

Politics in the Gilded Age

READING FOCUS

- How did business influence politics during the Gilded Age?
- In what ways did government reform the spoils system and regulate railroads?
- What effect did the transition from depression to prosperity have on politics in the 1890s?

MAIN IDEA

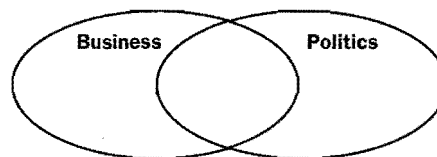
From 1877 to 1900, national politics was dominated by issues of corruption and reform.

KEY TERMS

Gilded Age
laissez-faire
 subsidy
 blue law
 civil service
 Pendleton Civil Service Act
 rebate
Munn v. Illinois

TARGET READING SKILL

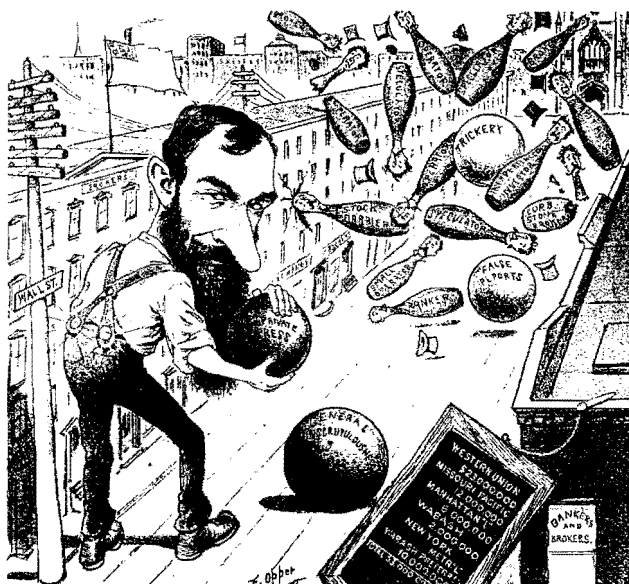
Identify Main Ideas Copy the diagram below. As you read, fill in the two circles with events and issues of the Gilded Age that you can categorize as related to business or politics. Place events and issues that involved both politics and business in the area where the two circles overlap.



INTERPRETING POLITICAL CARTOONS

Jay Gould's wealth and social connections gave him tremendous power in the financial world, as this cartoon shows.

Making Inferences How did the cartoonist feel about Gould's power? Explain your answer.



JAY GOULD'S NEW YORK BOWLING ALLEY

Setting the Scene Jay Gould never formally learned how to run a railroad, but he understood the stock market. By 1871, he had become the most powerful railroad man in New York. A decade later he controlled the largest rail network in the nation.

Gould began buying and selling shares of small railways in 1859 and rose to the position of Director of New York's Erie Railroad Company. In 1867, Cornelius Vanderbilt moved to buy stock in the Erie to combine it with his own New York Central Railroad. Gould, seeking to keep control out of Vanderbilt's hands, swiftly issued 50,000 new shares. Knowing the stock issue was illegal, Gould bribed members of the New York State Legislature to legalize his stock sale and to forbid the combination of the New York Central and Erie railroads. Vanderbilt had been stopped.

Now securely in control, Gould directed the Erie to pay his own private construction companies to lay track. No work was done. Gould pocketed the money, and the Erie's share price fell sharply. When several British shareholders tried to stop him, Gould refused to recognize their voting rights. A judge ruled against the shareholders when they sued.

Gould lived in a time when corruption was common among judges, politicians, and presidential advisors. Some corrupt individuals were caught and punished. Jay Gould, on the other hand, died a very wealthy man. His story illustrates the remarkable flavor of politics and business in the **Gilded Age**—a term coined by Mark Twain to describe the post-Reconstruction era. Gilded means “covered with a thin layer of gold,” and “Gilded Age” suggests that a thin but glittering layer of prosperity covered the poverty and corruption of much of society. This was a golden period for America's industrialists. Their wealth helped hide the problems faced by immigrants, laborers, and farmers. It also helped cover up the widespread abuse of power in business and government.

The Business of Politics

The United States faced great challenges in Gould's day as it emerged from Reconstruction. Industrial expansion raised the output of the nation's factories and farms. Some Americans, such as speculators in land and stocks, quickly rose "from rags to riches." At the same time, depressions, low wages, and rising farm debt contributed to discontent among working people.

Laissez-faire Policies In the late 1800s, businesses operated largely without government regulation. This hands-off approach to economic matters, known by the French phrase *laissez-faire*, holds that government should play a very limited role in business. Supporters of this strategy maintain that if government does not interfere, the strongest businesses will succeed and bring wealth to the nation as a whole.

The term *laissez-faire* translates roughly as "allow to be" in French. Although the term probably originated with French economists in the mid-1700s, the theory of *laissez-faire* economics was primarily developed by Adam Smith in his 1776 book, *The Wealth of Nations*. A university professor in Scotland, Smith argued that government should promote free trade and allow a free marketplace for labor and goods.

In the late 1800s, most Americans accepted *laissez-faire* economics in theory. In practice, however, many supported government involvement when it benefited them. For example, American businesses favored high tariffs on imported goods to encourage people to buy American goods instead. American businesses also accepted government land grants and subsidies. A **subsidy** is a payment made by the government to encourage the development of certain key industries, such as railroads.

To ensure government aid, business giants during the Gilded Age supported friendly politicians with gifts of money. Some of these contributions were legal and some were illegal. Between 1875 and 1885, the Central Pacific Railroad reportedly budgeted \$500,000 each year for bribes. Central Pacific co-founder Collis P. Huntington explained, "If you have to pay money to have the right thing done, it is only just and fair to do it."

Credit Mobilier Scandal Washington's generous financial support for railroad-building after the Civil War invited corruption. A notorious scandal developed when Congress awarded the Union Pacific Railroad Company loans and western land to complete the first transcontinental railroad. Like Jay Gould and the Erie Railroad, the owners of the Union Pacific hired an outside company—Credit Mobilier—to build the actual tracks that Union Pacific trains would ride upon. Credit Mobilier charged Union Pacific far beyond the value of the work done, and money flowed from the federal government through the Union Pacific railroad to the shareholders of Credit Mobilier.

Credit Mobilier's managers needed Congress to continue funding the Union Pacific. They gave cheap shares of valuable Credit Mobilier stock to those who agreed to support more funding. Congress did not investigate Credit Mobilier until 1872—three years after the Union Pacific had completed the transcontinental railroad. It was discovered that Credit Mobilier gave stock to representatives of both parties, including a future President, a future Vice President, several cousins of President Grant, and as many as thirty other officials. Unfortunately, Credit Mobilier was only one of many scandals that marked Grant's eight years as President.



In this political cartoon, monopolies and trusts are depicted as controlling the government.

READING CHECK

How did the government help private businesses in the Gilded Age?

The Spoils System Bribery was one consequence of the reliance of American politics on the spoils system. Under this system, elected officials appointed friends and supporters to government jobs, regardless of their qualifications. By the Gilded Age, government swarmed with unqualified, dishonest employees.

The spoils system appealed to many politicians because it ensured them a loyal group of supporters in future elections. Both Democrats and Republicans handed out jobs to pay off the people who had helped them get elected. But the system led to corruption when dishonest appointees used their jobs for personal profit.

Opposing Political Parties During the Gilded Age, the Democratic and Republican parties had roughly the same number of supporters. They differed greatly, however, in who those supporters were and in their positions on major issues.

Republicans appealed to industrialists, bankers, and eastern farmers. The party was strongest in the North and the upper Midwest and was weak to nonexistent in the South, although it did receive support from southern blacks. In general, Republicans favored a tight money supply backed by gold, high tariffs to protect American business; generous pensions for Union soldiers, government aid to the railroads, strict limits on immigration, and enforcement of **blue laws**, regulations that prohibited certain private activities that some people considered immoral.

As a rule, the Democratic Party attracted those in American society who were less privileged, or at least felt that way. These groups included northern urban immigrants, laborers, southern planters, and western farmers. Claiming to represent the interests of ordinary people, Democrats favored an increased money supply backed by silver, lower tariffs on imported goods, higher farm prices, less government aid to big business, and fewer blue laws.

Reforming the Spoils System

Since the two parties had roughly equal strength, presidential candidates needed the votes of almost all members of their party in order to win an election. To avoid offending party members, candidates generally avoided taking well-defined stands on controversial issues. Most states had very strong ties to one party or the other, so candidates often came from the few states that could swing either Democratic or Republican. Seven of the eight presidents who followed Andrew Johnson came from Ohio or New York.

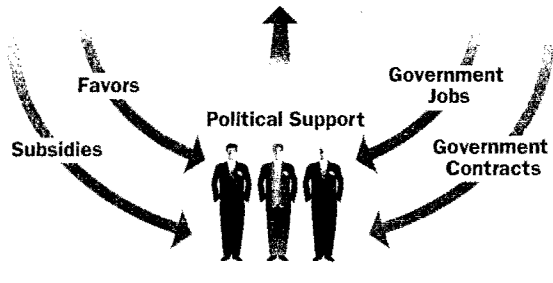
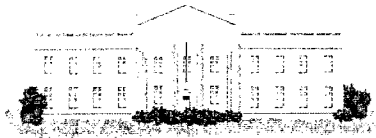
Republicans whipped up support by “waving the bloody shirt.” This meant recalling the bloodshed of the Civil War, a conflict they blamed on the Democrats. Southern Democrats had their own “bloody shirt,” in this case a reference to the abuses of Radical Reconstruction.

Presidents of this period did make some efforts to exercise leadership. Indeed, the Gilded Age witnessed some important reforms in such areas as the spoils system and the railroads.

Hayes Fights the Spoils System After his election in 1877, Rutherford B. Hayes surprised many supporters by refusing to use the patronage system. Instead he appointed qualified political independents to Cabinet posts and fired employees who were not needed. By these actions Hayes began to reform the **civil service**, or the government’s nonelected workers.

The Spoils System

White House



INTERPRETING DIAGRAMS

Under the spoils system, individuals offered candidates their votes and support. If the candidate won office, he rewarded his supporters with jobs in his administration. More broadly, the spoils system also gave supporters access to money and political favors.

Determining Relevance *Why did the spoils system weaken the effectiveness of government?*

Hayes undertook these reforms without congressional backing, even from members of his own Republican Party. He further angered his party on July 11, 1878, when he removed fellow Republican Chester A. Arthur from an important patronage position in New York. Then, with the help of congressional Democrats, he replaced Arthur with one of his own appointments. These moves especially upset Senator Roscoe Conkling, a supporter of patronage in New York State.

Hayes had announced at the beginning of his presidency that he would not seek a second term. After his bold attack on the spoils system, he probably could not have won his party's nomination in any case. That attack strengthened the government but also helped weaken the Republicans.

Garfield's Term Cut Short As the 1880 presidential election approached, the Republican Party was split into three factions. The Stalwarts, followers of Senator Conkling, defended the spoils system. The Half-Breeds, who followed Senator James G. Blaine of Maine, hoped to reform the spoils system while remaining loyal to the party. Independents opposed the spoils system altogether.

James A. Garfield, an Ohio congressman and ally of the Half-Breeds, won the party's presidential nomination. To balance the ticket, the Republicans chose as their vice-presidential candidate Chester A. Arthur, a New York Stalwart.

Garfield won a narrow victory over the Democratic candidate, General Winfield S. Hancock. However, his term was cut short. On July 2, 1881, a mentally unstable lawyer named Charles Guiteau shot Garfield as the President walked through a Washington, D.C., railroad station. When he fired his fatal shot, Guiteau cried out, "I am a Stalwart and Arthur is President now!" Garfield died three months later.

The public later learned that Guiteau, a loyal Republican, had expected a job from Garfield. When Garfield passed him over, Guiteau became so enraged that he decided to murder the President. The murder caused a public outcry against the spoils system.

Arthur Reforms the Civil Service Upon Garfield's death, Vice President Chester Arthur became President. Arthur had fought for (and benefited from) patronage in New York. Once in office, however, he urged Congress to support reform of the spoils system. With Garfield's assassination fresh in the nation's mind, President Arthur was able to obtain congressional support for this reform. As a result, the **Pendleton Civil Service Act** became law in 1883.

The act created a Civil Service Commission, which classified government jobs and tested applicants' fitness for them. It also stated that federal employees could not be required to contribute to campaign funds and could not be fired for political reasons.

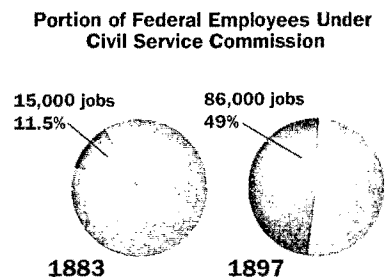
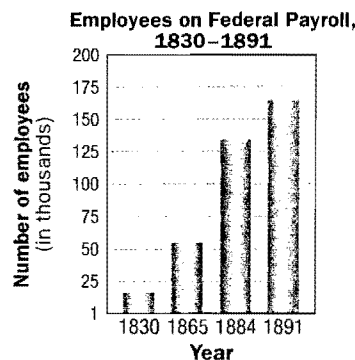


A GREAT NATION IN GRIEF
 PRESIDENT GARFIELD SHOT BY AN ASSASSIN.
 THOUGH SERIOUSLY WOUNDED HE STILL SURVIVED.
 THE WOULD-BE MURDERER LODGED IN PRISON.

President Garfield's assassination made the nation aware of the need for reform of the spoils system.

INTERPRETING GRAPHS
 Arthur's reforms protected thousands of jobs from political concerns. Synthesizing information
 Why did the rapid growth of the government work force encourage the spoils system?

Reforming the Civil Service



SOURCE: U.S. Department of State

Fast Forward to Today

Confederate Battle Flags

Memories of the Civil War still divided Americans after Reconstruction. In 1887, President Cleveland proposed returning captured Confederate battle flags held by the federal government to southern states. Cleveland was the first Democrat and non-veteran President elected since the Civil War, and his request unleashed a firestorm of anger from the 400,000 veterans of the Grand Army of the Republic. Governor Foraker of Ohio said, "The patriotic people of this state are shocked and indignant beyond anything I can express." Shaken by the reaction, Cleveland retreated from his proposal.

Today President Theodore Roosevelt returned the battle flags held by the federal government in 1905, but individual states and societies still hold other battle flags today. In 2000, the Virginia Senate urged the Minnesota Historical Society to return the battered flag of the 28th Virginia Infantry. The Minnesota 1st Volunteer had captured the flag at the Battle of Gettysburg after suffering terrible losses. "Absolutely not," replied Minnesota Gov. Jesse Ventura. "We took it. That makes it our heritage."

? Why were many northerners upset by Cleveland's proposal to return the flags?

Democrats Take Power In 1884, the Republicans nominated James G. Blaine, a former Secretary of State and senator from Maine, for President. The Democrats chose Grover Cleveland, former mayor of Buffalo and governor of New York.

Serious issues confronted the nation that year, such as high tariffs, unfair business practices, and unregulated railroads. Yet the campaign focused mostly on scandals. Had James G. Blaine received railroad stock options in return for favorable votes while he was in Congress? No one could prove that he had. Had Cleveland fathered a child out of wedlock while a bachelor in Buffalo? Cleveland admitted the rumor was true. Republicans jeered, "Ma, Ma, where's my Pa?" Democrats responded, "Going to the White House, ha, ha, ha!"

Cleveland became the first Democratic president since 1856. He owed at least some of his success to Republican independents who decided that Blaine was too corrupt to support. These independents were called "mugwumps," an Algonquin word for "renegade chief." The term stuck when a newspaper editor joked that it really meant "unreliable Republicans," men whose "mugs" were on one side of the fence and "wumps" on the other.

Cleveland favored tight money policies, so most business interests backed him. Yet not all his policies were pro-business. He opposed high tariffs and took back from the railroads and other interests some 80 million acres of federal land that had been granted to them. In addition, Cleveland supported more government regulation of the powerful railroad companies.

Regulating Railroads

Railroad regulation had begun in 1869, when Massachusetts investigated claims that railroad companies were overcharging customers. By 1880, about 14 states had railroad commissions that looked into complaints about railroad practices. One of those practices was charging more for a short haul than for a long haul over the same track. Another practice was to offer **rebates**, or partial refunds, to favored customers. Others included keeping rates secret and charging different rates to different people for the same service.

Some of these practices can be justified by the economics of operating a railroad. For example, a short haul is more costly per mile than a long haul because the cost of loading and unloading the cargo is equal in both cases. Rebates were one legal way that railroads competed for customers. In any event, farmers and businesses opposed them because they favored some customers and kept others from predicting their costs.

In 1877 the Supreme Court, in *Munn v. Illinois*, allowed states to regulate certain businesses within their borders, including railroads. But railroad traffic often crossed state boundaries. Lawyers for the railroads argued that under the Constitution only the federal government could regulate interstate commerce. In 1886, in the *Wabash* case, the Supreme Court agreed. Interstate railroad traffic thus remained unregulated.

Pressure mounted on Congress to curb these abuses. As you read in the last chapter, in 1887 Congress responded by passing the Interstate Commerce Act. The act required that rates be set in proportion to the distance traveled and that rates be made public. It also outlawed the practice of giving special rates to powerful customers. Finally, it set up the nation's first federal regulatory board, the Interstate Commerce Commission (ICC), to enforce the act.

The Interstate Commerce Act did not give the ICC the power to set railroad rates. Also, to enforce its rulings, the ICC had to take the railroads to court, where it usually lost. Of the 16 cases involving the ICC that came before the Supreme Court between 1887 and 1905, the Court ruled against the ICC 15 times.

Depression to Prosperity

Boosted by vigorous industrial growth, American business generally grew during the late 1880s and into the 1890s. But in 1893 a depression struck, and prosperity did not return until around 1900. These ups and downs made the economy the hottest political issue of this period.

Focus on Tariffs Cleveland lost the 1888 presidential election to Republican Benjamin Harrison. The campaign had focused on tariffs. Cleveland favored a minor reduction in tariffs, while Harrison wanted an increase. Harrison's position won him plenty of business support and, ultimately, the presidency.

Among President Harrison's achievements was the signing of the Sherman Antitrust Act in 1890, described earlier. Like the Interstate Commerce Act, however, this seemingly bold action failed to curb the power of the largest corporations until well after the turn of the century.

Meanwhile, Harrison made good his campaign promise to business by approving a huge tariff increase in 1890. He also supported legislation on behalf of special business interests. Although he was thought to be conservative with public funds, Harrison dipped deep into the Treasury to award huge new pensions to dependents of Civil War soldiers.

These actions would later damage the economy, and they did not help Harrison in the election of 1892. Many new immigrants had swelled the ranks of the Democratic Party. Campaigning again for lower tariffs, Grover Cleveland was returned to the presidency.

Cleveland's Second Term Cleveland's second term started badly. A worldwide economic slowdown contributed in part to a financial panic that hit the country in 1893. This began a long depression, during which millions of workers lost their jobs or had their wages slashed. Despite the suffering, the government offered no help.

In 1894, Jacob S. Coxey, a wealthy Ohio quarry owner, demanded that government create jobs for the unemployed. Coxey called on unemployed workers to march on the nation's capital. "We will send a petition to Washington with boots on," he declared.

Many small "armies" started out on the protest march, but only Coxey's army reached Washington. Police arrested him and a few others for illegally carrying banners on the Capitol grounds and for trampling the grass. A song sung by

Focus on ECONOMICS

Regulation Government can regulate an industry by deciding what services companies can offer and how much they may charge customers.

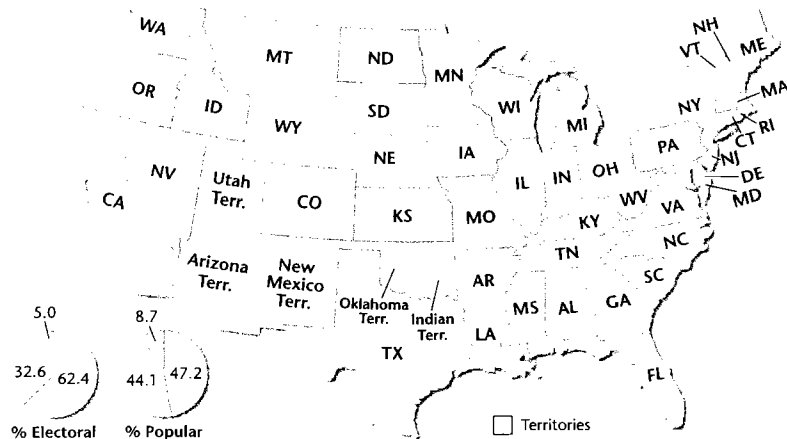
The Historical Context Congress passed the Interstate Commerce Act to regulate the railroad industry. In later years, the federal government also regulated the air travel and trucking industries.

The Concept Today Under President Carter and President Reagan, the federal government stepped back and ended some regulations on air travel, trucking, and railroads. This process is known as deregulation. In 1995, Congress passed a bill to abolish the Interstate Commerce Commission the following year.

These campaign ribbons illustrate how presidential candidates attracted support from different groups of people.



Presidential Election of 1892



Candidate/Party	Electoral Vote	Popular Vote
□ Grover Cleveland (Democrat)	277	5,554,414
□ Benjamin Harrison (Republican)	145	5,190,802
□ James Weaver (People's)	22	1,027,329

MAP SKILLS Grover Cleveland returned to the White House after the 1892 election with the support of Southern Democrats and immigrants. Place *Compare* this map to the map on page 289. How did the states that later attracted many immigrants vote in 1892?

Coxey's supporters mocked the government for worrying more about its lawns than its citizens.

In his second term Cleveland managed to anger not only the unemployed but almost everyone else. In 1893, he upset farmers by repealing the Sherman Silver Purchase Act, which had become law just three years before. He enraged unions when he sent federal troops to Chicago during the Pullman strike of 1894.

By the time of his party's convention in 1896, Cleveland had turned many fellow Democrats against him. Hence, the President failed to win his party's nomination.

McKinley Wins in 1896 The Populists had emerged as a political power during

the economic hard times of the early 1890s and had made gains in the 1894 elections. But in 1896, William Jennings Bryan, the presidential candidate of the Populists and Democrats, lost to the Republican candidate, William McKinley. McKinley was supported by urban workers and the middle class.

President McKinley oversaw a new tariff bill and a stronger gold standard. These actions brought Republicans an even more decisive victory against Bryan in 1900. McKinley won 292 electoral votes while Bryan only won 155. As the economy began to climb out of the 1890s depression, Republicans claimed credit with their slogan "A Full Dinner Pail."

McKinley did not live long enough to enjoy the effects of the returning prosperity. On September 6, 1901, McKinley went on a tour of the Pan-American Exposition in Buffalo, New York. Leon Czolgosz, a mentally ill man who called himself an anarchist, shot the President as he greeted the public there. McKinley died days later.

Section

1

Assessment

READING COMPREHENSION

1. Is the term **Gilded Age** a positive or negative description of this period? Explain.
2. What is the purpose of a **subsidy**?
3. How did the **Pendleton Civil Service Act** address the problems of the spoils system?
4. How did the Interstate Commerce Act affect railroads?

CRITICAL THINKING AND WRITING

5. **Recognizing Cause and Effect** Businesses sought political influence by making large contributions to politicians. How do you think these politicians voted on tariff legislation? Why?
6. **Creating an Outline** Create an outline for an essay in which you explain how economic issues affected the outcome of presidential elections during the Gilded Age.

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