**Politics During the Gilded Age**

At the outset of the Civil War the federal government had been stretched far beyond its limits to cope with the extraordinary demands of supporting an army of over one million men. That demand ended once the war was over, but new areas of responsibility stretched the resources of government to such an extent that it could not cope with the rapid acceleration of events affecting the American society and economy. After the war the nation returned to peacetime activities—farming, manufacturing, railroad building, and all the advances stimulated by the arrival of the second Industrial Revolution.

The years between the end of the Civil War and the turn-of-the-century saw huge changes in economic and social conditions, which required political attention. The realignment of politics in the decade before the Civil War and the political requirements of reconstruction, however, left the parties and Congress preoccupied with issues that had little to do with the daily affairs of working people. Although there were some notable political figures in this era, a large majority of the national leadership could be considered little more than political mediocrities: the movers and shakers were all in business, though some made good use of their financial power to buy their way into high offices such as state governorships and the United States Senate. Wealthy businessman such as Rockefeller, Vanderbilt, Carnegie, Morgan, and others who needed to use the political process for their own ends tended to “purchase” political support rather than getting directly involved.

During the Gilded Age, 1876-1900, Congress was known for being rowdy and inefficient. It was not unusual to find that a quorum could not be achieved because too many members were drunk or otherwise preoccupied with extra-governmental affairs. The halls of Congress were filled with tobacco smoke, and spittoons were everywhere. One disgusted observer noted that not only did the members chew and spit incessantly, but their aim was bad. The atmosphere on the floor was described as an “infernal din.” The Senate, whose seats were often auctioned off to the highest bidder, was known as a “rich man's club,” where political favors were traded like horses, and the needs of the people in the working classes lay beyond the vision of those exalted legislators. The Senate dominated the federal government during the Gilded Age, often calling the tune to which presidents were required to dance.

The dominant fact concerning the American political parties between 1875 and 1900 was that the parties were evenly divided. It was also an era in which political corruption seemed to be the norm; practices that today would be viewed as scandalous were accepted as a matter of routine. Businessmen wantonly bribed public officials at the local, state and national level, and political machines turned elections into exercises in fraud and manipulation. The narrow division between Republican and Democratic voters made both parties hesitant to take strong stands on any issue for fear of alienating blocs of voters. The result was that little got done.

During this period very little serious legislation was passed; between 1875 and 1896 only five major bills made it through Congress to the president's desk. Even discussion of the graduated income tax, by any definition a revolutionary measure, failed to arouse much interest or public debate. All the same, there was wide voter participation and interest in the political process; most elections saw about an 80% turnout. Yet the unprecedented dilemmas created by industrialization, urbanization, and the huge influx of immigrants were met with passivity and confusion.

**Republicans**

 Republican presidents dominated the White House from the election of Abraham Lincoln in 1860 until election of Franklin Roosevelt in 1933. The only two Democrats elected during that interval were former Governor Grover Cleveland of New York, who was conservative enough that Republicans were more or less content with his election, and Woodrow Wilson, elected in 1912 when the Republican Party split between incumbent President William Howard Taft and Progressive candidate Theodore Roosevelt.

The Republican Party held a slight edge in national politics, largely on their repeated claim that it was the Democratic Party that had caused the Civil War. Republicans were noted for waving the “Bloody Shirt,” calling Democrats responsible for the blood that was shed over secession. Starting with General Grant, Republicans nominated former Civil War officers in every election through 1900 except in 1884, again cashing in on the legacy of the war. Union veterans gravitated heavily to the Republican Party; in fact, the Grand Army of the Republic was actually an auxiliary of the GOP.

Another part of the Republican base was African-American voters who tended to vote Republican—the party of Lincoln and emancipation—whenever they could. The gradual disenfranchisement of blacks in the South tended to erode the Republican base as the century progressed. Republicans were also known as the party of business, and they supported protective tariffs, transportation improvements and a tight money policy. Their philosophy, derived from the fact that the party was dominated by business, was that what was good for business was good for everyone else, including workers.

The Republican Party consisted heavily of Northern Protestants and Americans descended from older generations. Ethnically they were supported by Scandinavians, German Lutherans, and English Methodists and Anglicans. They were shunned by Catholics because of their opposition to parochial schools, and immigrants sometimes disagreed with their policy that all teaching in schools must be in English. The Republicans divided into two camps, the Stalwarts and the Half Breeds. Although the two groups despised each other they did not differ on issues; the goal of each bloc was political power, nothing more. Their bickering had a marked negative impact on the ability of the government to conduct its business.

**Democrats**

Before the Civil War the Democratic Party had become a heavily Southern party, and its strong Southern base continued until well into the 20th century. By 1900 the Democrats controlled most of the southern states, but they had difficulty electing a candidate to the White House; they could not win national office with a Confederate Civil War veteran. As mentioned above, the only Democratic president elected between 1860 and 1900 was Grover Cleveland, who was elected twice, in 1884 and 1892; he was the only American president with split terms. In the South, however, Confederate veterans had the advantage in most elections. The section was dominated by the so-called Bourbons, conservative old Southern leaders.

A few anti-tariff businessmen were Democrats, along with some merchants and other business people. Democrats were just as conservative on money issues as Republicans: the politics of business was common to both parties. The northern wing of the Democratic Party leaned heavily in favor of the working classes, whose demographic makeup included Roman Catholics of German and Irish descent, white Southern Baptists, and many of the working class immigrants once they became eligible to vote. Democratic machines in the cities such as Tammany Hall in New York worked hard to get them registered and active in politics.

Neither Democrats nor Republicans were willing to take strong stands on issues important to the voters. The sectionalism that had been prevalent prior to the Civil War was still alive and well, and with the evenness of political party affiliations, candidates’ personalities were important. Noted British historian James Bryce, who first visited the United States in 1870, observed firsthand the lack of action on specific issues. He wrote:

Neither party has, as a party, anything definite to say on these issues; neither party has any clean-cut principles, any distinctive tenets. Both have traditions. Both claim to have tendencies. Both have certain war cries, organizations, interest and listed in their support. But those interests are in the main interest of getting or keeping the patronage of the government. Distinctive tenets and policies, points of political doctrine and points of political practice, have all but vanished. They have not been thrown away, but have been stripped away by time and the progress of events, fulfilling some policies, blotting out others. All has been lost except office or the hope of it. (James Bryce, The American Commonwealth, 1888, reprint, Indianapolis, 1995, Vol. II, p. 699.)

Neither the Democrats nor Republicans appealed to farmers, which led to the Granger movement, which in turn helped spawn the Populist movement, which eventually became the Populist Party.

Both political parties used machines to mobilize voters and manipulate the system. Shady tactics were openly pursued, and the charge to “vote early and often” started in this era, when political operatives sent their minions all over the cities voting in as many precincts as they could manage. In Philadelphia one ward politician boasted that, “One hundred years ago our forefathers voted for liberty in this city, and they vote here still!” The names of the signers of the Great Declaration had been placed on the voter rolls. One curious journalist noticed that a large number of voters listed the same address as their residence, and upon checking, the journalist discovered that the location was that of a house of ill repute.

Political leaders did not seem particularly embarrassed by the open corruption. Republican Stalwart and machine leader Senator Roscoe Conkling of New York stated: “Parties are not built by deportment, or ladies' magazines, or gush!” To Benjamin Harrison's claim that Providence had helped him get elected, Pennsylvania Senator Matthew Quay responded, “Providence didn't have a damn thing to do with it!” (Harrison later discovered that his support had been bought by the machine: “I could not name my own cabinet. They had sold out every position in the cabinet to pay the expenses.”)

Since neither side wanted to take risks for fear of upsetting the balance of power, complex issues such as the tariff and money bills moved forward slowly. The little people—farmers, laborers, small businessmen—were left out of the political equation except at the local machine level. Journalists tended to oversimplify the issues, and campaigns took on a carnival style, with much sloganeering, booze, bands, girls, and ready cash spread around liberally.

At the city level, although the political machines were known for corruption and shady dealings, there was more to it than met the eye. Machine politicians actually worked very hard for their constituents; they would greet immigrants at the dockside, walk the streets in the working districts, and help poor people cut through the red tape generated by the city's bureaucracy. However, people who were awarded jobs as a result of political activity were obliged to contribute a portion of their wages to the political machines that got them their positions. Those funds, in addition to being used to bribe public officials, also went to provide direct support to those in the greatest need, a kind of ad hoc welfare system. Still, many were concerned about the level of corruption, although the time for full-blown urban reform had not yet arrived.

**Political Issues of the Gilded Age**

The major political issues of the Gilded Age were the tariff, currency reform and civil service reform. The first two issues were of obvious interest to businessmen, and they lobbied and spent freely to gain support for favorable tariff legislation and business-friendly monetary policy. Their efforts were countered vigorously by progressive groups opposed to tight money and high tariffs that raised the cost of consumer goods. Civil service reform was a widespread reaction to the rampant political corruption of the era.

**Tariffs**

What many Americans failed to understand was that the tariff issue is complex, as there are two kinds of tariffs with two distinctly different purposes. Ordinary revenue tariffs are modest taxes placed on imports to fund agencies responsible for goods and people entering the United States. Customs and immigration services were financed heavily by revenue tariffs. Tariffs can be specific (assessed in dollar amounts) or ad valorem (assessed as a percentage of the cargo’s value).

Protective tariffs, first passed during the second James Madison administration, are quite different, and their purpose is to support American businesses and industries. Those high tariffs enable American producers to compete successfully with foreign competitors as the tariffs are passed along to consumers, thus raising the price of imported goods and making American products more attractive. Today, for example, the government places tariffs on many products such as automobiles imported from Japan and shoes imported from Italy. High tariffs were clearly not beneficial to consumers during the Gilded Age. Yet, the idea of high protective tariffs was sold to industrial workers on the grounds that if American businesses lost out to foreign competition, workers’ jobs would be threatened. On Election Day management representatives might warn their workers, "If you want your job to be here tomorrow, be sure to vote for the party that supports high tariffs!” High protective tariffs were the norm until the Underwood Tariff if 1913 signed into law by President Woodrow Wilson lowered tariffs significantly for the first time since 1857.

**Currency Reform**

Another important economic issue was that of currency reform. The basic issue rests upon the premise that the amount of money in circulation determines its worth: the more money in circulation, the lower its value. Combined with that idea is the fact that paper currency not backed by gold or silver tends to lose value rapidly. During the American Revolution, for example, when the United States owned little gold or silver, the paper money in circulation was all but worthless, having a real value at times of about two cents on the dollar.

For most of early American history the country’s money supply was based on a bimetallic system, that is, both gold and silver were considered specie (hard currency.) Once Alexander Hamilton, the first secretary of the treasury under Washington, had brought government finances under control, the government managed to support itself through a combination of tariffs, land sales, and occasional modest duties or excise taxes. Because of the income generated from those sources, American paper soon began to retain most of its face value.

The creation of the Bank of the United States and various state banks complicated the issue, for state banks had at times offered their own paper notes which circulated as “money,” but their value was unstable. They often issued more paper money than was desirable based on the amount of gold and silver they held. The Bank of the United States tended to stabilize currency, but it was a hot political issue for much of the early 19th century. It was finally disestablished during Andrew Jackson’s second term.

The chief political issue regarding the money supply was whether money was “hard” or “soft.” Hard money advocates, generally bankers and operators of other financial institutions, as well as businessmen, wanted a stable currency that was not subject to inflation. Investors, speculators, and people who tended to be in debt (farmers in particular) favored a loose or soft money policy, because inflation tended to ease their financial burdens. Farmers, for example, were generally obliged to borrow money to purchase land or finance their crops, and in an inflationary environment, the prices of their crops would rise, and repayment of their loans would be easier.

The financial needs of the government during the Civil War led to a variety of taxes, including the first income tax, which was enacted in August, 1861, and called for a 3% tax on incomes over $800. By 1865 the income tax produced 20% of federal receipts, but currency was still short, so the government adopted a “softer” money policy. The treasury issued $500 million in paper money not backed by gold or silver—“greenbacks.” As the fortunes of war ebbed and flowed, so did the value of the greenbacks, which occasionally sunk to as low as 35 cents on the dollar.

Eventually the huge debt generated by the Civil War was converted to government bonds, which were paid off over time, and the greenbacks were gradually taken out of circulation. The Fourth Coinage Act of 1873, called the “Crime of ‘73” by soft-money advocates, made gold the sole monetary standard, even though large quantities of silver were being produced by western mines. The resultant tightening the money supply brought deflation of currency, which aroused anger among people who benefited from inflationary policies. Currency reform thus became a hot political issue for several decades. For years many believed that a "gold conspiracy" was behind the issue and that politicians were beholden to those interests.

**Civil Service Reform**

 President Andrew Jackson had argued that the “spoils system”—the awarding of government positions to loyal political supporters—actually enhanced the democratic process; Jackson believed that any average, intelligent citizen was able to perform the mundane tasks of government clerks and officials. As political machines gained more control over partisan activities, however, the awarding of government jobs was increasingly seen as a source of corruption. Thus the movement for civil service reform was fueled to some extent by a desire to reduce political corruption. In addition, as society grew more complex during the industrial, the ability to perform routine tasks under government employment also became increasingly complex. It was apparent for these reasons that a professional civil service was required, with employees who would no longer be subject to the political winds.

As mentioned earlier, President Hayes's advocacy of civil service reform put him on a collision course with Congressional bosses. He removed Chester Arthur and Alonzo Cornell from the New York City Customs House for failure to carry out reforms. Both were underlings of New York Senator and Republican political boss Roscoe Conkling, who thought it an attack on him or his machine. Conkling invoked senatorial privilege and got the Senate to withhold consent for replacements for months. President Hayes stuck to his guns, however, and eventually got enough Democratic support to get his appointees approved.

When President James A. Garfield was assassinated four months after assuming office, people were shocked to discover that the assassin was a disgruntled office seeker who had been trying to get a position in Garfield’s administration. Garfield had showed great promise before his assassination, and support for civil service reform grew significantly. The reason behind the assassination attempt, along with evidence of fraud in government, especially in the Bureau of Indian Affairs and in railroad supervision, led to the founding of the National Civil Service Reform League in 1881.

The result of the reform agitation was passage of the Pendleton Civil Service Reform Act in 1883, signed by President Arthur. The act in effect ended the spoils system by classifying certain jobs, which meant they could not be awarded on the basis of patronage. In addition the United States Civil Service Commission was established to construct a system under which people would be hired on merit rather than on the basis of political connections. By 1900 about half of all federal employees were classified, and today virtually all regular civil servants, with the exception of high level policy appointees, are controlled by the civil service system.

**Regulating Commerce and Business**

 In the year 1800 it would scarcely have occurred to founding fathers such as Jefferson, Hamilton, or Madison, to consider that the role of the government was to regulate business. The Constitution, however, assigned responsibility for controlling interstate commerce to the United States Congress. In the case of Gibbons v. Ogden in 1824, Chief Justice John Marshall affirmed that concept when he declared that the federal government had the exclusive right to control commercial transactions between the states. (The case invalidated a New York State law that had granted monopoly privileges to a ferry operating between New York and New Jersey. Article I, Section 8, of the Constitution states: The Congress shall have Power … To regulate Commerce with foreign Nations, and among the several States.)

The accepted approach to the relationship between government and business for most of American history had been that of laissez-faire,—letting business operate more or less unimpeded by government. People believed government interference with business could have no beneficial effects. Yet as the power of corporations grew, along with their size and numbers of employees, and as sharp competitive business practices rendered the playing field uneven, it became clear that a problem existed. Corporations, especially large ones operated by the so-called robber barons, were responsible for significant amounts of hardship in people's lives.

During the last half of the 19th century it became apparent that large businesses needed to be regulated. As a result, the tradition of laissez-faire was not only impractical but actually dangerous. Business-labor relations often degenerated into bloody contests fought to the death between business managers and the workers who served them. The inevitable result was that the government had to assume the burden of regulating the workplace. It was the interface between government and the American economy that dominated the political life of the Gilded Age, a nexus that in large measure has continued ever since that time.

**Social Darwinism**

Working in favor of continuing the laissez-faire approach was the concept of Social Darwinism. Charles Darwin's On the Origin of Species, published in 1859, was a controversial work. Its impact soon reached beyond the subject of biological evolution (which had put it at odds with many fundamentalist religious beliefs), and it moved into the social arena. The idea of survival of the fittest, an offshoot of Darwin's original thesis, was applied to the human environment. The idea was to let people wade in to the morass of life and either get stuck or crawl out under their own power. Survival of the fittest thus became the social (and international) byword. When combined with Adam Smith's idea of allowing the market to determine success and failure in the business world, it meant that businesses were expected to do whatever was necessary to survive. Only by defeating their competitors could they hope to prosper. Business practice became ruthless and cutthroat; survival went not only to the fittest, but also to the wiliest, the most crooked, and the most corrupt organizations. Something had to be done.

Businesses quickly realized that in order to continue to operate in the laissez-faire environment that had persisted from revolutionary days they would have to fend off attempts by government to become more involved in economic policies. Since businesses required political support, and since politics required healthy injections of money, business-political alliances were forged. Such coalitions did not always serve the public well. Railroads, for example, offered free passage to Congressmen, other government officials and their friends. They even went so far as to give them complimentary shares of stock in building corporations for railroad expansion. When John D. Rockefeller was developing Standard Oil, it was said that he “did everything with the Pennsylvania legislature except refine it.” Practices of that sort, which would today violate Government ethics many times over, were considered a normal part of doing business during the Gilded Age.

In particular, people who depended on railways for business purposes were hurt by the fact that, at least on the local level, railroads had a monopoly on transportation of goods from producer to market. Shipping rates were uneven and often unfair, especially on lines where no competing systems were available. In addition, large corporations such as Carnegie Steel or Standard Oil were able to pressure rail companies to give them favorable rates and rebates (refunds under the table). On top of those special rates, they also forced shippers to pay drawbacks—payments for goods shipped by the giant companies’ competitors. They pulled no punches in defeating competition through discriminatory rates. Farmers in particular were subject to the will of the railroad operators, especially when the roads owned and operated grain silos and other storage facilities, which farmers had no choice but to use.

**The Interstate Commerce Act**

As a result of those questionable practices, Congress passed the Interstate Commerce Act in 1877. The Act stated:

All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, or for the receiving, delivering, storage, or handling of such property, shall be reasonable and just; and every unjust and unreasonable charge for such service is prohibited and declared to be unlawful.

It further declared that rebates, drawbacks and other under-the-table payments were illegal. Although the Act had to be strengthened by subsequent legislation, the Interstate Commerce Act was the first step in bringing transportation facilities under government oversight.

**The Sherman Antitrust Act**

The first major break with the concept of laissez-faire came with the 1890 Sherman Antitrust Act. Businesses were prohibited from using monopolistic practices or acting in restraint of trade and taking unfair advantage of competitors. Like the Interstate Commerce Act, the Sherman Act had to be modified and tightened by later legislation, but the mere passage of the act demonstrated that the age of unbridled corporate excess was coming to an end.

Major sections of the Sherman Act were:

SEC. 1. Every Contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on Conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.