Who Were the Gilders? And Other Seldom-Asked Questions about Business, Technology, and Political Economy in the United States, 1877–1900

By Richard R. John, Columbia University

Historians of the United States have for many decades termed the late nineteenth century the "Gilded Age." No consensus exists as to when this period began and ended, or how it might best be characterized. Most textbook authors place the origins of the Gilded Age around 1877 and its demise around 1900. Few would deny that this period witnessed a host of epochal innovations that included the rise of the modern industrial corporation, the building of large-scale technical systems, including the electric power grid, and the creation of governmental institutions that were conducive to rapid industrialization. Yet the significance of these innovations remained a matter of dispute. This essay contends that no synthetic account of the late nineteenth-century United States that aspires to be at all comprehensive can ignore these innovations—innovations that have come to be known by various names such as the "managerial revolution," the "Second Industrial Revolution," and "modernization."[1] It further contends that the reluctance of some of the most respected historians of business, technology, and political economy to embrace the Gilded Age construct raises questions about its utility as a periodizing device.[2]

[1]Robert J. Gordon, "Does the 'New Economy' Measure up to the Great Inventions of the Past?" *Journal of Economic Perspectives* 14 (Autumn 2000): 49–74.

[2]To be sure, the Gilded Age construct is not without its defenders even among historians of business, technology, and political economy. The social historian–turned–business historian Richard White has recently invoked it in a nonincidental way, as did the legal historian Michael Les Benedict. Even so, its most resolute champions remain social and cultural historians interested primarily in social relationships and cultural values. These include social historian Richard Schneirov and cultural historian Alan Trachtenberg. For White, the construct underscored the centrality of financial speculation to railroad-building (the Gilded Age as an age of speculative finance); for Benedict, the continuing vitality of the common law (the Gilded Age as a "golden age"). Schneirov, in contrast, used it to highlight the emergence of capital-intensive corporations (the Gilded Age as the first chapter in American capitalism); Trachtenberg used it to highlight the moral bankruptcy of business culture (the Gilded Age as institutionalized hypocrisy). Richard White, "Information, Markets, and Corruption: Transcontinental Railroads in the Gilded Age," *Journal of American History* 90 (June 2003): 19–43; Michael Les Benedict, "Law and Regulation in the Gilded Age and Progressive Era" in *Law as Culture and Culture as Law: Essays in Honor of John Phillip Reid*, ed. Hendrik Hartog et al. (Madi-

The reluctance of historians of business, technology, and political economy to conceive of the late nineteenth century as a Gilded Age is manifested in their reluctance to characterize the people responsible for these innovations as "gilders." Historians of the 1790s routinely write about the "federalists," while historians of the 1900s have long tried to identify precisely who deserves to be regarded as "progressive." Historians of the late nineteenth century, in contrast, have failed to reach a consensus as to what to call its *dramatis personae*, let alone what made them distinctive.

In one sense, this is unsurprising. The magnitude of the late nineteenth-century innovations in business, technology, and political economy were so enormous, and their effects so far reaching, that it would seem unlikely that a single group of people could have brought them about. Indeed, it may well be the very momentousness of this transformation that helps to explain why the "Gilded Age" construct has proved so enduring. The construct is so open-ended, and its meaning so vague, that it can embrace a variety of phenomena.

To be sure, there has long been a consensus among social and cultural historians that a more or less coherent group—long known as "businessmen" or, more recently, the "bourgeoisie"—dominated center stage. Yet with a few notable exceptions, in describing this group, historians who do not specialize in business, technology, or political economy tend to fall back on language that has changed little since the 1930s, when journalist Matthew Josephson published his muckraking expose of "robber barons."[3] Popular journalists are, if anything, even more inclined toward hyperbole: "The Age of Betrayal" screamed one recent analysis of the "The Triumph of Money in America, 1865–1900."[4]

Historians of business, technology, and political economy have long regarded the popular fascination with the machinations of late nineteenth-century businesspeople with mixed emotions. On the positive side, it has goaded textbook authors into including at least a thumbnail sketch of certain well-known businesspeople. Andrew Carnegie, Jay Gould, and John D. Rockefeller are so well known that it would seem foolhardy to leave them out. Indeed, there may well be no other period in U.S. history in which textbook authors find themselves obliged to include at least a cursory discussion of what

son, WI, 2000), 227–63; Richard Schneirov, "Thoughts on Periodizing the Gilded Age: Capital Accumulation, Society, and Politics, 1873–1898," *Journal of the Gilded Age and the Progressive Era* 5 (July 2006): 189–224; Alan Trachtenberg, *The Incorporation of America: Culture and Society in the Gilded Age* (New York, 1982).

[3]Matthew Josephson, *The Robber Barons: The Great American Capitalists, 1865–1901* (New York, 1934); Josephson, *The Politicos, 1865–1896* (New York, 1938).

[4]Jack Beatty, *The Age of Betrayal: The Triumph of Money in America, 1865–1900* (New York, 2007).

specific businesspeople actually did. Contemporaries reached an analogous conclusion. "It is a notorious fact," declared Maryland congressman David J. Lewis in 1914, articulating a common view, "that since the Civil War the history of our country has not been the narrative of social institutions, but a stirring story of the gigantic achievements of individuals in the domain of private finance." It was easier to remember a half-dozen of this era's financiers, Lewis lamented, than to recall the names of the presidents of the United States.[5]

On the negative side, all this attention has come at a cost. In no other period in U.S. history is the actual conduct of businesspeople more likely to be caricatured. At least part of the problem can be traced to the propensity of historians who do not specialize in business, technology, and political economy to characterize the late nineteenth century as the Gilded Age. This construct implies that this period was distinctive, if not unique, in the extent to which it was characterized by vulgarity, materialism, and political corruption. And more often than not, these evils are blamed on businesspeople—they set the tone for public life, or so it is assumed. The phrase "Gilded Age," it is worth remembering, is the *only* widely used periodization that that is unambiguously pejorative—even "Cold War," after all, has its defenders.

Yet was, in fact, the late nineteenth century uniquely vulgar, materialistic, and corrupt? This question is rarely asked, yet a plausible case can be made that it was not. The vulgarity of the 1870s greatly troubled journalists such as E. L. Godkin and Henry Adams; many decades later, the entire period between 1865 and 1900 earned the opprobrium of cultural critics Van Wyck Brooks and Lewis Mumford. Indeed, it was Brooks and Mumford who in the 1920s popularized the notion that the late nineteenth century had been a "Gilded Age."[6] (Though the phrase "Gilded Age" had been coined by Mark Twain and Charles Dudley Warner in a satirical novel that they published in 1873, it remained largely confined to this novel and the play based on it until Mumford and Brooks decided that this phrase best captured the spirit of the age.)

That Godkin, Adams, Brooks, and Mumford found late nineteenth-century public life vulgar is hard to dispute. Yet should we take them at word? The late nineteenth century witnessed the establishment of a large number of notable cultural institutions that included art museums, concert halls, and public libraries. Is the Brooklyn Bridge a lesser achievement than Pennsylvania Station? Is Central Park inferior to Mount Auburn Cemetery?

[5]*Congressional Record*, 63rd Cong., 2nd sess. (Jan. 19, 1914), 1797.

[6]On the considerable and often pernicious influence of E. L. Godkin's editorials on American historical writing, see William M. Armstrong, "Godkin's *Nation* as a Source of Gilded Age History: How Valuable?" *South Atlantic Quarterly* 72 (Autumn 1973): 476–93.

Questions like these highlight the perils of relying on aesthetic criteria in venturing historical claims. Few eras in U.S. history have escaped ridicule on aesthetic grounds—yet fashions change. Mumford, for example, hailed the Chicago skyscraper as a harbinger of modernity while deriding the New York skyscraper as a throwback to the past. While Mumford's assessment was conventional wisdom for several decades, a more recent generation of cultural historians have rendered a very different verdict. The Chicago skyscraper, cultural historians now contend, was not only more ornamental (or "gilded") than Mumford presumed; in addition, it typically had little relationship with the buildings in its immediate environs—a serious defect in a postmodern age.[7]

Was the late nineteenth century uniquely materialistic? Here too, the verdict is mixed. No one would deny that many late nineteenth-century businesspeople craved luxury, built ostentatious mansions, and lavishly invested—often at the insistence of their wives—in expensive furniture, clothing, and art. Yet did this really set them apart from businesspeople in the early republic? Or, for that matter, did it distinguish them in a fundamental way from wealthy Americans in any decade from the seventeenth century to the present? The *nouveaux riches*, after all, have always been with us. In Tocqueville's America, not only English visitors but also American social critic James Fenimore Cooper bewailed the commercial excesses of mushroom aristocrats; similar critiques have been leveled at the 1920s, the 1950s, the 1980s, and the 1990s. What historian would seriously entertain the proposition that the late nineteenth century was the *only* epoch in which large numbers of Americans yearned to get rich quick? Indeed, in at least one sense, late nineteenth-century businesspeople may well have been more civic-minded than the "overclass" of today. After all, with a few notable exceptions, they invested their money in the United States rather than abroad.

Similar objections can be raised with respect to the textbook conceit that public life in the late nineteenth century was uniquely corrupt. Once again, one wonders, compared to what? Lawmakers in the 1850s have been persuasively characterized as a "plundering generation"; a similar epithet could be hurled at the Jacksonians in the 1830s, the Republicans in the 1920s, or lawmakers from either party in any decade. The administration of James Buchanan (1857–61) was, in retrospect, no less corrupt than the administration of Ulysses S. Grant (1869–77)—Credit Mobilier notwithstanding.[8] It may well

[7]Daniel Bluestone, *Constructing Chicago* (New Haven, 1991), 105–08, epilogue; Thomas Bender and William R. Taylor, "Culture and Architecture: Some Aesthetic Tensions in the Shaping of Modern New York City" in *Visions of the Modern City: Essays in History, Art, and Literature*, ed. William Sharpe and Leonard Wallock (Baltimore, 1987), 189–219.

[8]Mark Summers, *The Plundering Generation: Corruption and the Crisis of the Union, 1849–1861* (New York, 1987). See also Margaret Susan Thompson, *The "Spider Web": Congress and Lobbying*

require a willing suspension of disbelief to characterize late nineteenth-century lawmakers as high-minded moralists, yet this conclusion has been cogently defended by one of the most judicious of the current generation of political historians.[9] And if one shifts one's gaze from the federal government to the states and municipalities, then the administrative achievement of the age becomes even more impressive. Here, or so the historians of state and municipal governments have long contended, lay the cradle of the modern administrative state.[10]

Even if one concedes that the late nineteenth century was, in certain respects, vulgar, materialistic, and corrupt, one additional problem with the Gilded Age construct remains. And this is the problem of agency. The very reluctance of historians to inquire as to who the "gilders" might be has encouraged the presumption that the period witnessed an epochal struggle between the many and the few. Despite the best efforts of business historians, historians of technology, and historians of political economy to demonstrate the diverse and often antagonistic interests of the business elite, even gifted scholars routinely assume that the late nineteenth-century business elite was more or less monolithic and that reform impulses came not from within, but from without—and, in particular, from farmers and workers.[11]

This stark people-versus-the-interests duality has made it hard to appreciate the extent to which the business elite was itself divided. Two examples will make my point. The characterization of rapacious businesspeople as "robber barons" originated with and was popularized not by farmers and workers, but by the consummate insiders C. F. Adams Jr., and Josiah Quincy Jr. Adams and Quincy were both scions of prominent revolutionary-era families. Like many businesspeople, they derided certain business practices of railroad leaders Cornelius Vanderbilt and Jay Gould.[12] The antimonopoly movement, similarly, received its principal inspiration not from the radical journalist

in the Age of Grant (Ithaca, NY, 1985). For an attempt to measure corruption, see John Joseph Wallis, "The Concept of Systematic Corruption in American History" in *Corruption and Reform: Lessons from America's Economic History*, ed. Edward L. Glaeser and Claudia Goldin (Chicago, 2006), 23–62.

[9]Charles W. Calhoun, "The Political Culture: Public Life and the Conduct of Politics" in *The Gilded Age: Perspectives on the Origins of Modern America*, ed. Calhoun (Lanham, MD, 2007), 239–64.

[10]William R. Brock, *Investigation and Responsibility: Public Responsibility in the United States, 1865–1900* (New York, 1984); Jon C. Teaford, *The Unheralded Triumph: City Government in America, 1870–1900* (Baltimore, 1984).

[11]Sven Beckert, *The Monied Metropolis: New York City and the Consolidation of the American Bourgeoisie, 1850–1896* (New York, 2001); Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, MA, 1998), ch. 4, and Rodgers, "In Search of Progressivism," *Reviews in American History* 10 (Dec. 1982): 123–24.

[12]Joseph Dorfman, *The Economic Mind in American Civilization* (New York 1949), 3:23; "The Freight Convention," *New York Times*, May 8, 1873.

Henry George, but, rather, from merchants and shippers outraged at the prices that telegraph and railroad managers were charging them to move information and goods.[13]

The one-dimensional characterization of the late nineteenth-century business elite is, in part, a product of the disinclination of business historians and historians of technology to pay more than incidental attention to the most hated businessperson of the age: the financier. For the novelist Theodore Dreiser, the financier was the archetypal businessman. For business historians and historians of technology, he remains, with a few exceptions, a cipher.

The most notorious nineteenth-century financier was Jay Gould. Though the main contours of Gould's career have long been well known, he appears only as a bit player in Alfred D. Chandler's *Visible Hand*, still the single most penetrating analysis of American business in the late nineteenth century. For Chandler, the late nineteenth century was neither a Gilded Age—a phrase he rarely used—nor an age that could be justly characterized as marking the triumph of "finance capitalism." Rather, in Chandler's view, the period witnessed a managerial revolution spearheaded largely by middle managers, a cohort of businesspeople whom contemporaries rarely demonized and historians previously ignored.[14] Chandler credited Gould with twice forcing railroad leaders to build huge horizontal combines, but not much else. He ignored, for example, Gould's conviction that the value of corporate securities should be based on their future earning power rather than their sunk cost, a radical idea in Gould's day, yet a commonplace one today. Today Gould is sometimes hailed as a pioneering venture capitalist; Chandler, in contrast, did not treat him as indispensable to the period's momentous restructuring of the economy.[15]

If Chandler marginalized financiers, the historian of technology Thomas P. Hughes displaced them. Unlike Chandler, Hughes had little quarrel with Matthew Josephson's characterization of late nineteenth-century businesspeople as rapacious and narrow-minded robber barons, a

[13]David Nasaw, "Gilded Age Gospels" in *Ruling America: A History of Wealth and Power in a Democracy*, ed. Steve Fraser and Gary Gerstle (Cambridge, MA, 2005), 123–48; George H. Miller, *Railroads and the Granger Laws* (Madison, WI, 1971): Lee Benson, *Merchants, Farmers, and Railroads: Railroad Regulation and New York Politics, 1850–1887* (Cambridge, MA, 1955).

[14]Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA, 1977). For a related discussion, see Richard R. John, "Turner, Beard, Chandler: Progressive Historians," *Business History Review* 82 (Summer 2008): 227–40.

[15]Charles R. Morris, *The Tycoons: How Andrew Carnegie, John D. Rockefeller, Jay Gould, and J. P. Morgan Invented the American Supereconomy* (New York, 2005). For a more judicious position, which credits Gould with kind of innovations that Alfred D. Chandler Jr. ascribed to corporate managers, see Maury Klein, *The Life and Legend of Jay Gould* (Baltimore, 1986), and Albro Martin, "The Good That Men Do: A Review Essay," *Business History Review* 60 (Autumn, 1986): 469–73.

characterization that Chandler emphatically rejected.[16] Indeed, as David Hounshell has elegantly demonstrated, Hughes's analysis of the late nineteenth-century business corporation presupposed a Veblenian duality between business and industry.[17] The corporation, in Hughes's view, was a mere component of the large technical system; only after system-builders like Thomas Edison and Samuel Insull had already laid the foundations of the modern electrical grid would venal financiers convince them to overreach.[18]

Chandler marginalized financiers, and Hughes displaced them. The historian of political economy Richard Bensel, in contrast, localized them in a distinctive, sectionally based political economy. Bensel's financiers were a tiny minority of the electorate who lacked a popular mandate. Even so, by artfully navigating the treacherous shoals of national politics, they attained a major objective: retention of the gold standard. The Gilded Age construct, in Bensel's view, obscured their achievement, since it exaggerated the nationwide reach of what was, in fact, a tiny, largely New York–based elite. Cross-class, sectionally based political alliances, Bensel believes, defined the late nineteenth-century political economy, a reality obscured by the notion of a Gilded Age.[19]

This survey of historical writing on business, technology, and political economy demonstrates, I hope, that the Gilded Age has outlived its usefulness. It is almost always a mistake to view an era in relationship to the era it preceded, rather than the era that it followed. Yet despite the best efforts of certain of its defenders, the Gilded Age seems destined to remain inexorably linked not only with the Progressive Era and a cultural critique launched in the 1920s, but also with the New Deal–era reevaluation of the late nineteenth-century political economy. The distinctiveness of the late nineteenth century will remain obscure so long as we view it through such a distorting lens. It is time, in short, to drop the Gilded Age from the historian's lexicon and to write a history of the late nineteenth century that is as richly variegated as the age itself.

[16]Thomas Parke Hughes, *American Genesis: A Century of Invention and Technological Enthusiasm, 1870–1970* (New York, 1989).

[17]David A. Hounshell, "Hughesian History of Technology and Chandlerian Business History: Parallels, Departures, and Critics," *History and Technology: An International Journal* 12:3 (1995): 205–24.

[18]Thomas P. Hughes, "From Firm to Networked Systems," *Business History Review* 79 (Autumn 2005): 587–93.

[19]Richard Bensel, *The Political Economy of American Industrialization, 1877–1900* (New York, 2000); Richard Bensel to Richard R. John, personal communication. The intellectual historian George M. Fredrickson has reached an analogous conclusion: The "Gilded Age" construct was deficient and should be abandoned because it left out the South; Fredrickson, "Nineteenth-Century American History" in *Imagined Histories: American Historians Interpret the Past*, ed. Anthony Molho and Gordon S. Wood (Princeton, 1998), 166.