
The Gilded Age

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Huling —

Our Thesis

Thesis:

The Gilded Age took place during the late 1860s to 1896, give or take a few years. During this time, the American economy was dominated by financial, religious, and political developments. Industrialists like J.P. Morgan rose to the top, and the philosophies of Social Darwinism and the Gospel of Wealth helped shape the roles that people played in the economy. Likewise, the corruption running rampant in Congress affected the way the government regulated the economy.



J.P. Morgan: The Panic of 1873

The Panic of 1873 (background): J.P. Morgan's Role:

- Jay Cooke & Company closed on September 18, 1873, starting the economic panic.
- Jay Cooke & Co. were large contributors of railroad construction, but went bankrupt due to overexertion of funds.
- Unemployment went up to 14%, 18,000 businesses failed, and many banks collapsed
- Managed to rise up from the destruction of the panic
- Lost a great amount of money to bankruptcies during the Panic
- Decided from then on to only deal in private deals with elite corporations
- Only associated with businesses that would ensure his benefit

J.P. Morgan: U.S. Steel

Morgan's Deal with Carnegie:

- Mass trust proposed by Charles M. Schwab at Morgan's "black library"
- Morgan had to go through Andrew Carnegie and John D. Rockefeller before he could create U.S. Steel
- Carnegie was convinced to make the deal with Morgan
- Carnegie proposed \$480 million, to which Morgan verbally agreed
- Morgan later sent a lawyer to bring Carnegie a contract agreement

U.S. Steel:

- After obtaining Carnegie Steel, Morgan's company grew
- People were concerned over the large corporation
- Newspapers bashed U.S. Steel all over
- "His Northern Securities railroad company was deemed illegal under federal antitrust law, the first such action by the national government."

J.P. Morgan: The Good vs The Bad

The Good:

- Financed the railroads
- Helped merge and establish many smaller firms with his railroad dealings
- Helped the federal government stop deflation during the financial panics several times
- One of the organizers of the World Fair held in Chicago in 1893

The Bad:

- A. Was accused of being a robber baron
- B. He paid \$300 for a substitute soldier to evade military service
- C. One of his companies sold about 5,000 defective rifles to the Union army for \$92,500, but he was cleared of all charges
- D. Many felt he just had too much power in the financial system

New Attitudes Towards Wealth- Social Darwinism

- “Survival of the Fittest”- People with the most skills would rise to the top and those who didn’t have enough would stay poor
- This process of evolution was mainly credited to Charles Darwin
- In *On the Origin of Species*, Darwin describes how all things endured the “struggle for life”
- If any of the animals were to have a characteristic that was beneficial when compared to their struggle, then that variation would help preserve those animals
- The animals without a key, beneficial trait wouldn’t survive
- Many church leaders thought Darwin was a heretic

The Social Darwinists and Their “Leaders”

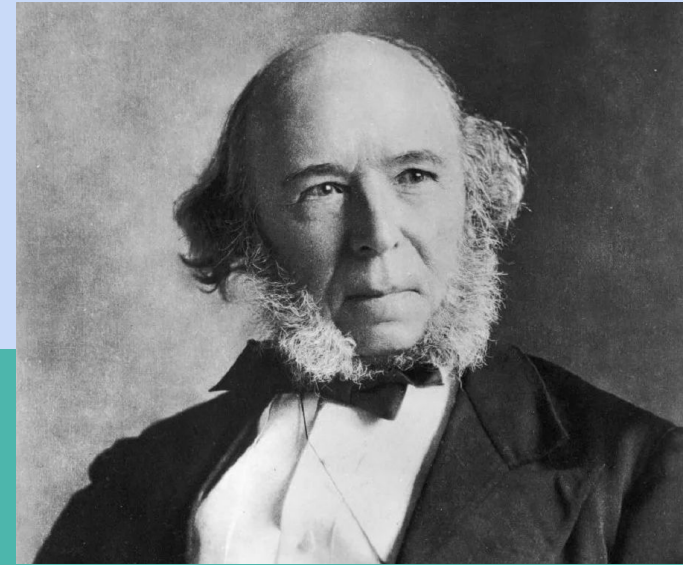
- Opposed government handouts, safety regulations, laws restricting child labor, as such actions would allow the weak survive

Herbert Spencer:

- Was a prominent sociologist and philosopher who coined the term “survival of the fittest”
- Originally believed that evolution was only caused by the inheritance of acquired characteristics

William Graham Sumner:

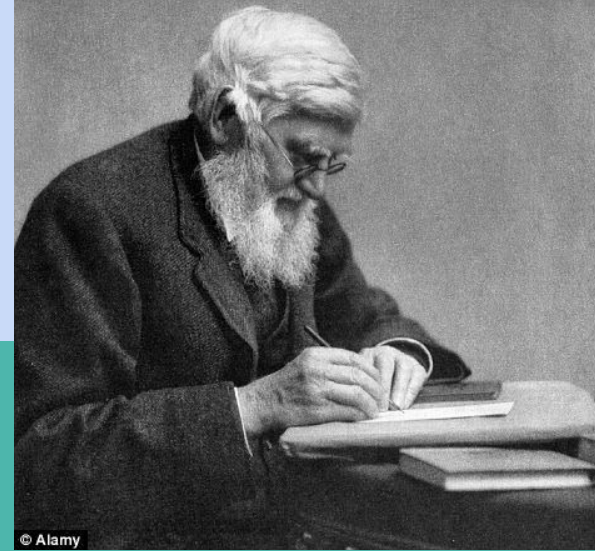
- Held the nation’s first professorship in sociology
- “Nature is entirely neutral; she submits to him who most energetically and resolutely assails her. She grants her rewards to the fittest, therefore, without regard to other considerations of any kind.”-*The Challenge of Facts and Other Essays* by William Graham Sumner



Herbert Spencer



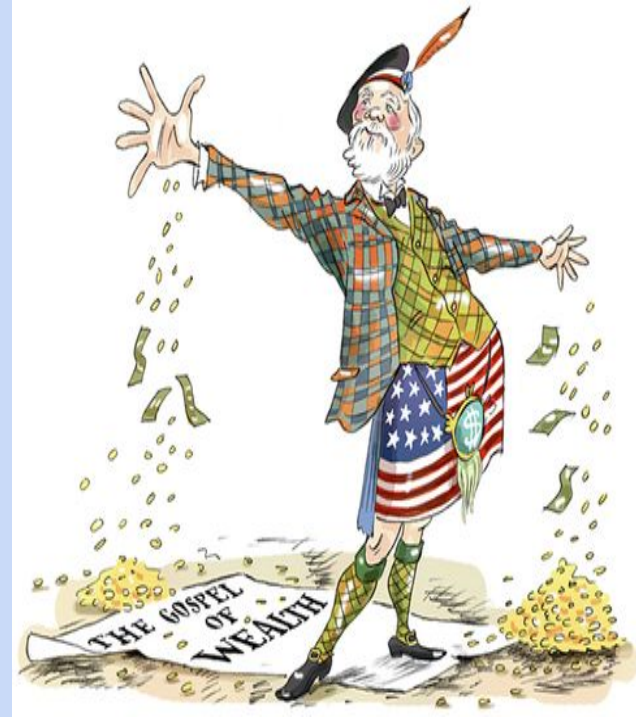
William Graham
Sumner



Charles Darwin

The Gospel of Wealth

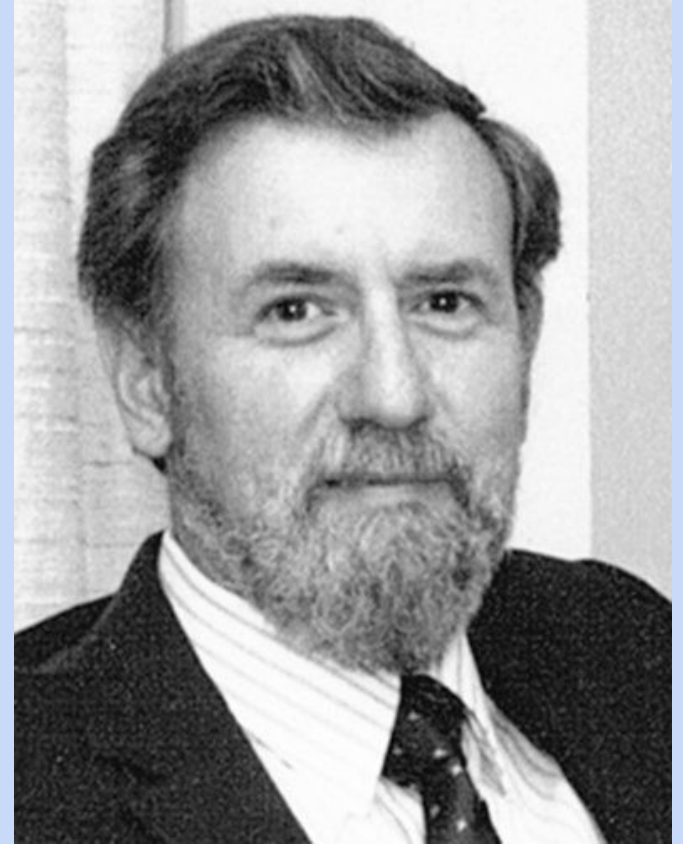
- Linked wealth with responsibility- Some also saw it as a less extreme version of social darwinism
- One of the biggest and most known supporters was Andrew Carnegie
 - Believed that the rich were obligated to use their money to help the public
- Many religious people agreed with this idea
- God gave them their prosperity so their fortune should be shared with the public



Paul Boyer

- Aug. 2, 1932 - March 17, 2012
- Comes from a very religious family and was a lifelong pacifist
- Religious background allowed him to effectively study how religion evolved and how it affected society
- Earned a doctorate in American History from Harvard University
- Had no shortage of academic honors
 - Guggenheim and Rockefeller Foundation Fellowships
 - Election to the American Antiquarian Society, the Society of American Historians, and the American Academy of Arts and Sciences
 - Invited to do lectures across the United States and Europe
 - Chaired the Program Committee of the Organization of American Historians

Along with believing in the Gospel of Wealth, Boyer said that "many Christians came to believe that through reform efforts, through reform legislation dealing with child labor, with slums and tenement houses and unsafe working conditions, human beings really could build the Kingdom of God on earth." (City University of New York's Webpage)



Paul Boyer

Politics of the Gilded Age

Brief Overview:

- The Presidency was at an all time low, leaving Congress to make many big decisions for the era
- Presidents during this time were known as “The Forgettable Presidents”
- Several acts were passed which included the Sherman Antitrust Act, Interstate Commerce Act, and the Comstock Act
- Corruption was rampant in Congress

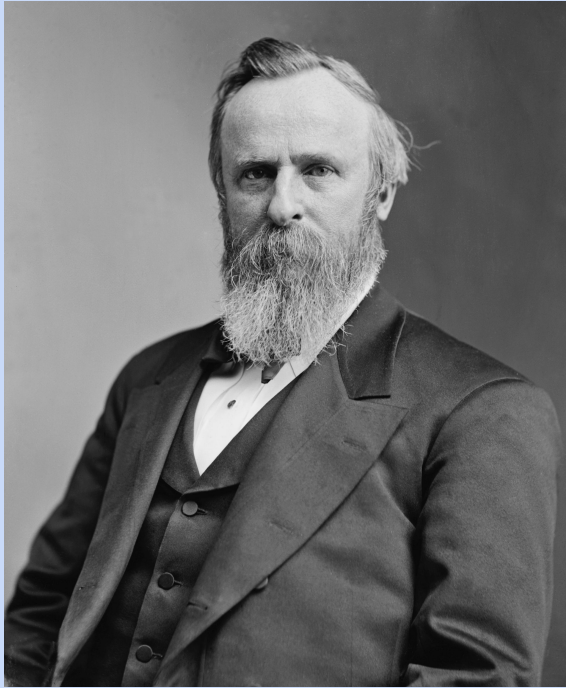


Presidents During the Gilded Age

- After the impeachment of Andrew Johnson, Ulysses S. Grant took office
- Had not held office before the Presidency, and relied heavily on insiders' advice
- Advisors were corrupt; several of them stole from the people
- Many of his advisors were associated with the Credit Mobilier scandal
- Credit Mobilier scandal:
 - “Robber barons” who managed to bribe members of Congress and the VP to stay quiet about their illegal gains
- The Presidents that followed Grant were known as “The Forgettable Presidents”: Rutherford B. Hayes, James Garfield, and Chester Arthur
- Rutherford B. Hayes (Ruther-fraud B. Hayes) is well-known for the suspicious way he came into office

Presidents During the Gilded Age (cont.)

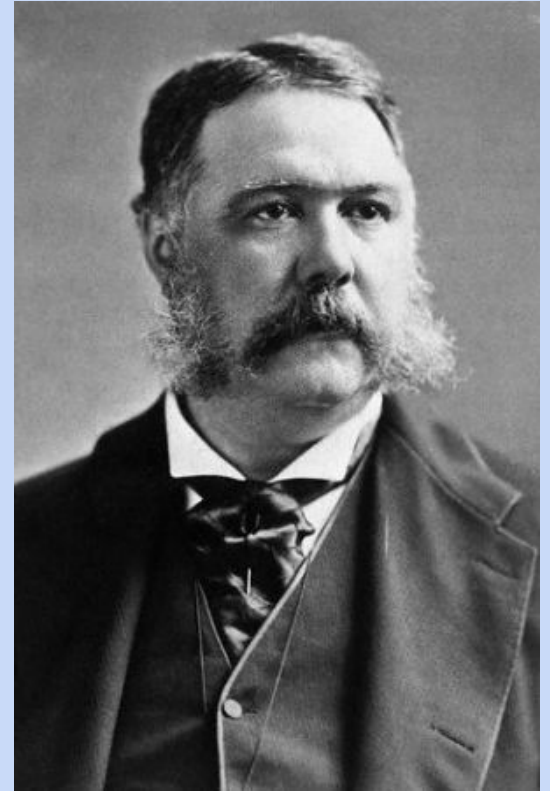
- Opponent Samuel Tilden (Democratic) held popular vote and only needed one electoral vote to win
- Electoral Commission was Republican biased (Hayes's party), and gave Hayes the 20 electoral votes he needed to win. Hew won by 1 vote
- The Compromise of 1877 is what gave Hayes his win, granted the Southern troops would cease forced Reconstruction
- James Garfield succeeded Hayes, but was assassinated a few months later by Charles Guiteau
- Chester Arthur-the VP at the time-took office after Garfield's assassination
- He thought the whole system was corrupt because of his predecessors
- Put the Pendleton Civil Service Act into practice in 1880, which allowed people into politics through their own work rather than connections
- Was denied a second nomination for Presidency in 1884 by Republican Party



President Rutherford B. Hayes



President Ulysses S. Grant



President Chester A. Arthur

Significant Acts of Congress

Sherman AntiTrust Act:

- Passed by Congress in 1890- the first act by Congress to prohibit trusts
- Authorized by Congress to hold proceedings against trusts in order to dissolve them
- Charged a fine of \$5,000 and a year in jail for associating in trusts
- The Act had been dissolved 5 years later in the case of *The United States v. E.C. Knight Company (1895)*
- The case ended government regulation of trusts, but the Act was still used years later where it was successful

Interstate Commerce Act:

- Passed in 1887 by Congress to put railroads under Federal regulation, due to popular demand from the people

Significant Acts of Congress (cont.)

- Addressed railroad monopolies by setting a guideline for the way railroads could conduct business
- “Applying only to railroads, the law required ‘just and reasonable’ rate changes; prohibited special rates or rebates for private shippers; prohibited ‘preference’ for particular localities, shippers, or products; forbade long-haul/short-haul discrimination; prohibited pooling of traffic or markets; and most important, established a five-member Interstate Commerce Commission (ICC).”
- No railroad companies could unjustly charge rates or rebates based on particular preference or bias
- Companies could not combine their resources into a monopoly
- The terms often contradicted themselves, making the Act relatively ineffective in practice
- The most successful terms of the Act was having railroad companies submit annual reports to the ICC, and the ban on special rate changes

Significant Acts of Congress (cont.)

Comstock Act and the Purity Crusade:

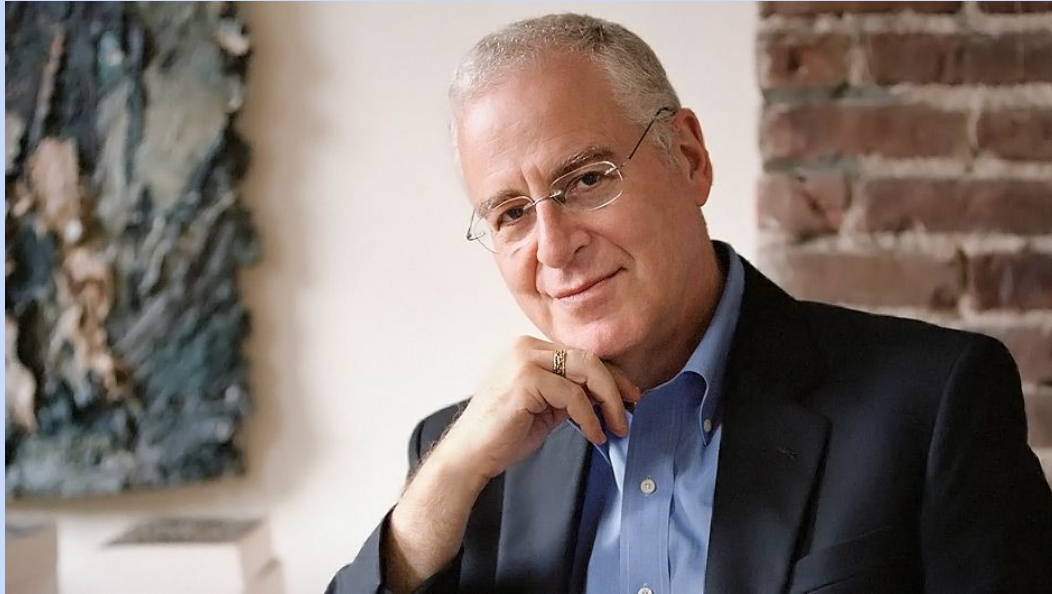
- Law which banned crude or obscene literature from the mails
- Named after Anthony Comstock (head of New York Society for the Suppression of Vice), who became the head government agent responsible for enforcing the Act
- Comstock had 3,000 people arrested, and 16 brought to death from his harassment
- There were repeated attempts to enforce moral purity through law
- In 1880, Massachusetts became the first state to enact “Blue Laws”, which prohibited some forms of business on Sundays
- States banned lotteries, horse racing, boxing, and even the production of cigarettes
- Many Catholics and German Lutherans were offended by the government’s use of laws to enforce moral purity

Ron Chernow

- One of the most distinguished commentators on finance, politics, and business in America today
- Graduated from Yale and Cambridge
- He has won nearly every major prize in American Literature, and is claimed to be on of the most important intellectuals of our time
- He wrote many biographies that claimed high ranks rather quickly, most of them adored for their historic accuracy
- His first book, *The House of Morgan*, was awarded the National Book Award as the best nonfiction book of 1990
- He served as the historical advisor to Lin-Manuel Miranda for the Pulitzer Prize-winning musical *Hamilton*
- His biography of Alexander Hamilton played a role in inspiring Lin-Manuel to write the musical

Ron Chernow

- In May 2015, Chernow received the Lucille Lortel Award for Outstanding Musical
- Later received, alongside Lin-Manuel, the History Makers Award of the New-York Historical Society for their efforts on the musical



Personal Bio:

- Born March 3, 1949, and still alive today
- He went to Yale University, University of Cambridge, Pembroke College, and Forest Hills High School
- Ron's spouse, Valerie S. Chernow died in 2006

1. What book described the process of natural selection?

- A. *Pride and Prejudice* by Jane Austen
- B. *On the Origin of Species* by Charles Darwin
- C. *The Notebook* by Nicholas Spark
- D. *Gospel of Wealth* by Andrew Carnegie

2. How did JP Morgan evade military service?

- A. Moved to another country
- B. Faked a disability
- C. He didn't, he served for 3 years
- D. Paid for a substitute soldier

3. Who was a big supporter of The Gospel of Wealth?

- A. Andrew Carnegie
- B. Charles Darwin
- C. Rutherford B. Hayes
- D. JP Morgan

4. Some people saw the Gospel of Wealth as...?

- A. A religion that made and forced upon them by Congress
- B. A less extreme version of social darwinism
- C. An idea that came from Ulysses S. Grant
- D. A belief that should be legally banned

5. What did most church leaders think of Charles Darwin?

- A. They thought he was a heretic
- B. They believed he was sent by God
- C. They believed he was a descendant of Abraham Lincoln
- D. They thought his ideas were amazing

6. What amount did J.P. Morgan agree to in his deal with Carnegie? Did he undersell?

- A. \$100 million
- B. \$480 million
- C. \$7 billion
- D. \$580 million

7. Which President had not held an office before Presidency, and relied heavily on the advice of others?

- A. Rutherford B. Hayes
- B. James Garfield
- C. Ulysses S. Grant
- D. Ron Chernow

8. What agreement gave Rutherford B. Hayes the electoral votes he needed?

- A. Compromise of 1877
- B. Credit Mobilier
- C. Sherman AntiTrust Act
- D. Comstock Act

9. What were the most successful terms of the Interstate Commerce Act?

- A. Companies could not form monopolies.
- B. Railroad companies could not unjustly charge preferential rates or rebates.
- C. The Interstate Commerce Commission and the ban on special rate changes.
- D. All of the above.

10. During the Purity Crusade, states banned many things they found obscene. What were some of these things?

- A. Lotteries and horse racing
- B. Certain businesses on Sundays
- C. Boxing and the production of cigarettes
- D. All of the above

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