Handout A Review Questions Answer Key

1. Railroads provided faster, cheaper, and more reliable transportation. In addition, railroads became the first corporations that provided a model for the rise of big business. They raised huge amounts of capital through the sale of stock, built new bureaucratic management to organize increasingly complex operations across wide geographical areas, and stimulated demand for other heavy industries such as coal, iron, and steel.

2. These large companies followed the railroad model and incorporated as public companies which then sold shares of ownership as stock. Therefore, ownership became increasingly divorced from management. A large bureaucracy of managers sought rational, efficient operations, while central offices analyzed operations and made strategic decisions for the firm.

3. Companies struggled to make profits in the fiercely competitive environment. As a result, they formed “pools” or “trade associations” that were informal agreements to cooperate in the fixing of prices and allocating business so that members were all profitable. Since these agreements were voluntary, they were not legally binding and were often broken by members. Eventually, big business formed trusts, a type of business consolidation that would more formally create a single holding company for the stocks of several leading businesses in an industry. This new, powerful company would be able to exercise a great deal of control over price and output decisions for the entire industry. The size of these businesses gave them an advantage over smaller competitors because they closed less efficient plants and cut costs with new technologies. Businesses grew in size and dominated entire industries as monopolies or oligarchies. Many American reformers, consumers, and businessmen feared the trusts would destroy competition in the American economy and exercise disproportionate political influence.

4. Small business owners often felt threatened by the success of the new forms of business organization. The trusts’ economies of scale made it difficult for small businesses to engage in direct competition. These small businesses often either went bankrupt or were bought out. Representatives of small business, politicians, and ordinary Americans feared that corporations threatened free markets, and therefore the American Dream, with monopolistic control. On the other hand, many small businesses thrived when they decided to either produce a niche product or target a local market rather than directly competing with those companies that dominated the industry. For example, several Pittsburgh steel mills specialized in making nails, nuts and bolts, and barbed wire that Carnegie Steel had no interest in producing.

5. Companies began to market their goods with name brands to differentiate them on shelves. Indeed, stores themselves changed dramatically from practical dry-goods stores to attractive urban department stores and chain stores. Department stores offered a shopping experience with wondrous and dazzling displays for consumers, and chain stores such as the A&P offered reliable, standardized products. Advertisements flooded newspapers and influenced buying decisions by glamorizing goods. In rural areas, farmers became consumers of goods by shopping in Sears, Roebuck, and Montgomery Ward mail-order catalogs. The wealthy in the Gilded Age demonstrated
their social status with gaudy displays of wealth known as “conspicuous consumption.” Culture for the middle class began to reflect consumerism rather than the virtues of Victorian character.

6. Concerned about American civic culture and the condition of the masses, they gave millions of dollars away to universities, libraries, museums, medical research, and urban beautification projects to educate and uplift the condition of their fellow Americans. They also endowed large foundations that would continue to donate millions of dollars to causes ranging from world peace to eradicating disease. Many of the entrepreneurs felt the imperatives of the “Gospel of Wealth” that great wealth brought a social responsibility to create a better society. However, critics then and now argued that the industrialists’ philanthropy was a just a ploy to forestall government regulation, maintain social control over the masses through the public spaces, and preserve inequalities of wealth by keeping the system in place rather than reforming it.

7. Government regulation began with the Interstate Commerce Act (1887) and the Sherman Antitrust Act (1890). The Interstate Commerce Act targeted railroad rebates by prohibiting rate discrimination and was generally supported by the railroads. Railroads also supported measures in the Progressive Era including the Elkins Act (1903) that prohibited rebates and the Hepburn Act (1906) that created a commission that set “reasonable” rates rather than the market. During World War I, the federal government took over the railroads to ensure efficient mobilization for war. These regulatory measures had the support of an angry American populace, but none solved the problems of the railroad industry.

The Commerce Clause in Article I, section 8 of the Constitution granted Congress authority to regulate interstate trade. Congress used this authority to pass the regulations of the Sherman Anti-Trust Act (1890), which banned “every … combination … in restraint of trade or commerce among the several states.” However, the legislation was written vaguely and satisfied neither its supporters nor its opponents. In U.S. v E.C. Knight (1895), the Supreme Court decided that the “sugar trust” that controlled 90 percent of the industry did not violate the Sherman Act because there was no evidence that the trust controlled prices. The Court also decided the trust’s activity was rooted in manufacturing, and therefore did not restrain interstate commerce and could not be regulated.

Presidents Theodore Roosevelt, William Howard Taft, and Woodrow Wilson sought various regulatory agencies to control the trusts and often prosecuted the trusts in federal court. President Theodore Roosevelt became known as a “trust-buster.” This nickname proved especially true for the dissolution of the 1904 Northern Securities Company by the Court for violating the Sherman Act. William Howard Taft prosecuted even more trusts, including Rockefeller’s Standard Oil. In 1911, the Court articulated the “rule of reason” in breaking up the Standard Oil Company when it decided that immense size was not always a problem and that not all restraints of trade were unreasonable or illegal. In other words, it distinguished between “good” and “bad” trusts based upon behavior. President Woodrow Wilson signed the Clayton Act (1914) into law enumerating illegal antitrust activities and empowering another executive agency, the Federal Trade Commission, to enforce its provisions. Neither railroad nor business regulation solved the problems of big business nor were they wholly satisfactory to nearly any interest group with a stake in regulation. Ironically, World
War I saw the close cooperation of government and business in order to achieve greater efficiency in industrial production for war. This established a precedent of a very close government-business relationship that would influence later New Deal reforms during the Great Depression.

Handout D: Business and Advertising in the Gilded Age Answer Key

**Wesson Oil Ad**
1. Images include a healthy salad with various condiments including Wesson Oil.
2. A healthy meal on a table with expensive, modern-looking table settings.
3. Wesson Oil.
4. The ad is trying to persuade consumers that a healthy lifestyle includes consuming Wesson Oil.

**Pierce Arrow Ad**
1. Modern-looking cars (for the 1920s) and wealthy-looking individuals in gowns, furs, and tuxedos.
2. The symbols are associated with upper-class success, wealth, and consumerism.
3. Pierce Arrow cars.
4. The ad is trying to persuade consumers that buying and owning a car will confer great social status upon the person.

**Cream of Wheat Ad**
1. Uncle Sam eating a bowl of Cream of Wheat in a chair with an eagle overlooking him.
2. The symbols are patriotic Americanism with Uncle Sam, the American Eagle, stars and stripes from the American flag, and red, white, and blue colors.
3. Cream of Wheat cereal.
4. The ad is trying to tie together eating Cream of Wheat cereal with patriotism.

**Waterman Fountain Pen**
1. The images include a rising sun over an urban landscape of skyscrapers with fountain pens on each side.
2. The symbols include urbanity and modernity of the industrial age.
3. Watermen Fountain pens.
4. The ad is trying to argue that consuming the product will make one appear to be urbane and modern in the new industrial age.
**Coca-Cola**

1. The image is a man, a manager for a professional baseball team, who drinks Coca-Cola. The text promises that the drink gives a person “vim, vigor, and go.”
2. The symbol includes a recognizable sports celebrity at the time who is endorsing the product.
3. Coca-Cola soft drink.
4. The ad is using a celebrity to induce a consumer to purchase the beverage.

**Sargent Hardware Locks**

1. The image is of a man’s arm locking a door with beautiful scrollwork around the lock. Italicized words include secure and safety.
2. The symbol is of a lock for a door of a man with a nice suit and cufflinks on indicating security and safety for one’s possessions.
3. Sargent Hardware door locks.
4. The ad is trying to convince that one will have peace of mind that their house will not be robbed with an implicit threat of danger to the security of one’s possessions and person.
The decades after the American Civil War witnessed a vast array of social, economic, technological, cultural, and political changes in the American landscape. These changes transformed the United States from a largely local to a national society. This new society was characterized by a more integrated nation with large institutions and a broad, national outlook.

The economy experienced significant growth during the late nineteenth century that built on the beginnings of the industrial revolution that had begun before the Civil War. The rise of the factory system depended on technological change and new power sources that made the mass production of goods possible. The expansion of the railroad created a national distribution network for the goods. The modern business corporation grew as a response to managing the national production and distribution of goods. The practices of big business came under media and regulatory scrutiny as equal opportunity seemed to shrink. The great wealth of several industrialists was also scrutinized by those who feared their influence and were concerned about growing inequality.

American workers were the backbone of this new industrial economy as they worked with machines to secure the raw materials from the earth and used them to create a finished product. Millions of workers saw great changes in the nature of their work in the factory system. They earned higher wages and enjoyed greater standards of living but sometimes at a great cost due to dangerous, unhealthy conditions. Workers organized into labor unions to meet the growing power of big business. The labor unions gave workers a sense of solidarity and a greater bargaining position with employers. Waves of strikes and industrial violence convulsed the country, and led to an uncertain future for organized labor.

American farmers were caught between two competing trends in the new industrial economy. The future seemed bright as new western lands were brought under cultivation and new technology allowed farmers to achieve much greater production. However, banks and railroads offered mixed blessings as they often hurt the farmers’ economic position. Farmers organized into groups to protect their interests and participate in the growing prosperity of the rapidly industrializing American economy. At the same time, difficult times led many to give up on farming and find work in factories.

American cities became larger throughout the period as the factory system drew millions of workers from the American countryside and tens of millions of immigrants from other countries. The large cities created immense markets that demanded mass-produced goods and agricultural products from American farms. The cities were large, impersonal places for the newcomers and were centers of diversity thanks to the mingling of many different cultures. The urban areas lacked basic services and were often run by corrupt bosses, but the period witnessed the growth of more effective urban government that offered basic services to improve life for millions of people.

The tens of millions of immigrants that came to the United States primarily settled in urban areas and worked in the factories. They came for the opportunities afforded by large, industrial
economies and provided essential low-skill labor. The “new immigrants” were mostly from southeastern Europe, Asia, and Mexico. They had to adapt to a strange new world, and in turn brought with them new ethnicities, languages, religious practices, foods, and cultures. This tension over assimilation led to debates about American values and the Americanization of immigrants. Some native-born Americans wanted to restrict the number of immigrants coming into the country, while others defended the newcomers.

The changes in the economy and society created opportunities and challenges for millions of other Americans. The status and equal rights of women experienced a general, long-term growth. Many women enjoyed new opportunities to become educated and work in society, though these opportunities were still limited when compared with men. The history of women during the late nineteenth century was not monolithic as white, middle-class women often had a very different experience than women who were poor, or from a minority or immigrant background. Because many women entered the workforce, a debate occurred over the kinds and amount of work that women performed, which led to legal protections. The women’s suffrage movement won the biggest success for equal rights in the period with the Nineteenth Amendment to the United States Constitution, granting women the right to vote.

African Americans did not participate in the growing opportunities and prosperity that other groups in American society did. The long and bloody Civil War had ended with the freeing of African Americans from slavery. This was followed by further gains of constitutional and legal protections, however, many of these rights would soon evaporate. During the late nineteenth century, African Americans found inequality and racism in the segregation of the South, but they were also victimized by inequality and racism in northern cities in the early twentieth century as they moved there in increasing numbers. Black leaders debated the right path to full equality, civic participation, and economic opportunity in American life.

The changes that affected the American economy and society led to a growth in the federal government. The important issues of the nineteenth century were increasingly contested on the national rather than local levels. Businesses, organized labor, farmers, and interest groups turned to the national government to resolve their disputes. The executive branch saw an expansion of its role and influence as it increased its regulatory power over the many aspects of American life. A widespread reform movement called “progressivism” introduced many reforms that were intended to address the changes in society resulting from the modern industrial economy and society. This increased government’s responsiveness but also dramatically increased the size and powers of the federal government. The national government therefore began to supplant the local and state governments in the minds of many Americans and in the American constitutional system.

The late nineteenth century also ushered in great changes in how the United States interacted with the rest of the world. For the first century of its existence, the United States traded with other countries, acquired territory for continental expansion, and fought in a few major wars. However, the United States was generally neutral in world affairs and focused on its domestic situation. That changed as America entered the world stage as a major global
power. This expansion in world affairs led to an internal debate over international powers and responsibilities. Americans also struggled over the character of its foreign affairs. Debates raged over the growth of American military power and whether Americans had a duty to spread democracy around the world.

The changes in the late nineteenth century were bewildering to most Americans who experienced them. Many debates took place to make sense of the changes and to consider how to respond to them. Americans rarely found easy answers and often conflicted with one another on the different solutions. The vast changes that occurred laid the foundation of modern America. The questions and challenges that they faced are still relevant and are debated by Americans today in the twenty-first century. Americans continue to discuss the power and regulation of banks and large corporations. Workers grapple with the globalization of the economy, stagnant wages, and changing technology. Farmers still struggle to make an income amid distant markets determining commodity prices while keeping up with changing consumer tastes about organic and locally-sourced food. Headlines are filled with news of African Americans suffering racism and police brutality. Issues related to the equality of women continue to be debated even as women run for president. Smartphones, social media, the internet, and other technologies change our lives, the culture, and the world economy every day. After more than a century since the Gilded Age and Progressive Era, the fundamental challenges of the era still face us today.