

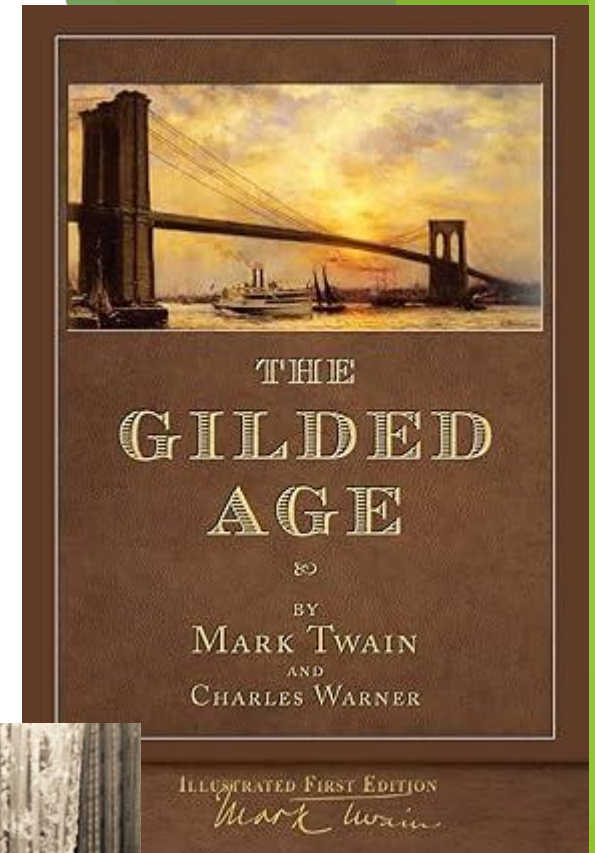
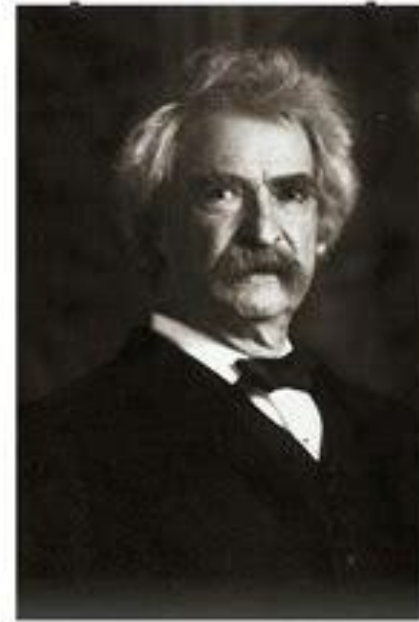
The Great American Transformation: The Gilded Age

Session 1: Setting the Table:
America in 1865



Our Session Subjects

1. Setting the Table: America in 1865
2. The Second Industrial Revolution
3. Reconstruction
4. The Energy of Manifest Destiny
5. The Urbanization of America
6. Gilded Age New York
7. Three Robber Barons
8. Inadvertent Empire

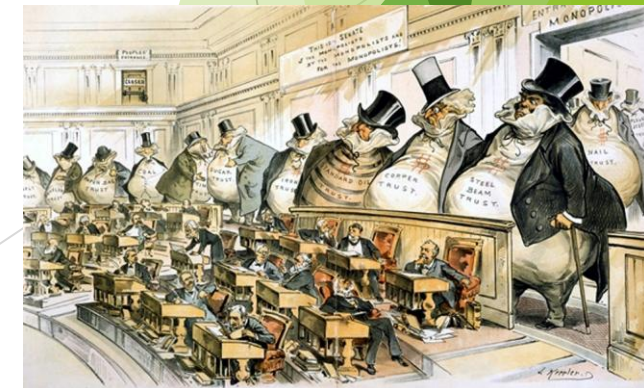
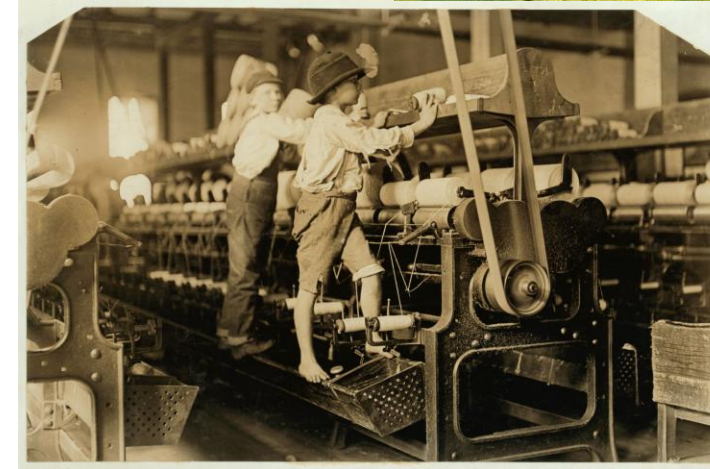
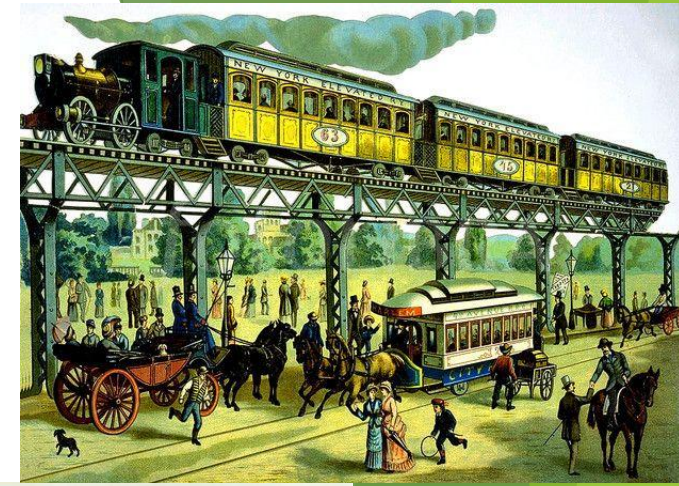


America in 1865

The “Gilded Age” was an *acceleration* of prior American and world-wide social changes and economic growth trends (a “dependent path”)

The Gilded Age was materially, socially and culturally much like today and we see the effect of beginnings of new technology, urbanization, extreme prosperity and poverty, military power, globalization and civil rights in a country that became a world power by 1900.

The result was the creation of a “commercial society.”



The Gilded Age much like today:

- Rapid economic and material change
- Growing disparity in wealth with some very wealthy and many very poor
- Growing pollution in cities and rivers
- Social and geographical mobility
- Corruption in business and government
- Threats of geographical expansion
- Boom and bust economy (only more so)



- US is seen by many as a land of opportunity and by others as growing threat to the international order
- The US struggling to build and maintain international hegemony
- Immigration stress
- Wide spread discrimination against everyone not Anglo Saxon



Differences: US a *Decentralized* Governing Power

- In 1860, the US government's main vocation was operating the postal service and collecting customs duties at the ports.
- Its army consisted of a mere sixteen thousand troops scattered mostly among a series of isolated forts west of the Mississippi River.
- These functions aside, the states were essentially on their own.

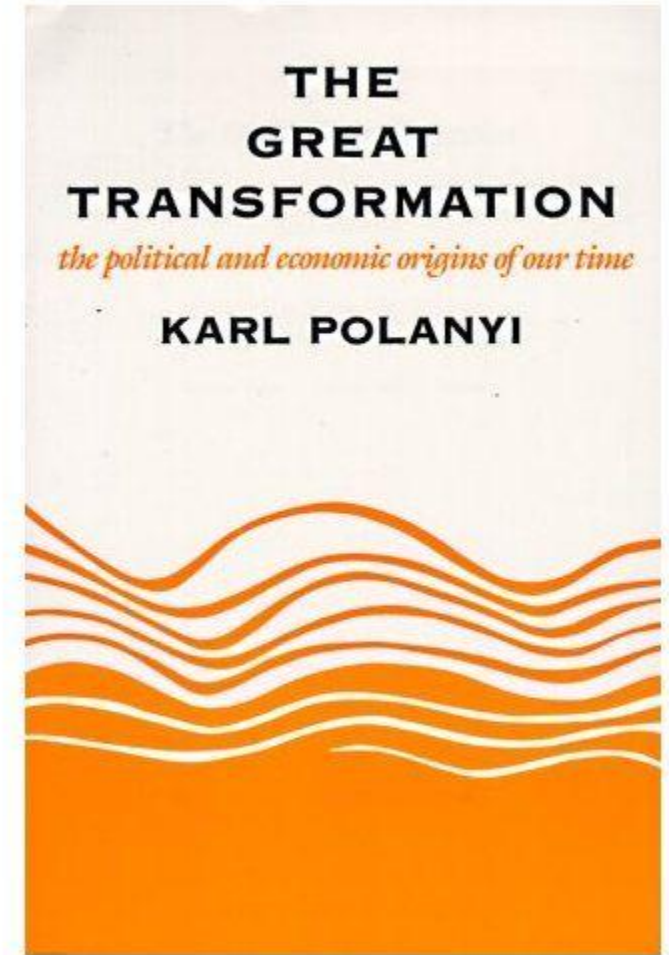


- The federal payroll was modest. The civilian bureaucracy in Washington consisted of a mere two thousand employees. The army and navy had about 25,000 men.
- Its administrative scaffolding was threadbare, its financial capabilities primitive.



Why “The Great American Transformation?”

- Transition from 90% Agrarian society to 50% Urban commercial society
- The population of the United States doubled
 - 1870: Approximately 38.6 million people.
 - 1900: Approximately 76.2 million people.
- Between 1870 and 1900, a total of 10 states were added to the Union. Colorado (1876), North Dakota (1889), South Dakota (1889), Montana (1889), Washington (1889), Idaho (1890), Wyoming (1890) and Utah (1896).



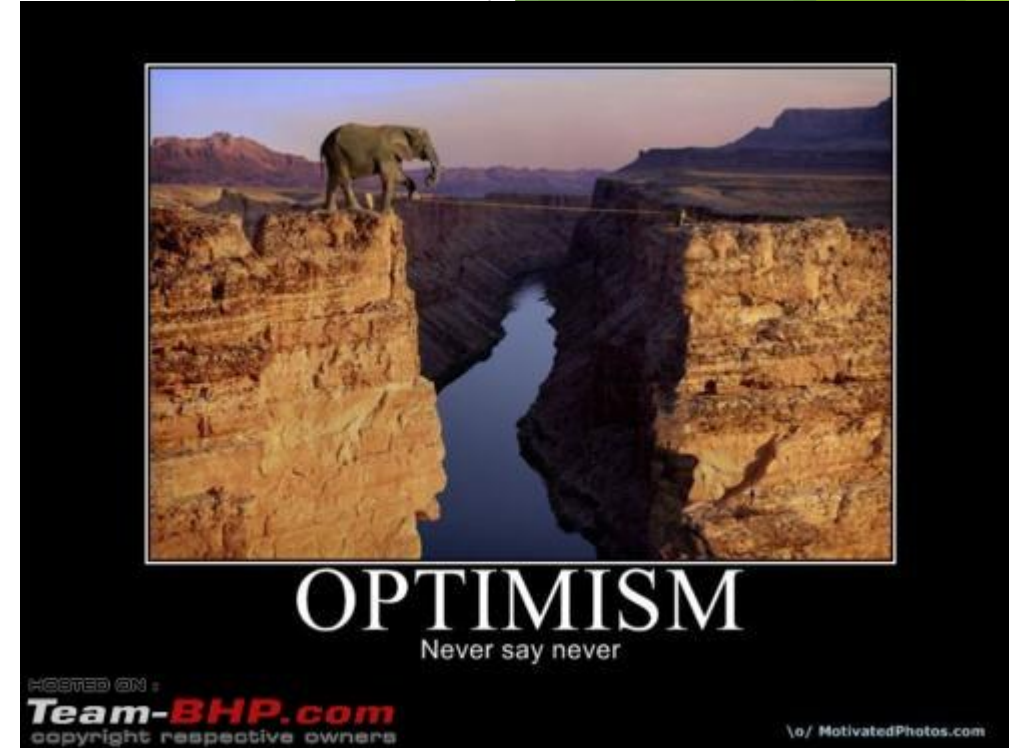
Population growth also from Immigration

1870 to 1880

- Approximately 2.8 million immigrants (to create a consumer market and labor market).
- Key groups: immigrants from Germany, Ireland, and Scandinavia. Many sought opportunities in agriculture and industry as the country expanded westward and industrialized.

1880 to 1890

- Approximately 5.2 million immigrants
- A surge in immigration, particularly from southern and eastern Europe, including Italians, Russians (especially Jewish migrants fleeing persecution), and Poles. Economic opportunities and political unrest in their home countries were significant drivers.



Growth of U.S. economy

Significant growth in productive industrialization, agriculture, urbanization, and technological advancements over the course of the 19th century but esp. in the Gilded Age.

Estimated gross domestic product (GDP) per person in the United States:

- 1800: Around \$1,100
- 1820: Around \$1,257
- 1840: Around \$1,539
- 1860: Around \$2,445

These values are adjusted to 1990 dollars to allow comparison across time periods.



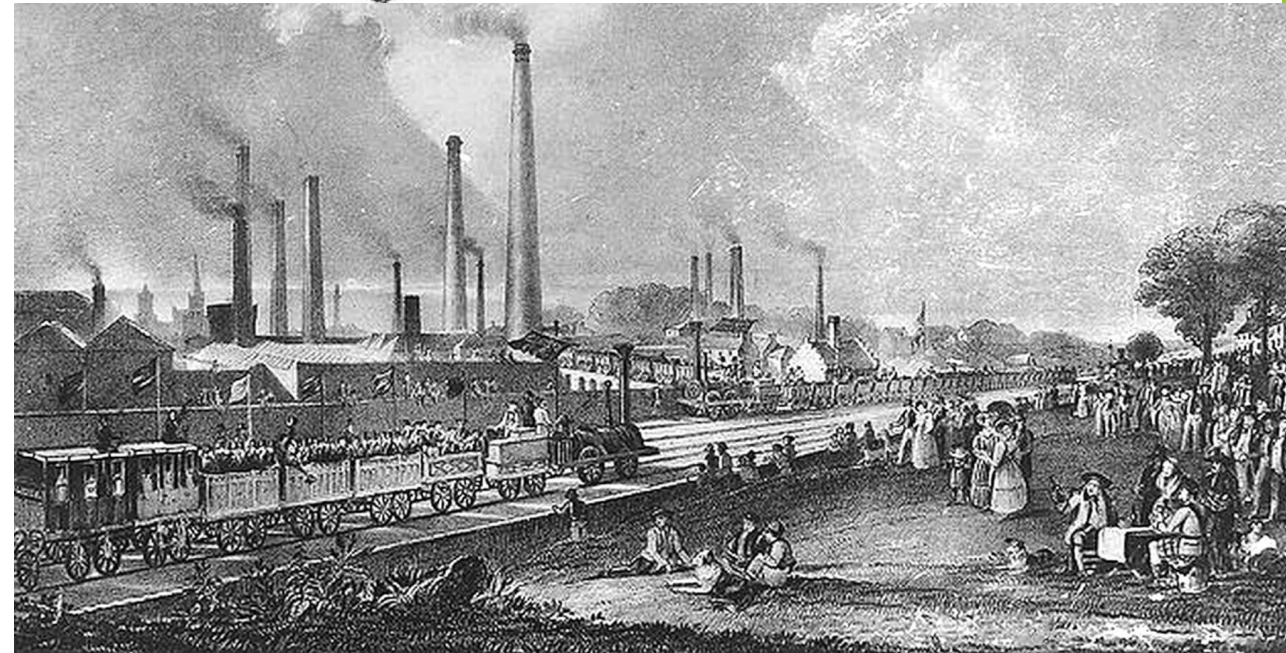
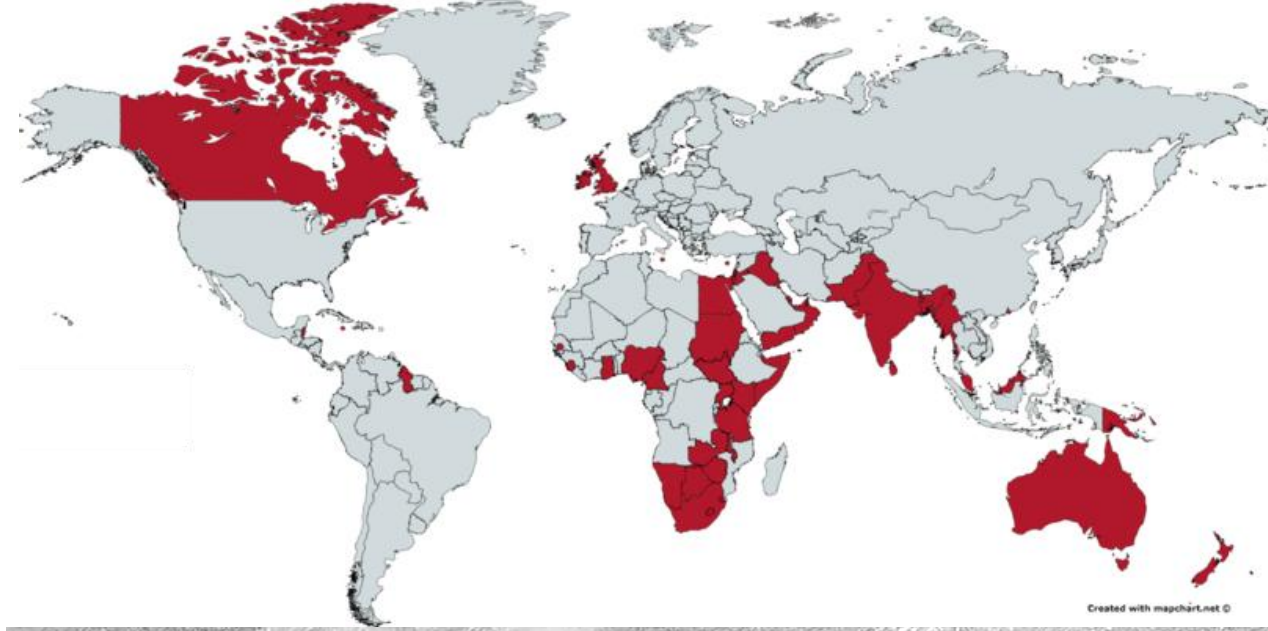
Comparison to UK as world leader

Approximate GDP per capita figures for the United Kingdom during the Gilded Age, expressed in 1990 dollars:

- **1870:** Around \$3,190
- **1880:** Around \$3,480
- **1890:** Around \$4,000
- **1900:** Around \$4,500

United Kingdom one of the wealthiest nations in the world at the time, driven by

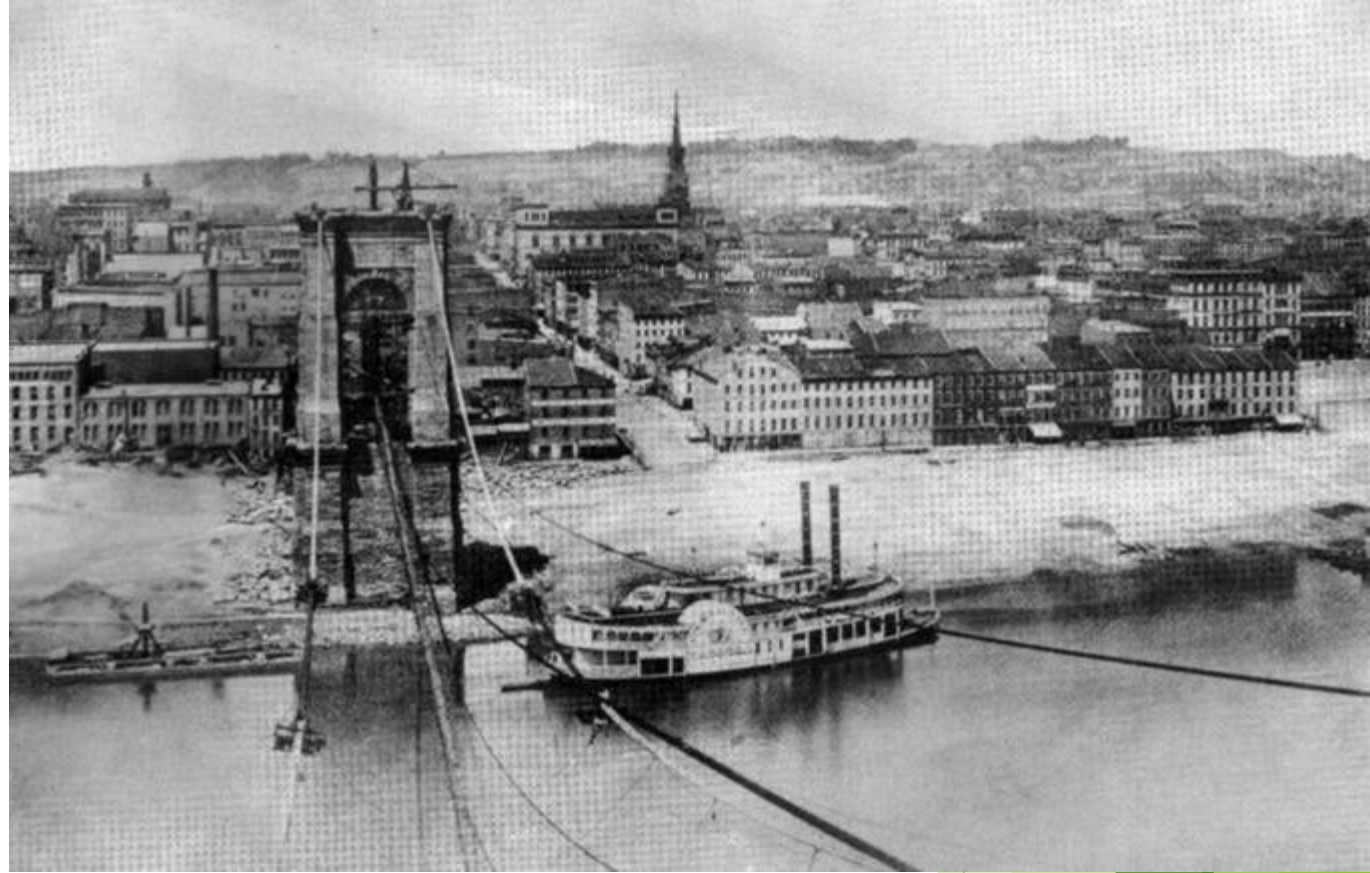
- Production growth from Industrial Revolution
- its colonial empire and world-wide merchant capacity
- “Democratic” responsive (inclusive) government
- Experienced financial and other institutions



US Cities Exceeding 10,000 in Population

1860 Census - Approximately 93 cities

1900 Census - Approximately 440 cities



Life expectancy in the United States during the 19th century varied significantly due to factors like public health conditions, medical advancements, and societal changes.

1. 1800: Life expectancy at birth was about 35–40 years. High infant and child mortality rates significantly lowered the average, although individuals who survived childhood could often live into their 50s, 60s, or beyond.

2. 1860: Life expectancy at birth had increased slightly to about 40–43 years. Improvements in sanitation, public health awareness, and nutrition contributed to this modest rise, although the Civil War (1861–1865) caused a temporary decline in survival rates for many.

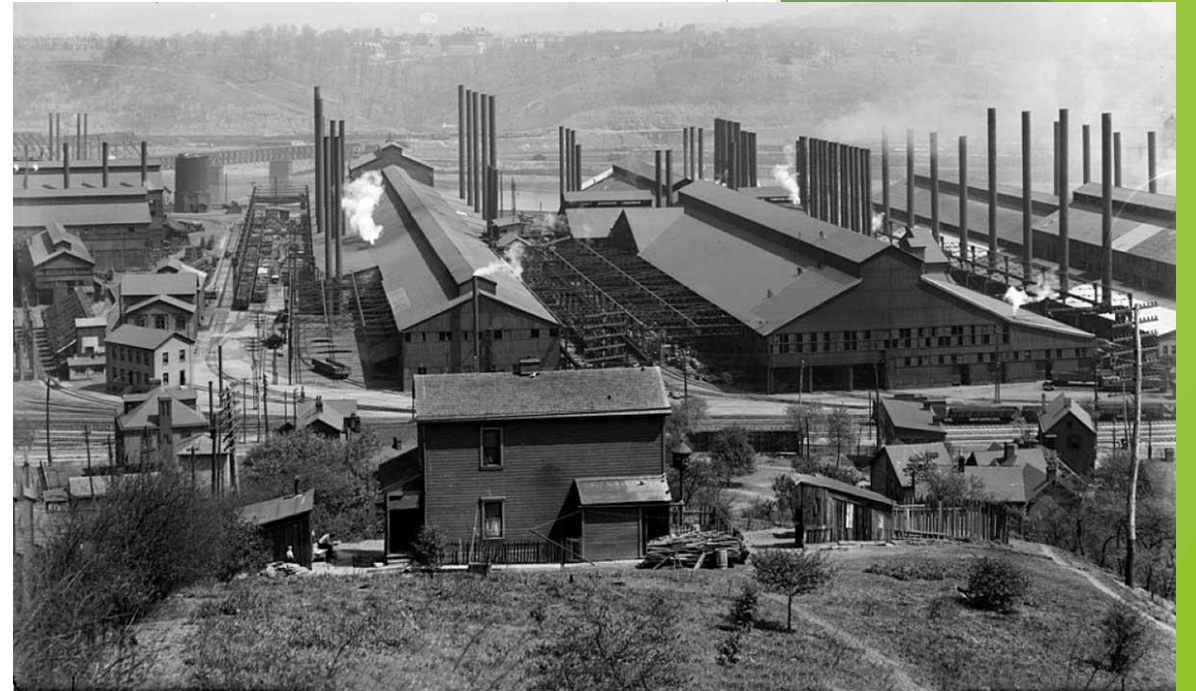
3. 1900: Life expectancy at birth was approximately 47–50 years. Advances in medical science (such as germ theory and vaccination), better sanitation, and urban reforms helped reduce mortality rates, especially among children.



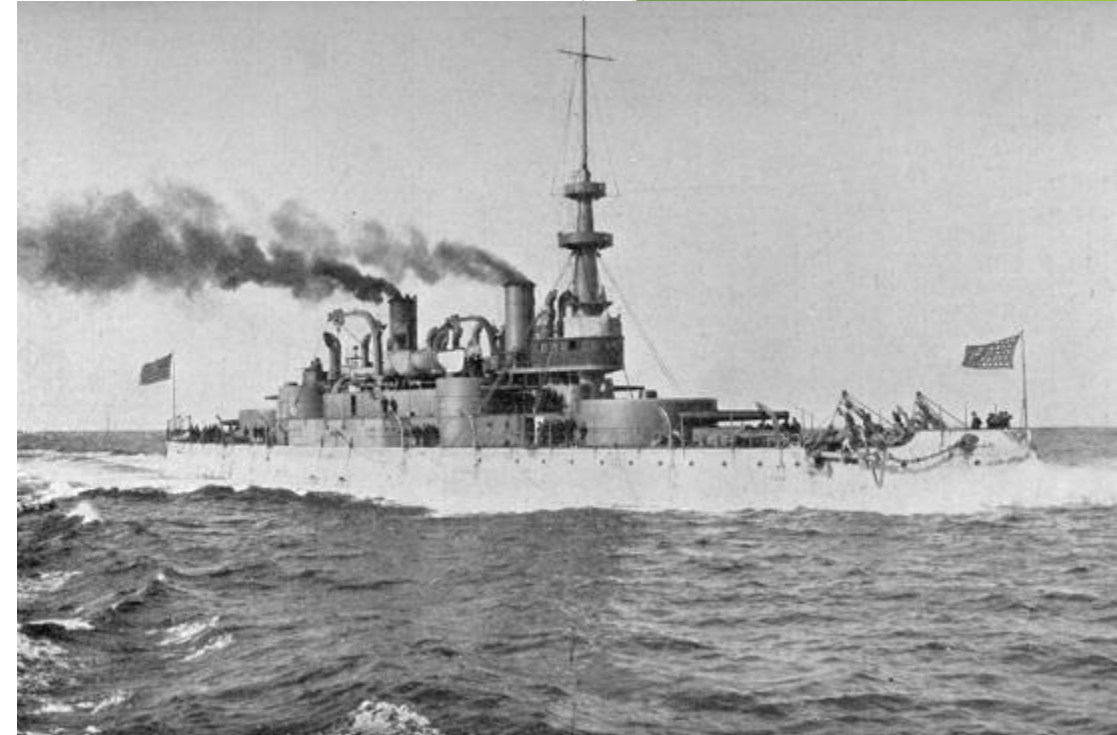
MOTIVATION

Every dead body on Mt. Everest was once a highly motivated person so maybe calm down.

- By the mid-1880s, the United States was leading the world in the production of timber and steel, meatpacking, and in the mining of coal, iron, gold, and silver.
- By 1890 it had become the leading global energy consumer.
- By 1900 it was producing more coal and steel than Britain and Germany combined.

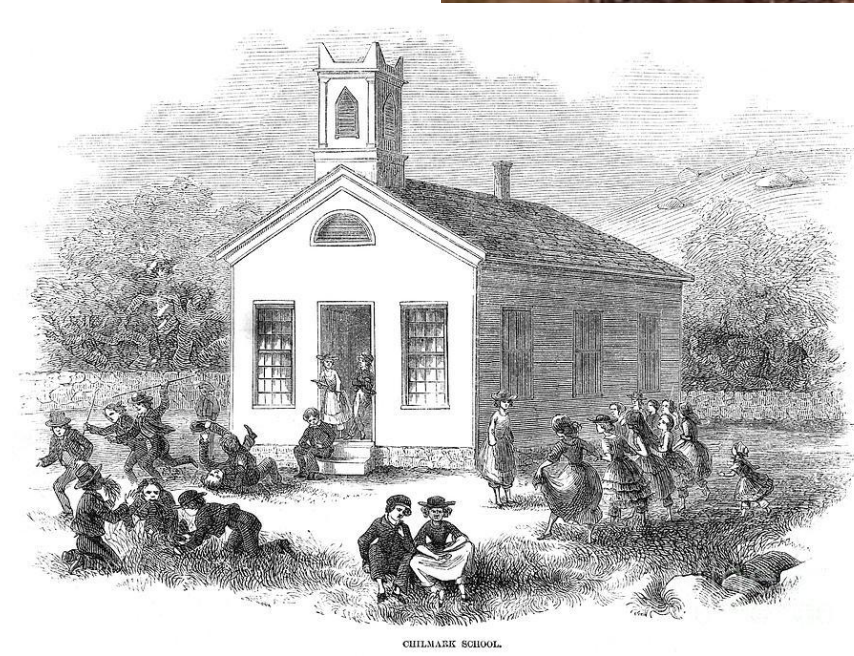


- America achieved world leadership in mass media, annually publishing 186 million copies of newspapers and magazines.
- By 1860 American businessmen began to look abroad for markets and exports tripled between 1860 and 1897, surpassing imports in most years.
- By 1893 the United States had become the second largest world trader behind Great Britain.



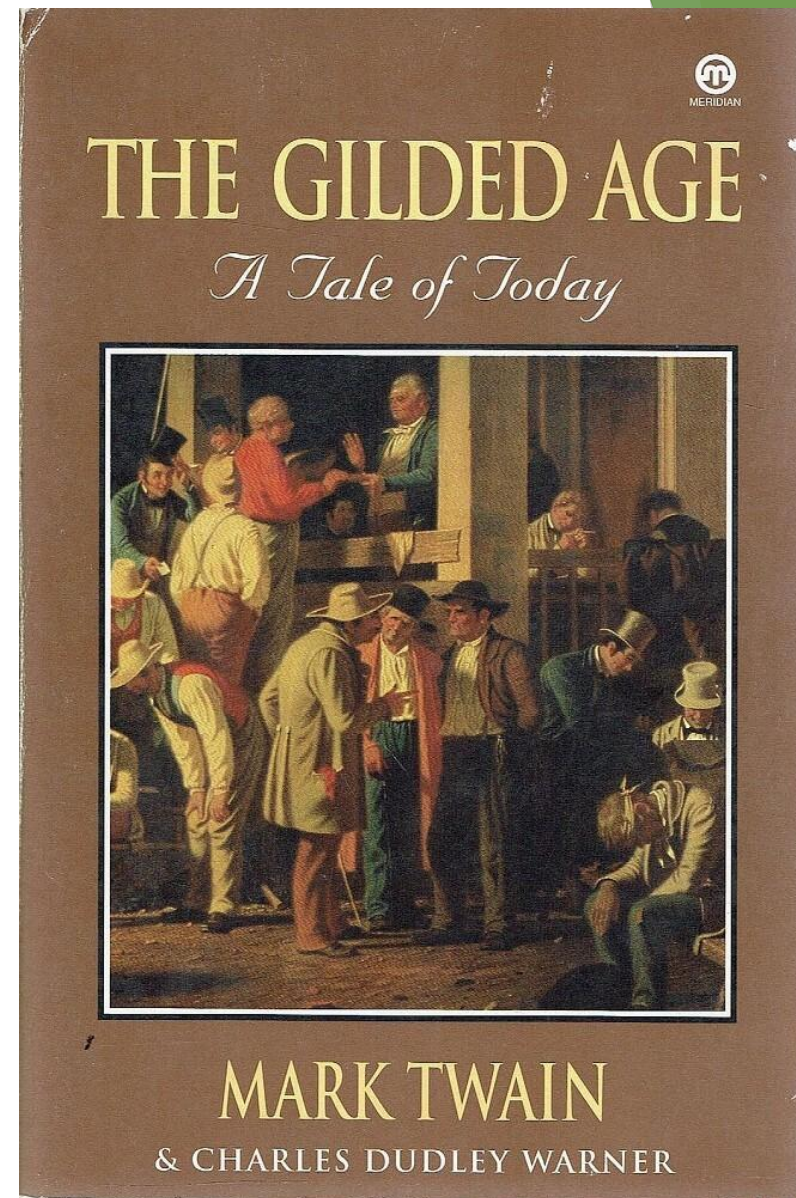
Literacy Trends (building a self-governing society):

- 1850: Around 75% literacy for white Americans, with very low literacy rates for enslaved African Americans.
- 1870: Around 80% literacy for white Americans; 20% literacy for African Americans
- 1880: Around 90% literacy for white Americans; 30% literacy for African Americans.
- 1890: 90-95% literacy for white Americans; 43% literacy for African Americans.
- 1900: 95% literacy for white Americans; 55% literacy for African Americans; overall U.S. literacy around 90%.



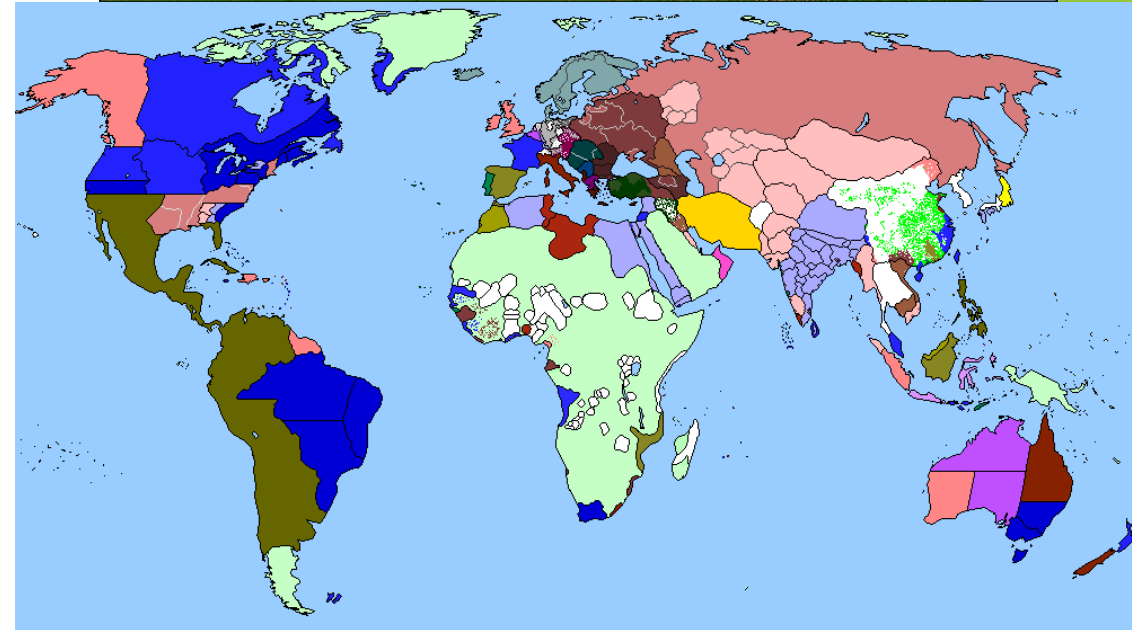
Why the “Gilded Age”?
“all surface but no depth”

“a few rich but most poor compared
to the rich”



America's Natural Economic Resources

- Land and Soil - Fertile farmland ideal for staple crops like corn, wheat, tobacco, and cotton.
- Temperate climate
- Timber - Vast forests covered much of the region
- Mineral Resources – Coal, Salt, Iron Ore, Oil
- Navigable Rivers -The Mississippi, Missouri, Ohio, Tennessee, and Cumberland Rivers provided critical transportation routes, abundant fish stocks, and water for agriculture.
- Great Lakes
- Gold and Silver deposits
- Geographic isolation esp. from Europe

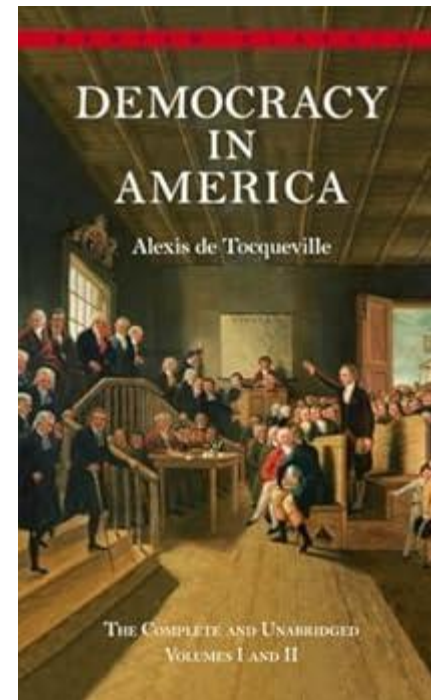
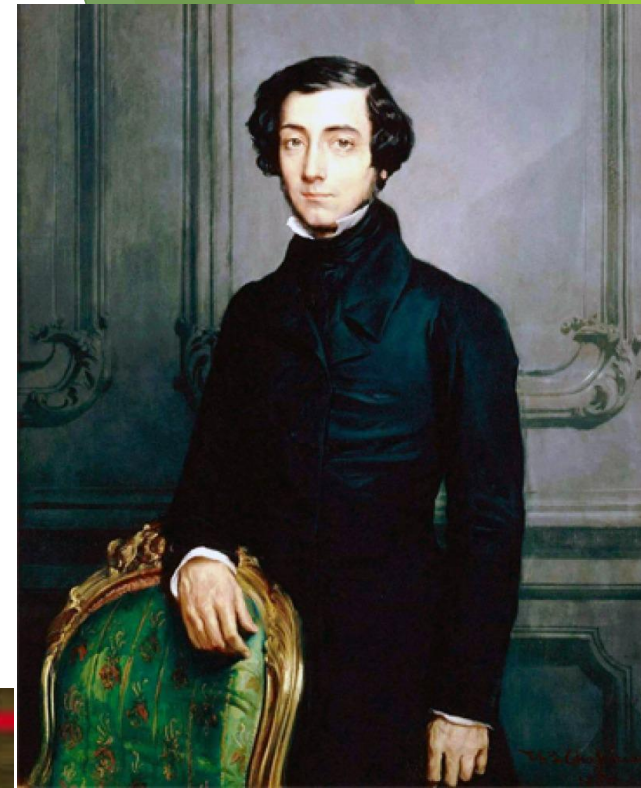


American Social/Economic Institutions

Tocqueville in 1831

In Democracy in America, Alexis de Tocqueville observed and analyzed the unique qualities of American character and aspirations, noting a strong focus on individualism, equality, and a drive for material success.

1. Equality of Conditions – no social classes or advantages/prerogatives; everyone believes they are equal and can rise in his/her station; no aristocratic privileges.
2. Individualism and Self-Reliance – liberty, equality and fraternity skewed heavily toward liberty (the American mantra since 1776)



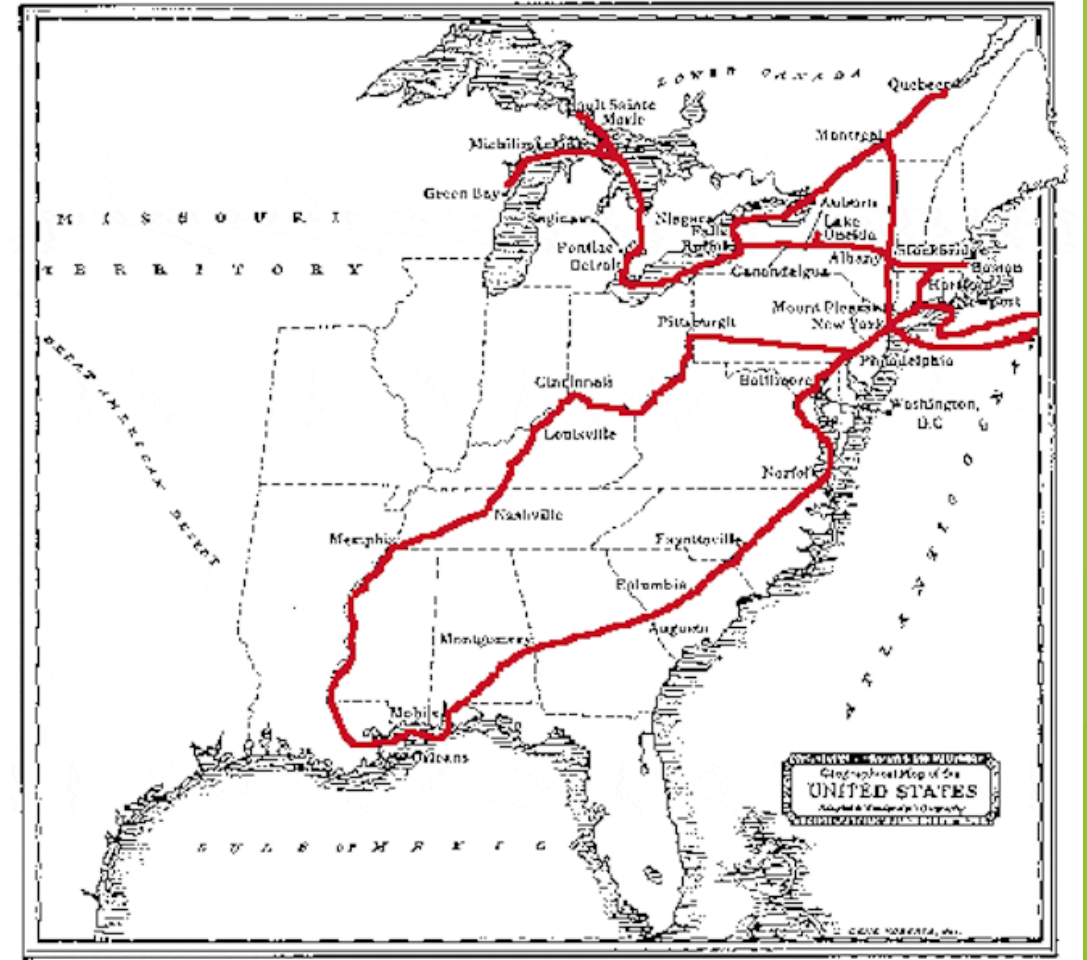
3. Democracy (accountability and inclusivity
(vs. extractive) economy)

4. Aspiration and Restlessness

5. Focus on Practicality and Materialism

6. Religious Influence on Morality – a society
ordered from above

7. No Feudalistic heritage; free land transfer
and inheritance laws

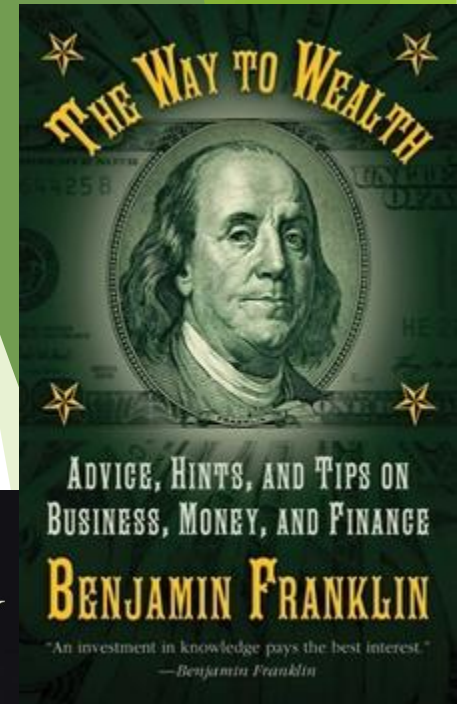
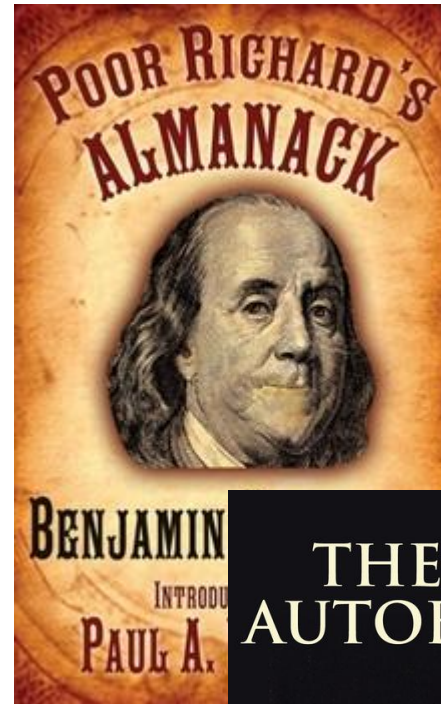


Tocqueville's “empirical” travel route

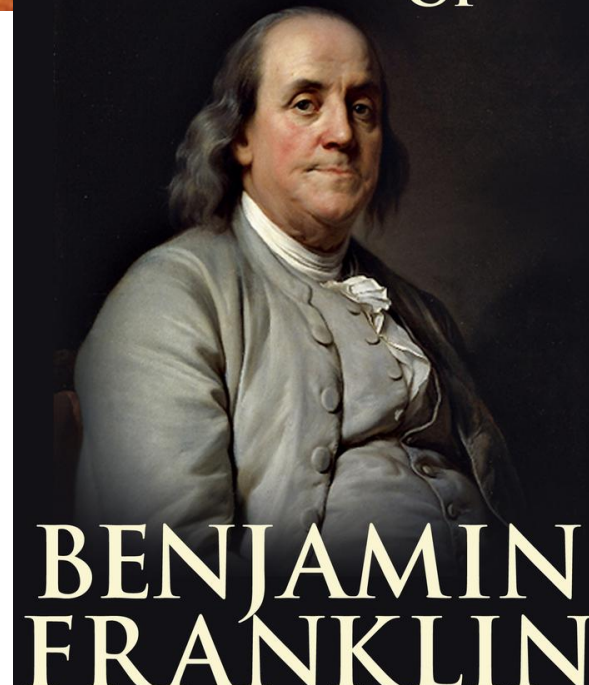
Benjamin Franklin leading author in 19th century America

In his autobiography and other popular writings, Franklin outlined several key habits and virtues essential for producing wealth and leading a successful life (neo-stoic virtues):

1. Industry (Hard Work and Diligence)
2. Frugality (Living Below Your Means)
3. Temperance (Self-Control and Moderation)
4. Prudence (Wise Decision-Making process)
5. Order (Organization and Time Management)
6. Resolution (Determination and Commitment)
7. Justice (Fairness and Honesty)
8. Cleanliness (Personal and Professional Hygiene)
9. Humility (Modesty and Teachability)
10. Continuous Improvement



THE
AUTOBIOGRAPHY
OF



BENJAMIN
FRANKLIN

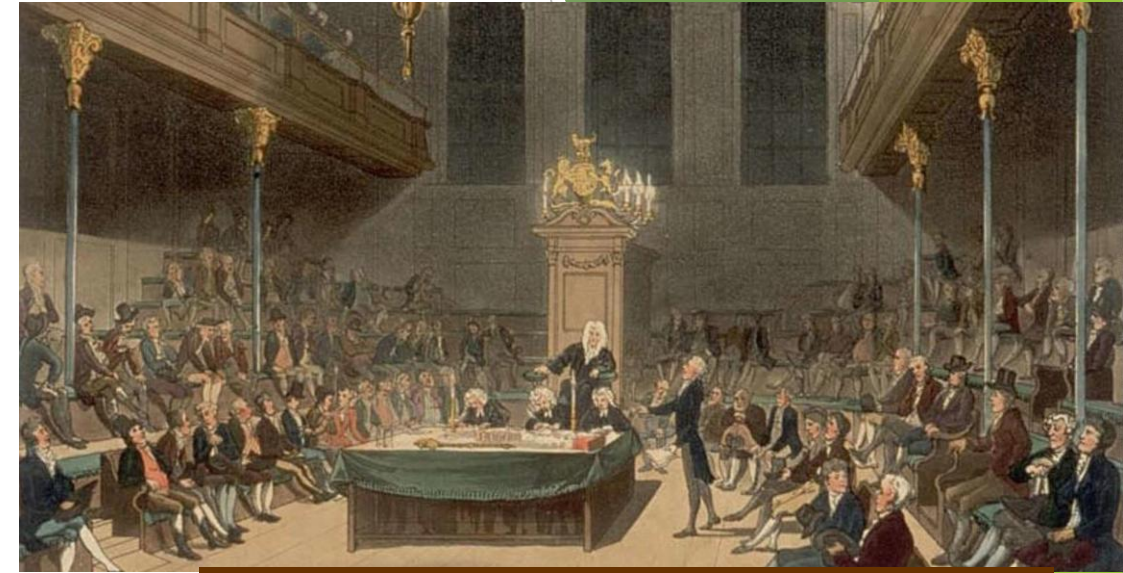
The American Institutions in place in 1865

Institutions - formal and informal rules, customs, traditions and laws governing economic interactions, including organizations

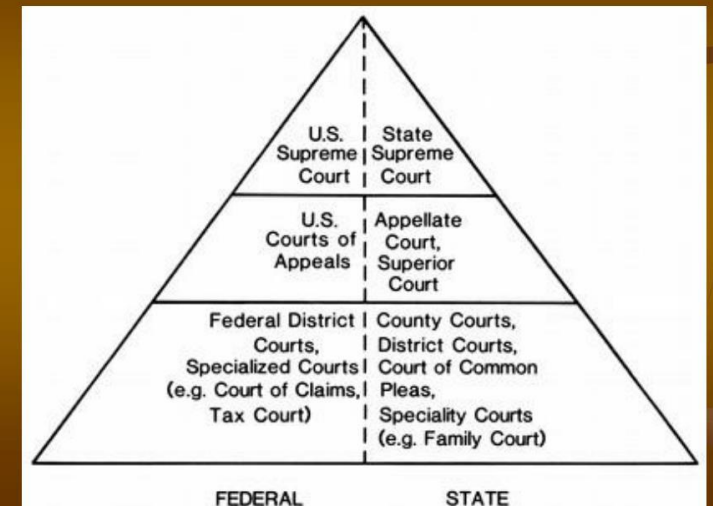
- English heritage of Constitutionalism reinforced by Revolution

Written US Constitution provided for:

- Centralized “special” purpose power (esp. defense)
- Orderly determination and transfer of power
- Patent protection (monopoly)
- Federal only control of interstate commerce and international treaties
- Federal Judicial system
 - Criminal and civil (enforcement of contracts)



Federal & State courts

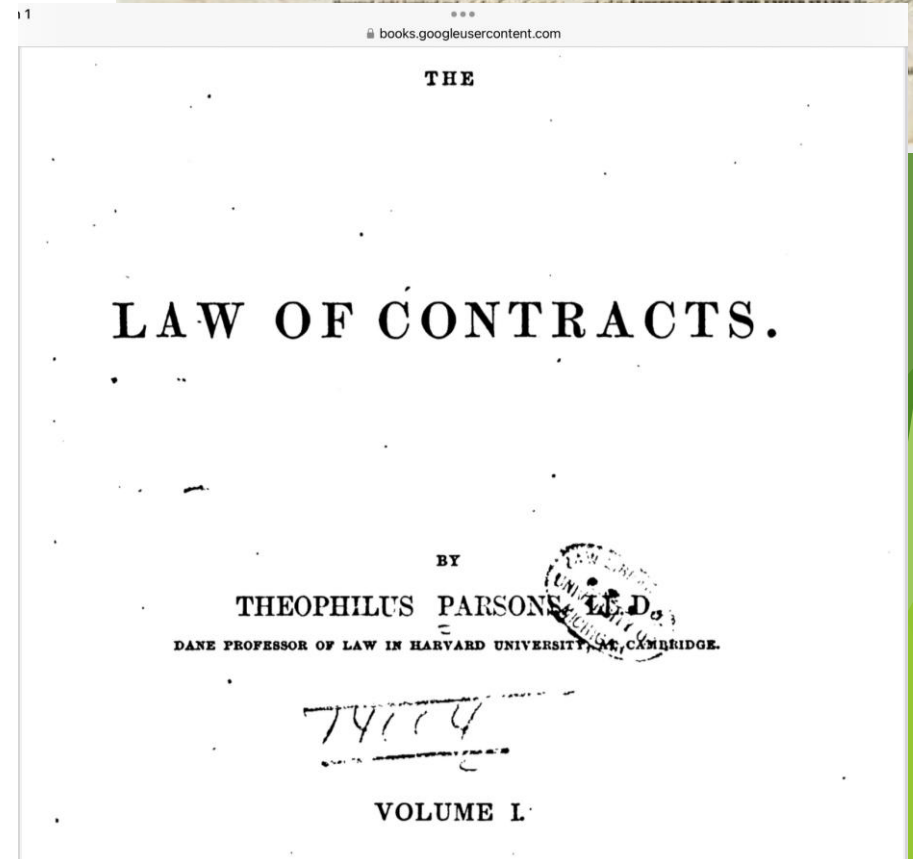


- Federal controlled currency
 - Gold standard – little inflation
- Orderly state entry into Union
- Consensus governance
- Full Faith and Credit Clause
- Executive succession procedure



Institutions of the Nation at Large

- English law and radically modified norms inheritance
- Federal and state land survey offices and recording
- “Inclusive” responsive governments
- Slavery
- Universal male suffrage
- “Free to choose” labor (except women and blacks)
- Merchants respected
- Heritage of an economic mindset
- Classless society (equality of condition and before the Law)
- NYC financial markets/stock exchange
- International markets for goods and money
- Pendleton Civil Service Reform Act of 1883
- A market economy with dwindling transactions costs
- A growing country market



State Institutions

Judicial order & Rule of law

Protestantism (a dominate religion)

Local autonomy for local issues (responsive)

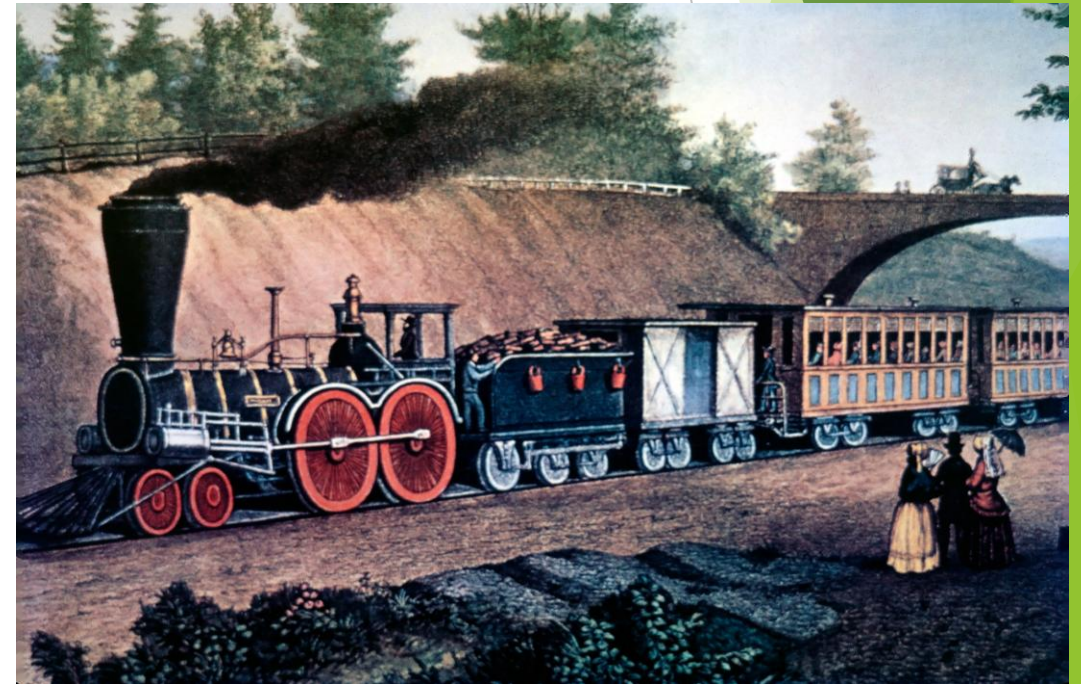
State banking systems

Public schools and colleges

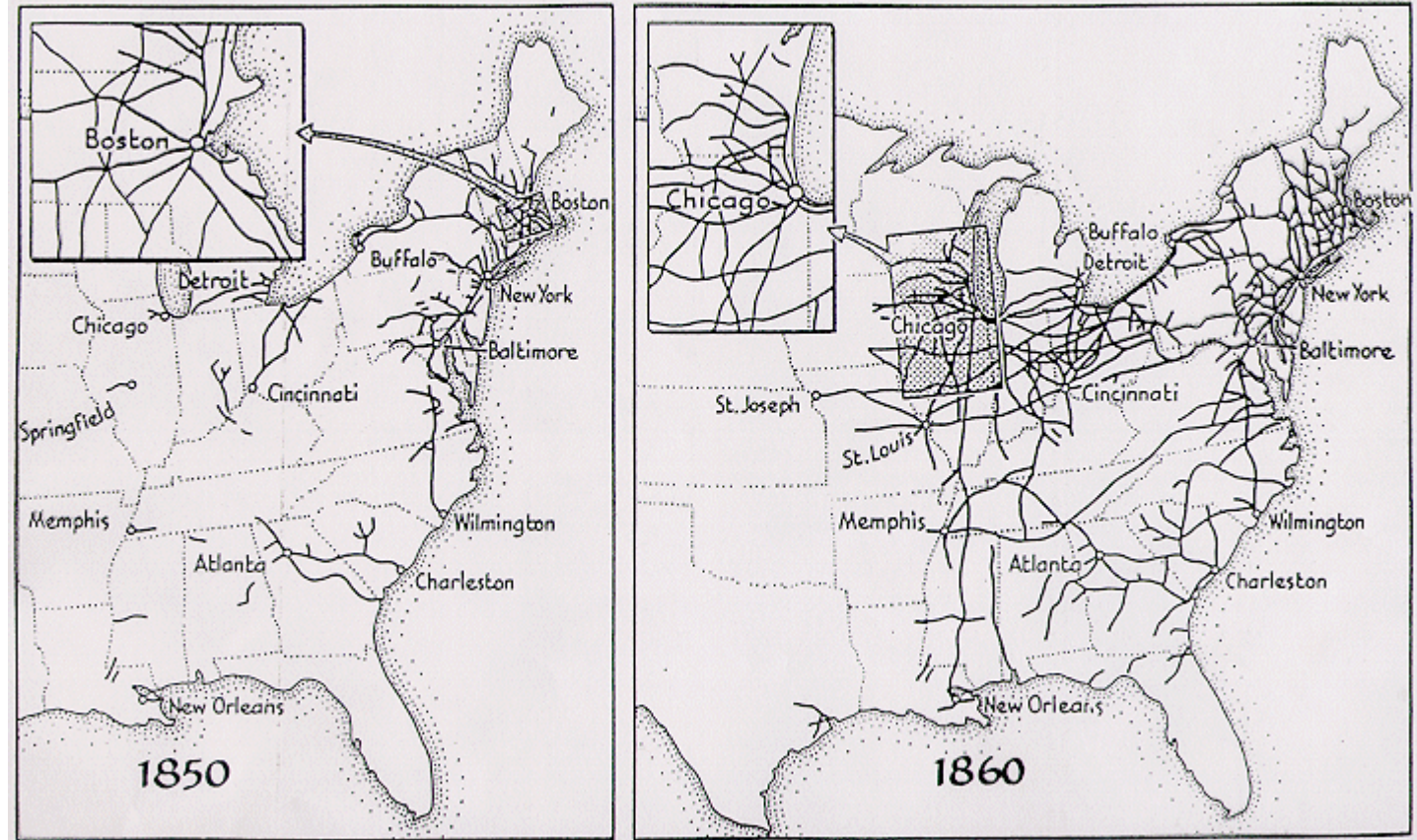
Business organizations (include corporations)

Transportation – roads, bridges, railroads,
steamboats

Abolishment of the “fee of entail”



The Railroad Network, 1850-60



“Political Economy” in 1860

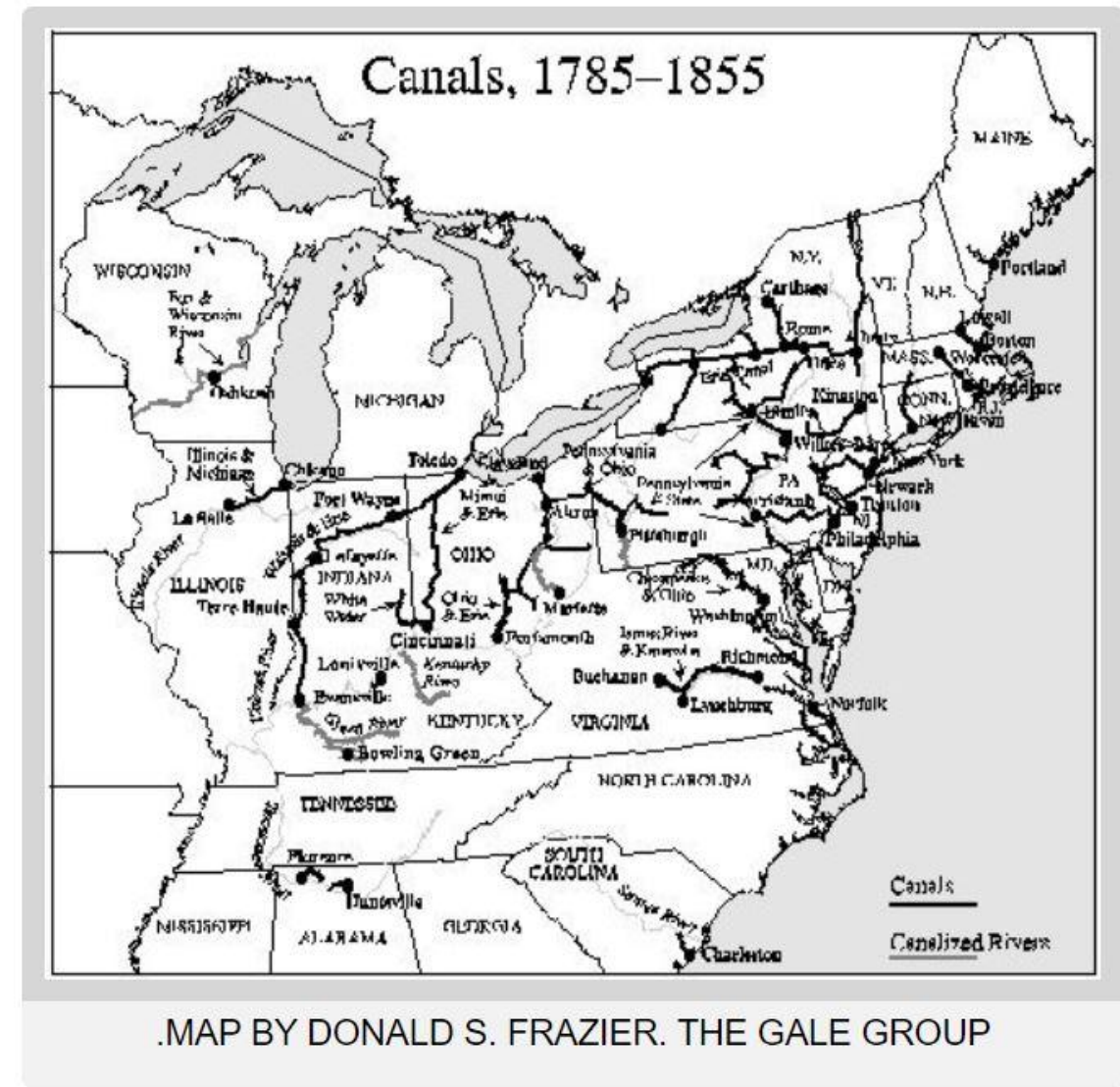
- South opposes Northern tariffs and expansion of central power
- First Industrial Revolution in process
- Small Farmers, Merchants and Artisans
- Horses and state funded canals
- National Roads
- Trains and steam boats

Economic changes before the Civil War

- Transportation improvements (canals, trains, roads) and agricultural improvements led to surplus (beyond subsistence farming)
 - Surplus led to specialization and cash-based economy
 - Agricultural technology (e.g., steel plows, mechanical reapers) reducing farm labor and movement to cities
- Communication via telegraph technology
- Industrial development in cities beginning

Leaning toward mass production

- Interchangeable parts for guns
- Concentrated labor near factories (e.g., textile factories)



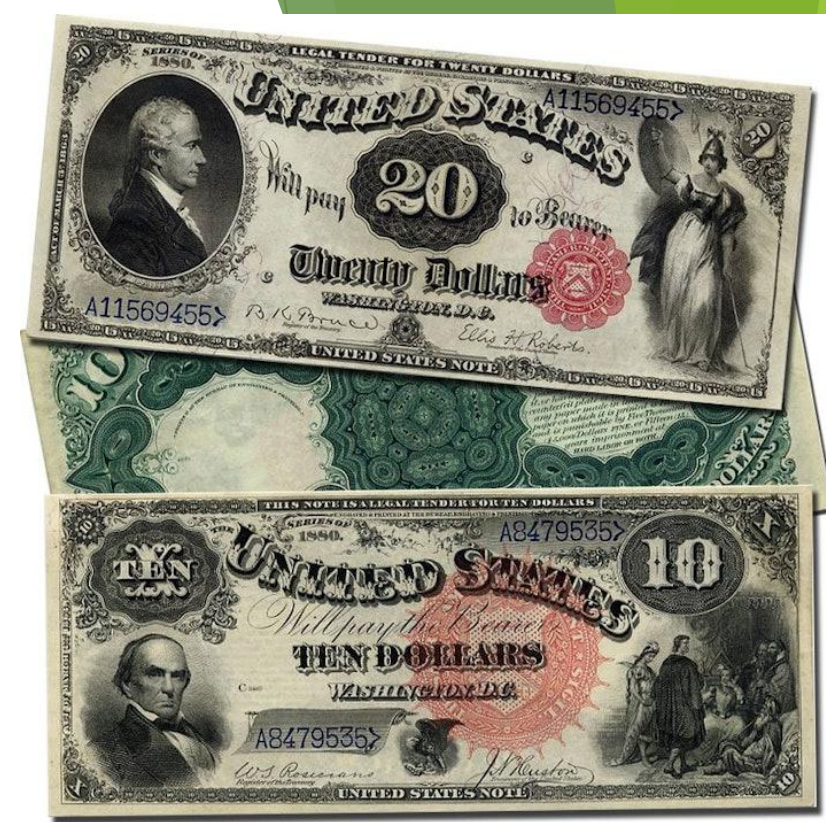
Until 1865, battle between Jacksonian v. Hamiltonian view of government

- Whig Party/Hamilton view – national bank and tariff support; strong military to protect trade; active political economy; strong central government; manufacturing needed
- Democrat Party/Jackson view – national bank unconstitutional and concentrates too much power; low tariff support; passive political economy; weak central government; *slaveholder supported*
- Jackson view majority view in 1860
- Whig party (then Republican party) a Hamiltonian view – tariffs, infrastructure and national bank needed



Legislation during the Civil War (the “Whigs” Republicans have their day)

- Homestead Act of 1862 – homes for speculators and settlers
- Bank Acts of 1863 and 1864 – stabilizing the currency and regulating state banks
 - Gold standard abandoned and Greenbacks issued
- Income tax to finance the war
- The Growth of Government
 - Treasury Securities wholesale and retail
- The Transcontinental Railroad Act – Pre-War and during the War
- The Morrill (Land Grant Technical College) Act
- The Morrill Tariffs
- Civil War Constitutional amendments
- Transatlantic Cable (1866)



States, needing

- taxes and
- large capitalized entities to build and operate railroads and coal mines

expand the prerogatives of corporations.

The corporations

- Allow a separation of ownership from management
- Allow passive investors
- Limit the liability of owner shareholders
- Continue despite the death of a shareholder
- Corporations in this form will continue after the Civil War with lax regulation

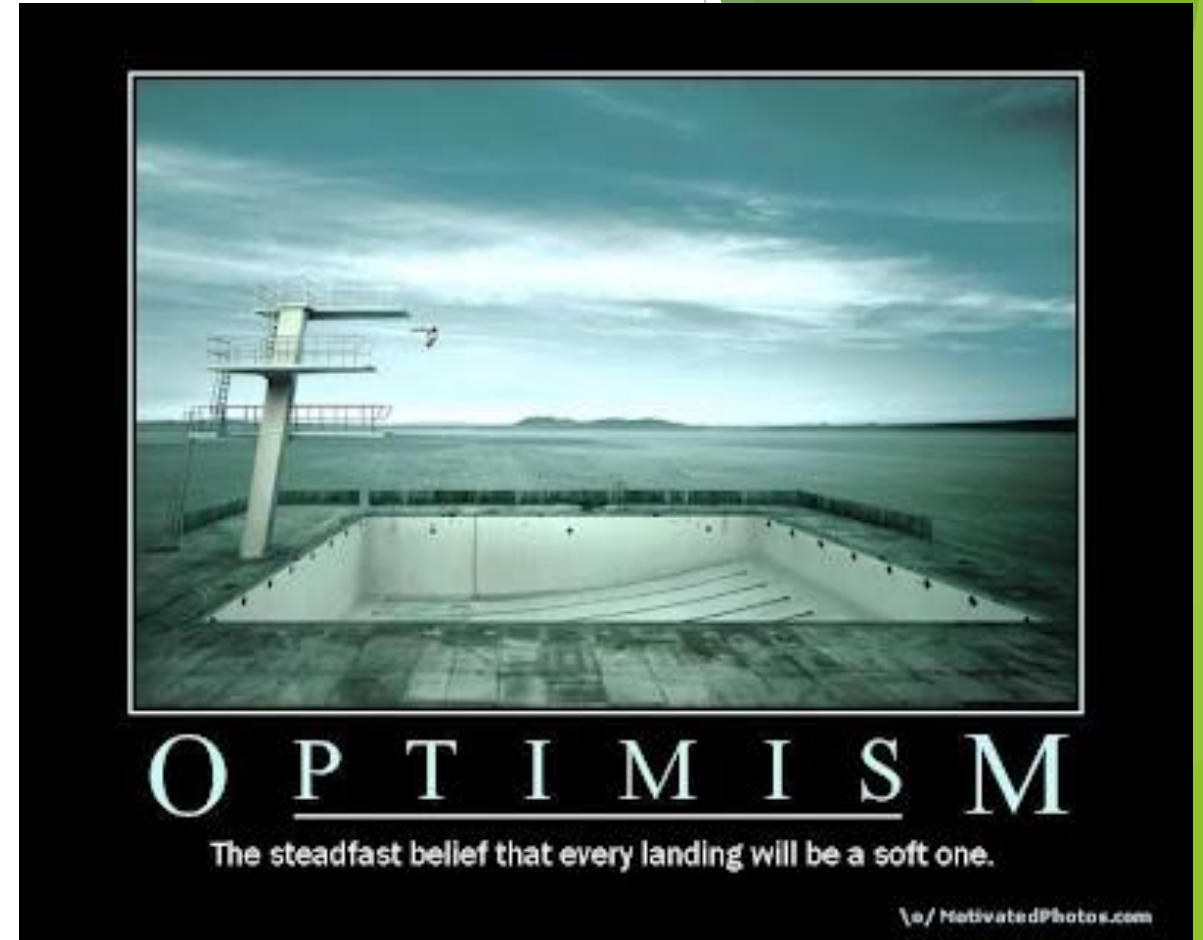


Summary

Many natural resources and “institutions” were in place to continue and accelerate the economic and geographic expansion began before the America Civil War.

New institutions were created specifically for economic growth

America was an inclusive commercial nation.



Next Week: Session 2: The Second Industrial Revolution

