back into the national spotlight and led to the formation of a new organization, the **Woman's Christian Temperance Union (WCTU)**, in 1874. Composed entirely of women, the WCTU advocated total abstinence from alcohol.

Temperance provided women with a respectable outlet for their increasing resentment of women's inferior status and their growing recognition of women's capabilities. In its first five years, the WCTU relied on education and moral suasion, but when Frances Willard became president in 1879, she politicized the organization (see chapter 20).

When the women of the WCTU joined with the Prohibition Party (formed in 1869 by a group of evangelical clergymen), one wag observed, “Politics is a man’s game, an’ women, childhern, and prohyibitionists do well to keep out iv it.” By sharing power with women, the prohibitionist men violated the old political rules and risked attacks on their honor and manhood.

Even though women found ways to affect the political process, especially in third parties, it remained true that politics, particularly presidential politics, remained an exclusively male prerogative.

REVIEW

How did race and gender influence politics?

What issues shaped party politics in the late nineteenth century?

The presidents of the Gilded Age, from Rutherford B. Hayes (1877–1881) to William McKinley (1897–1901), are largely forgotten men, primarily because so little was expected of them. The dominant creed of laissez-faire, coupled with the dictates of social Darwinism, warned the presidents and the government to leave business alone (except when government worked in business's interests). Still, presidents in the Gilded Age grappled with corruption and party strife, and they struggled toward the creation of new political ethics designed to replace patronage with a civil service system that promised to award jobs on the basis of merit, not party loyalty.

Corruption and Party Strife

The political corruption and party factionalism that characterized the administration of Ulysses S. Grant (1869–1877) (see chapter 16) continued to trouble the nation in the 1880s. The spoils system remained the driving force in party politics at all levels of government. Pro-business Republicans generally held a firm grip on the White House, while Democrats had better luck in Congress. Both parties relied on patronage to cement party loyalty.

A small but determined group of reformers championed a new ethics that would preclude politicians from getting rich from public office. The selection of U.S. senators particularly concerned them. Under the Constitution, senators were selected by state legislatures, not directly elected by the voters. Powerful business interests often contrived to control state legislatures and, through them, U.S. senators. As journalist Henry Demarest Lloyd quipped, Standard Oil “had done everything to the Pennsylvania legislature except to refine it.” In this climate, a constitutional amendment calling for the direct election of senators faced stiff opposition from entrenched interests.

Republican president Rutherford B. Hayes tried to steer a middle course between spoilsmen and reformers. Hayes proved a hardworking, well-informed executive who wanted peace, prosperity, and an end to party strife. Yet the Republican Party remained divided into factions led by strong party bosses, who boasted that they could make or break any president.

Foremost among the Republican Senate bosses stood Roscoe Conkling of New York. An imposing six foot three with a luxurious blonde beard, Conkling led a faction called the “Stalwarts.” He and his followers fiercely supported the patronage system, dismissing reform as “snivel service.” Conkling’s rival Senator James G. Blaine of Maine led the

“Half Breeds,” who were less openly corrupt yet still tainted by their involvement in the Crédit Mobilier scandal. A third group, called the “Mugwumps,” consisted of reformers from Massachusetts and New York who deplored the spoils system and advocated civil service reform.

President Hayes’s middle course pleased no one, and he soon managed to alienate all factions of his party. Few were surprised when he announced that he would not seek reelection in 1880. To avoid choosing among its factions, the Republican Party in 1880 nominated a dark-horse candidate, Representative James A. Garfield of Ohio. To foster party unity, they picked Stalwart Chester A. Arthur as the vice-presidential candidate. The Democrats made an attempt to overcome sectionalism by selecting former Union general Winfield Scott Hancock, who garnered only lukewarm support, receiving just 155 electoral votes to Garfield’s 214, although the popular vote proved less lopsided.

Garfield’s Assassination and Civil Service Reform

“My God,” Garfield swore after only a few months in office, “what is there in this place that a man should ever want to get into it?” Garfield, like Hayes, faced the difficult task of remaining independent while pacifying the party bosses and placating the reformers. On July 2, 1881, less than four