Kevin Sockbeson

HY-103 U.S. History

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Key economic issues of the Gilded Age and how those issues led to party realignment in the 1890s

During reconstruction people involved in politics had huge issues to face. Slavery had been huge in the South and reconstruction wasn’t going to be easy. Once the war was over it seemed that another “war” in washington had begun. Though slavery was put to an end through the Civil war, the South did not want to let go of it. Once all the Planters were mostly pardoned in Southern states, they would begin to lobby for laws in Washington that would help them continue to subjugate African Americans. This battle in Washington would spark massive dissent within the Congress and the Nation. Elections were close, presidents were impeached and assassinated. Reconstruction came to an end and was viewed as mostly a failure. Southern Planters resumed business after rebranding slavery as sharecropping. The next age to come that coincided with the expansion West, was the Gilded Age. During this explosive growth period for the United States, many new challenges would fall upon the Government.

Building of the Trans-Continenal Railroad. - In 1845 it was proposed to congress that they should fund the building of a railroad from coast to coast of the United States. The act of Congress was passed, and Abraham Lincoln signed the act into law. Two competing companies, The Central Pacific and the Union Pacific Railroad, would start on opposite ends of the country and meet in the middle. “Each company would receive 6,400 acres of land (later doubled to 12,800) and $48,000 in government bonds for every mile of track built.”[1]

It’s important to look at who some of the figures charged with building the railroad were. “In the West, the Central Pacific would be dominated by the “Big Four”–Charles Crocker, Leland Stanford, Collis Huntington and Mark Hopkins. All were ambitious businessmen with no prior experience with railroads, engineering or construction.”[2] And in charge of the Union

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[1] https://www.history.com/topics/inventions/transcontinental-railroad
[2] https://www.history.com/topics/inventions/transcontinental-railroad

Pacific, a company that was formed by Congress, came into the control of "Dr. Thomas Durant (who) had illegally achieved a controlling interest in the Union Pacific Railroad Company, giving him complete authority over the project."[3] Corruption was immediately apparent in both companies. (Durant illegally set up a company called Crédit Mobilier, which guaranteed him and other investors risk-free profits from the railroad's construction.)[4] As for the big four: "They borrowed heavily to finance the project, and exploited legal loopholes to get the most possible funds from the government for their planned track construction."[5]

With the building of the transcontinental railroad other industries boomed as a result. The Steel industry and the petroleum industry directly boomed as a result of the railroad. Steel was used to make the tracks as it was better suited than iron which was used in the past. Petroleum was used for lubrication in machinery, and for fuel for lighting. At the head of these industries the men in charge would come to gain astronomical wealth which had not before have been seen in the United States. "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."[6] These super rich tycoons would later become known as the "robber barons" . And included such prominent names like Rockefeller,(J.P.) Morgan, Vanderbilt, Gould.

Not only had wealth inequality started to cause problems for the government as some civil unrest started to crop up. But the real issue that arose was that these wealthy men had so much power that they could begin to buy the government, and make policy that would only enrich them further.

The Tariff- This attempt by government to tax imported goods caused division among Americans. "To many Americans, particularly southern and midwestern farmers , who sold their crops to the world market but had to buy goods priced artificially high because of the protective

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[3] https://www.history.com/topics/inventions/transcontinental-railroad
[4] https://www.history.com/topics/inventions/transcontinental-railroad
[5] https://www.history.com/topics/inventions/transcontinental-railroad
[6] The American Promise: A Concise History, Volume 2 Eighth Edition
by James L. Roark (Author), Michael P. Johnson (Author), Francois Furstenberg (Author), Sarah Stage (Author), Sarah Igo (Author) PG. 471

tariff, the answer was simple: Reduce the tariff."[7] On the other hand, industrialists and producers of raw materials stood to gain from the tariffs. The government had used it's take of tariff money to pay off the Civil War debt and had amassed a treasury of nearly $2 billion. So this became a central and defining issue of the time.

Paper money, Gold, Silver- The issue of what constituted money was also a hugely contested issue during this time. Some believed that making silver currency could solve a lot of problems. Others stood by gold, and some fondly remembered paper money working well during the Civil War. Other certificates like stocks and bonds also represented wealth.

Depression- In 1893 the country fell into its worst financial depression yet. The president at the time (Cleveland) feared that the country was going to go bankrupt. So he allowed the country to be bailed out by J.P Morgan a powerful Banker and one of the "robber barons" . "the federal government had become so weak that it's solvency depended on a private banker"[8] "This lopsided power relationship signaled the dominance of business in the era. Birthed by the railroads the new economy spawned greed, corruption, and vulgarity on a grand scale. California's big four built railroads but also wreaked havoc to turn paper profits; the get-rich-quick ethic of the gold rush infused the whole continent; and businessmen like Collis Huntington boasted openly of buying politicians, who in turn lined their pockets at the public's expense" [9]

These issues along with others such as Party Strife, and Trusts gave Americans a reason to be concerned politically. As many of the decisions being made in Washington had a direct effect on them financially.

[7] The American Promise PG. 487
[8] The American Promise PG. 492
[9] The American Promise PG. 492