

The Rise of Industrial America, 1877-1900

by Richard White



Girls working in a box factory in Tampa, Florida, photographed by Lewis Hine, ca. 1912. (National Archives and Records Administration)

When in 1873 Mark Twain and Charles Dudley Warner entitled their co-authored novel *The Gilded Age*, they gave the late nineteenth century its popular name. The term reflected the combination of outward wealth and dazzle with inner corruption and poverty. Given the period's absence of powerful and charismatic presidents, its lack of a dominant central event, and its sometimes tawdry history, historians have often defined the period by negatives. They stress greed, scandals, and corruption of the Gilded Age.

Twain and Warner were not wrong about the era's corruption, but the years between 1877 and 1900 were also some of the most momentous and dynamic in American history. They set in motion developments that would shape the country for generations—the reunification of the South and North, the integration of four million newly freed African Americans, westward expansion, immigration, industrialization, urbanization. It was also a period of reform, in which many Americans sought to regulate corporations and shape the changes taking place all around them.

THE END OF RECONSTRUCTION

Reforms in the South seemed unlikely in 1877 when Congress resolved the previous autumn's disputed presidential election between Democrat Samuel Tilden and Republican Rutherford B. Hayes on the backs of the nation's freed blacks. A compromise gave Hayes the presidency in return for the end of Reconstruction and the removal of federal military support for the remaining biracial Republican governments that had emerged in the former Confederacy. With that agreement, Congress abandoned one of the greatest reforms in American history: the attempt to incorporate ex-slaves into the republic with all the rights and privileges of citizens.

The United States thus accepted a developing system of repression and segregation in the South that would take the name Jim Crow and persist for nearly a century. The freed people in the South found their choices largely confined to sharecropping and low-paying wage labor, especially as domestic servants. Although attempts at interracial politics would prove briefly successful in Virginia and North Carolina, African American efforts to preserve the citizenship and rights promised to black men in the Fourteenth and Fifteenth Amendments to the Constitution failed.

THE WEST

Congress continued to pursue a version of reform in the West, however, as part of a Greater Reconstruction. The federal government sought to integrate the West into the country as a social and economic replica of the North. Land redistribution on a massive scale formed the centerpiece of reform. Through such measures as the Homestead and Railroad Acts of 1862, the government redistributed the vast majority of communal lands possessed by American Indian tribes to railroad corporations and white farmers.

To redistribute that land, the government had to subdue American Indians, and the winter of 1877 saw the culmination of the wars that had been raging on the Great Plains and elsewhere in the West since the end of the Civil War. Following the American defeat at the Battle of the Little Bighorn the previous fall, American soldiers drove the Lakota civil and spiritual leader Sitting Bull and his followers into Canada. They forced the war leader Crazy Horse to surrender and later killed him while he was held prisoner. Sitting Bull would eventually return to the United States, but he died in 1890 at the hands of the Indian police during the Wounded Knee crisis.

The defeat of the Lakotas and the utterly unnecessary Nez Perce War of 1877 ended the long era of Indian wars. There would be other small-scale conflicts in the West such as the Bannock War (1878) and the subjugation of the Apaches, which culminated with the surrender of Geronimo in 1886, but these were largely police actions. The slaughter of Lakota Ghost Dancers at Wounded Knee in 1890 did bring a major mobilization of American troops, but it was a kind of coda to the American conquest since the federal government had already effectively extended its power from the Atlantic to the Pacific.

The treaty system had officially ended in 1871, but Americans continued to negotiate agreements with the Indians. The goal of these agreements, and American land policy in general, was to create millions of new farms and ranches across the West. Not satisfied with already ceded lands, reformers—the so-called “Friends of the Indians” whose champion in Congress was Senator Henry Dawes—sought to divide reservations into individual farms for Indians and then open up most or all of the remaining land to whites. The Dawes Act of 1887 became their major tool, but the work of the Dawes Commission in 1893 extended allotment to the Creeks, Cherokees, Seminoles, Chickasaws, and Choctaws in Indian Territory, which became the core of the state of Oklahoma. Land allotment joined with the establishment of Indian schools and the suppression of native religions in a sweeping attempt to individualize Indians and integrate them one by one into American society. The policy would fail miserably. Indian population declined precipitously; the tribes lost much of their remaining land, and Indians became the poorest group in American society.

IMMIGRATION

Between 1877 and 1900 immigrants prompted much more concern among native-born white Americans than did either black people or Indian peoples. During these years there was a net immigration of approximately 7,348,000 people into the United States. During roughly the same period, the population of the country increased by about 27 million people, from about 49 million in 1880 to 76 million in 1900. Before 1880 the immigrants came largely from Western Europe and

China. Taking the period between 1860 and 1900 as a whole, Germans comprised 28 percent of American immigrants; the British comprised 18 percent, the Irish 15 percent, and Scandinavians 11 percent. Together they made up 72 percent of the total immigration. At the end of the century, the so-called “New Immigration” signaled the rise of southern and eastern Europe as the source of most immigrants to America. The influx worried many native-born Americans who still thought of the United States as a white Protestant republic. Many of the new immigrants did not, in the racial classifications of the day, count as white. As the century wore on, they were increasingly Catholic and Jewish.

Immigrants entered every section of the country in large numbers except for the South. They settled in northeastern and midwestern cities and on western and midwestern farms. The Pacific and mountain West contained the highest percentage of immigrants of any region in 1880 and 1890.

The immigrants forged networks that shaped how and where they migrated and the kinds of communities they established. Chain migrations linked migrants to prior migrants. Early arrivals wrote home to bring family, friends, and neighbors to the United States. Over large swaths of Minnesota, the Dakotas, and elsewhere German was the primary language of daily life. Tensions between immigrants and the native born over the language to be spoken in public schools, Sunday closures of businesses (sabbatarianism), and temperance reform often put cultural issues and practices at the center of local and state politics.

Taken together, immigration and the end of Reconstruction triggered an anti-democratic movement to restrict access to the ballot box. By the 1870s proponents of restricting suffrage, having defeated an early push for women’s suffrage, were calling democracy a mistake. They advocated restrictions on voting as a way to check corruption, elevate political culture, and marginalize those—they had in mind immigrants and blacks—whom they thought incapable of meeting the obligations of republican politics. They sought political changes that would make it far more difficult for the poor and immigrants to vote. Over time, through poll taxes, residence requirements, literacy requirements, and more, they would succeed. The mass politics and high voting rates characteristic of late nineteenth-century America would not outlive the era.

Attempts to restrict suffrage were part of a strong political and social backlash against immigrants that developed over the course of the century. The United States welcomed immigrants because they were essential to its growing economy, but nativists opposed immigrants as antithetical to American culture and society. They thought of immigrants as exotic and inassimilable. In certain situations, however, nativists had allies who were immigrants or the children of immigrants. Workers, both immigrant and native born, often feared that corporations were using contract labor—workers recruited abroad at lower wages than those paid American workers—to undermine American working conditions and the American family, which they defined as a working man whose wife maintained the home. They opposed certain kinds of immigration. One of the forgotten reforms of the period, the Foran Act of 1885, outlawed contract labor, but the law proved difficult to enforce.

Alliances of some native-born Americans with some immigrants against other immigrants proved most effective in the case of the Chinese. Roughly 180,000 Chinese immigrated to the United States between 1849 and 1882, and they became the personification of both the inassimilable immigrant and the contract worker. Although the Chinese came as free laborers, they were often branded as coolies: abject semi-slaves, whose low standard of living allowed them to thrive on wages that could not support white families.

Racists had previously claimed that superior Anglo-Saxons would inevitably replace “inferior” races. But in the West, while Sinophobes saw the Chinese as exotic and inferior, they also thought the Chinese would triumph over the supposedly superior white men because they were efficient workers. Immigrants and the native born formed mobs that attacked the Chinese at Rock Springs,

Wyoming, in 1885 and expelled them from Tacoma, Washington, in 1885 and Seattle in 1886. Congress passed ten-year restrictions on Chinese immigration in 1882 and 1892 and a permanent exclusion act in 1902. Late in the nineteenth century, those who opposed immigration from Italy, Hungary, and elsewhere compared those groups to the Chinese.

Some immigrants could wrap themselves in the mantle of Americanism if they were “white” and Protestant. Protestant immigrants, particularly Scandinavians and Scots-Irish, joined the American Protective Association in 1887 to restrict Catholic immigration as it rode a larger wave of anti-Catholicism that swept over the country. Aimed initially at Irish and Catholic schools, anti-Catholicism increased its range as new Catholic immigrants began to arrive.

AGRICULTURAL, COMMERCIAL, AND INDUSTRIAL DEVELOPMENT

Although not all of them intended to stay, most immigrants came to the United States for economic opportunity. Cheap land and relatively high wages, compared to their home countries, were available regardless of citizenship. The Homestead Act did not require that settlers filing for land be American citizens, and the railroads not only sold their land grants cheaply, they advertised widely in Europe.

The results of this distribution of fertile and largely accessible land were astonishing. Everything in the late nineteenth century seemed to move faster than ever before. Americans brought more land under cultivation between 1870 and 1900 (225 million acres) than they had since the English first appeared at Jamestown in 1607 (189 million acres). Farmers abandoned small, worn-out farms in the East and developed new, larger, and more fertile farms in the Midwest and West. They developed so much land because they farmed extensively, not intensively. In terms of yields per acre, American farmers ranked far below Europe. Maintaining fertility demanded labor, which was precisely what American farmers were bent on reducing. They invested not in labor but in technology, particularly improved plows, reapers, and threshers. With westward expansion onto the prairies, a single family with a reaper could increase acreage and thus production without large amounts of hired labor. Arable free lands grew scarcer during the 1880s, forcing more and more land seekers west into arid lands beyond the 98th meridian. In many years these lands lacked adequate rainfall to produce crops. “In God we trusted, in Kansas we busted” written on the side of a wagon cover by a family abandoning its homestead summed up the dangers of going too far out onto the semi-arid and arid plains.

The expansion of agricultural lands led to what superficially seems a paradox: the more farmers there were—and the more productive farmers became—the smaller was agriculture’s share of the economy. Farmers had the largest share of the dollar value of American economic output until 1880 when commerce’s 29 percent of the gross national product edged out their 28 percent. In 1890 manufacturing and mining at 30 percent share of the GNP both exceeded agriculture’s 19 percent share. During the same period, the percentage of workers employed in agriculture fell. A majority of the nation’s workers were farmers or farm laborers in 1860, but by 1900 the figure had declined to 40 percent.

Such statistics seemed to reflect a decline in the importance of farming, but in fact, they reflected its significance and efficiency. Farmers produced more than the country could consume with smaller and smaller percentages of its available labor. They exported the excess, and the children of farmers migrated to cities and towns. Where at the beginning of the century exports composed about 10 percent of farm income, they amounted to between 20 and 25 percent by the end of the century. What farmers sold abroad translated into savings and consumption at home that fueled the nation’s industry. Migration from rural to urban areas dwarfed both foreign migration and westward migration.

American agricultural productivity allowed it to remain the world's greatest agricultural economy while it became the world's largest industrial producer.

The rise of industrial America, the dominance of wage labor, and the growth of cities represented perhaps the greatest changes of the period. Few Americans at the end of the Civil War had anticipated the rapid rise of American industry. For the first time in the nation's history, wage earners had come to outnumber the self-employed, and by the 1880s these wage earners were becoming employees of larger and larger corporations. As the Massachusetts Bureau of Statistics and Labor declared in 1873, wage labor was universal: "a system more widely diffused than any form of religion, or of government, or indeed, of any language."^[1]

Skilled workers proved remarkably successful at maintaining their position through the 1880s, but they had to fight to do so. The relatively high wages for skilled workers led employers to seek ways to replace skilled with unskilled or semi-skilled workers. Mechanization provided the best tactic for deskilling work and lowering wages. Many of the bitterest strikes of the period were attempts to control working rules and to maintain rather than raise wages. Beginning with the Great Railroad Strike of 1877, through the Great Upheaval of 1886 that culminated in the slaughter at Haymarket Square, then through the Homestead Strike (1892), Pullman Strike (1894), and more, the largest confrontations often involved violence and the intervention by state or federal governments to repress the strikes.

RAILROADS

Many of these strikes involved the railroads; the whole economy seemed to revolve around the railroads. At the end of the 1870s the railroads renewed their expansion. With a brief break in the 1880s, expansion continued at a reckless pace until 1890. At the end of 1890 more than 20 percent of the 161,000 miles of railroad in the United States had been constructed in the previous four years. By the end of the century the railroad corporations rivaled the United States government in size. In 1891 the Pennsylvania Railroad had 110,000 employees, almost three times the number of men in all the armed forces of the United States. Its capitalization of \$842 million was only \$150 million less than the national debt. Nationally, 418,957 people worked for railroads in 1880 and nearly 800,000 in 1890: about 3 percent of the entire work force of the nation. By 1900 roughly one-sixth of all capital investments in United States were in the railroads.

The railroads powered the industrial economy. They consumed the majority of iron and steel produced in the United States before 1890. As late as 1882, steel rails accounted for 90 percent of the steel production in the United States. They were the nation's largest consumer of lumber and a major consumer of coal. They also distributed these commodities across the country.

At times, however, railroads threatened to haul the American economy into the abyss. Rail corporations overbuilt, borrowed recklessly, and were often atrociously managed. They ricocheted wildly between rate wars and the creation of pools to fix prices, and they encouraged other industries to follow. Wheat, silver, timber, cattle, and other commodities flooded the market, sent prices tumbling, and dragged many producers into bankruptcy. The signal of every economic collapse in the late nineteenth century was the descent of railroads and the banks associated with them into receivership.

THE ECONOMY

The railroads were typical of the economic contradictions of the era. Over the period as a whole, American industry advanced rapidly. By 1900 the United States had one half the world's manufacturing capacity. At the end of the century, it had overtaken Great Britain both in iron and

steel production and in coal production. The United States made such great gains because it was the fastest runner in a relatively slow race. The entire period from 1873 to the turn of the century became known as the Long Depression in western Europe. The United States grew faster than European economies, although no faster than nations with similar British colonial backgrounds—Australia and Canada. It actually grew more slowly than Argentina. None of these economies, however, were remotely as large.

The growth was not even. Periods of prosperity alternated with deep downturns in a boom/bust pattern. The economy came out of the depression following the Panic of 1873 at the end of that decade, lurched into a short, sharp depression in 1882–1883, and then fell into a much more severe depression from 1893 to 1897. Until the 1930s this was known as the Great Depression.

Such fluctuations in the American economy were linked to the larger world economy. Important sectors of the American economy globalized, putting American businesses and farmers in competition with other places in the world. One result was a steady downward pressure on prices. The Republican policy of maintaining tariff protection for American industry mitigated deflation on the domestic market, but the return to the gold standard with the Resumption Act of 1875, which later became a major political issue, created compensatory deflationary pressure that contributed to the general decline in prices. This benefitted workers only as long as they were able to maintain their wages.

Economic changes manifested themselves in rates of immigration (which rose during good times and declined during bad), urbanization, types of work, family organization, and more. Social and cultural patterns, in turn, affected the economy by determining who held certain jobs, how those jobs were valued, and where and how work took place. The cumulative effects of these changes were staggering, and many Americans worried that immigration, urbanization, wage labor, and the rise of large corporations undermined values that they thought defined the country itself.

SOCIAL CHANGE

The Civil War had seemed to secure the triumph of a world of small producers and the values of free labor, individualism, and contract freedom. Many Americans desperately wanted to believe that those values survived and still ensured success within the new industrial society. Sometimes they attached the old values to new theories. Herbert Spencer, the British writer and philosopher, had many American disciples, of whom William Graham Sumner of Yale was probably the most prominent. Spencer and his disciples tried to understand human social change in terms of Darwinian evolution, utterly obfuscating the mechanisms of biological evolution in the process.

Other Americans simply tried to portray the new economy as essentially the same as the old. They believed that individual enterprise, hard work, and free competition in open markets still guaranteed success to those willing to work hard. An evolving mass print culture of cheap newspapers, magazines, and dime novels offered proselytizers of the old values new forms of communication. Horatio Alger, whose publishing career extended from the end of the Civil War to the end of the century, wrote juvenile novels that reconciled the new economy with the old values of individualism. In his novels, an individual's fate was still in his hands.

POLITICS

Many other Americans did not think so. They formed a diffuse reform movement contemporaries referred to as antimonopolism. Antimonopolists, including farmers, small businessmen, and workers in the Knights of Labor and other organizations, agreed on the problem, but often differed on the solution. They lamented the rise of large corporations, which to them were synonymous with monopoly. They worried about the dependence on wage labor, the growth of unemployment,

particularly during the frequent panics and depressions, the proliferation of tramps as the poor who wandered in search of work were known, and the decline of individual independence. In the 1870s Walt Whitman lamented the human casualties of the new economy. “If the United States, like the countries of the Old World, are also to grow vast crops of poor, desperate, dissatisfied, nomadic, miserably-waged populations such as we see looming upon us of late years—steadily, even if slowly, eating into us like a cancer of lungs or stomach—then our republican experiment, notwithstanding all its surface successes, is at heart an unhealthy failure.”[2]

Antimonopolists agreed that the purpose of a republican economy was to sustain independent and prosperous republican citizens, but how to restore the economy to that condition was the problem. Some, probably a majority in the 1870s, sought government intervention to restore competition. Others, who grew in numbers in the 1880s and 1890s, accepted the inevitability of large corporations but desired that they be more tightly regulated. By the 1890s, the Populists, an antimonopolist third party centered on the South and West, advocated government ownership of the railroads and the telegraphs.

In many ways the antimonopolists were successful. They comprised large factions within both the Democratic and Republican Parties and created new third parties from the Greenbackers (1874–1884) to the Populists of the 1890s. In 1896, the climactic election of the period pitted the antimonopolist William Jennings Bryan against the Republican William McKinley. Bryan lost, but many of the reforms antimonopolists advocated would be enacted over the next twenty years.

Many others were already in place. The inevitable compromises involved in passing legislation left a contradictory reform legacy. Some measures sought to restore competition by breaking up trusts or holding companies while others accepted the existence of large corporations but enforced regulations to restrain them. The Sherman Anti-Trust Act of 1890 initiated a movement to break up the largest trusts. State railroad commissions, the most effective of which were in Iowa and Texas, and the Interstate Commerce Commission created in 1887 represented attempts to regulate corporations.

SYMBOLS OF THEIR AGE

Certain people became better known and better remembered than the presidents of the period because they came to represent both the economy itself and people’s ideological views of it. Thomas Edison emerged as perhaps the most admired American of the age because he seemed to represent the triumph of individualism in an industrial economy. He built his famous lab at Menlo Park, New Jersey, in 1876. The public regarded Edison as the “wizard of Menlo Park,” but it was ironically the lab—a cooperative enterprise—that produced the inventions from a workable electric light to the phonograph and more. And when in 1890 Edison merged his lab and other businesses into General Electric, the man who was a symbol of economic individualism became the head of a large corporation. That the corporate form captured Edison was not surprising because large corporations that first arose with the railroads before the Civil War were coming to dominate the American economy during the Great Merger movement of the 1890s.

John D. Rockefeller symbolized the darker view of the economy. His Standard Oil became the best-known and the best-hated corporation of the day. Rockefeller ruthlessly consolidated a competitive oil industry, absorbing rivals or driving them out of business. He was unapologetic, and he had only disdain for those who still thought of the economy as depending on individualism and competition. Organization and consolidation was the future. “The day of the combination is here to stay,” he proclaimed. “Individualism has gone never to return.”[3]

What was also gone was the United States as a purely continental nation. In many ways, the American acquisition of an overseas empire was a continuation of its continental expansion at the

expense of American Indian peoples. But with the annexation of Hawaii (1898) and the subsequent annexation of the Philippines and Puerto Rico following the Spanish American War (1898), the United States extended its military and governmental reach beyond its continental boundaries. The war, like so many things, marked the vast changes that took place in a neglected era.

[1] Quoted in Amy Dru Stanley, *From Bondage to Contract: Wage Labor, Marriage, and the Market in the Age of Slave Emancipation* (New York: Cambridge University Press, 1998), 62.

[2] Walt Whitman, *Specimen Days and Collect* (Philadelphia: David McKay, 1883), 330.

[3] Allan Nevins, *John D. Rockefeller* [1959], 1:622.

Richard White is the Margaret Byrne Professor of American History at Stanford University and a past president of the Organization of American Historians. His books include *It's Your Misfortune and None of My Own: A New History of the American West* (1991), *The Middle Ground: Indians, Empires, and Republics in the Great Lakes Region, 1650–1815* (1991), which won the Parkman Prize, and most recently *Railroaded: The Transcontinentals and the Making of Modern America* (2011).