

Name _____

Date _____

Gilded Age

Use the text to answer each question below.

1. After Reconstruction, America went back to doing what it does best: making money. It was the era of big business. While corruption plagued the government, money-hungry entrepreneurs took advantage of the government's lax economic policies and formed huge corporations. These powerful men, most notably John D. Rockefeller, Andrew Carnegie and J.P. Morgan, used their businesses to squash competition and control the market. For two decades, they truly ruled America.

The era of big business is also known as the Gilded Age. The word gilded means gold-plated. This era is called the Gilded Age because a handful of tycoons were getting insanely rich, but the booming economy hid corruption, dirty-deals and the working poor that lay below the surface of society. The tycoons themselves were called robber barons.

During the Gilded Age, the power of the vote wasn't in the hands of individuals. It was in the hands of political machines: local organizations that distributed jobs, city contracts and other benefits in exchange for votes. These machine politics were dominated by party bosses who acted a lot like mob bosses, thriving off power and corruption.

Which of these statements was true during the Gilded Age?

- | | |
|--|---|
| A. The working class and poor became wealthier and moved into the middle and upper class. | B. Big businesses broke up, and competition kept any one business owner from becoming too powerful. |
| C. Political power and wealth were not shared equally but were controlled by political machines and robber barons. | D. The government passed strict laws to end corruption in the economy and politics. |

2. John D. Rockefeller was a young bookkeeper when his bosses told him to report on whether or not oil was a good investment. He lied and told them it had "no future." Then he went on to form what would become the biggest oil company in the United States.

Rockefeller's Standard Oil Company completely dominated the booming oil market. Based in Cleveland, Ohio, Standard Oil grew and grew by buying out smaller rivals. Standard Oil also reportedly attacked rival companies using bribery, sabotage and secret deals with railroads.

While the government was very hands-off with the economy, there were still some laws in place governing corporations. To bypass these restrictions, Rockefeller (and his attorney Samuel Dodd) invented the trust, a giant organization of big businesses under one umbrella. As soon as Standard Oil became a trust, it could legally own virtually the entire oil industry. Rockefeller quickly gobbled up all of his competitors, forming a giant monopoly. By 1879 Rockefeller controlled more than 90 percent of the nation's oil refineries.

Standard Oil was a trust. This explains why it

- | | |
|--|--------------------------------------|
| A. legally controlled most of the nation's oil refineries. | B. was formed by a young bookkeeper. |
| C. depended on bribery. | D. was based in Cleveland. |

3. J.P. Morgan first made a name for himself during the Civil War, not as a hero (he dodged the draft by paying \$300), but as a moneymaker. He bought rifles from the government, refitted them and then sold them back to the government for a huge profit.

Morgan was a banker, and after the war he expanded his banking empire to colossal proportions. His bank houses were so large they loaned money to other banks. In 1895, the US government was running out of gold, so it actually turned to one of its citizens to bail it out. J.P. Morgan gave the government \$62 million in gold in exchange for US bonds. He then sold the bonds for enormous profit.

Morgan also got into the railroad business. By 1900 Morgan himself owned half of America's track mileage, and his friends owned most of the rest, allowing them to set prices and control trade.

Which of the following details best shows that J.P. Morgan was a very successful banker?

- | | |
|--|---|
| A. His friends owned almost half of America's track mileage. | B. He loaned \$62 million in gold to the US government. |
| C. He dodged the draft by paying \$300. | D. He bought rifles from the government, refitted them and then sold them back. |

4. Unlike other robber barons, Andrew Carnegie was born poor. He emigrated from Scotland with his family and worked in a cotton factory before working his way to the top of the steel empire. His company, Carnegie Steel, dominated steel production in the United States. In 1900 Carnegie teamed up with J.P. Morgan to create US Steel, the first billion-dollar corporation.

In the song, the rapper voicing Carnegie references Horatio Alger and “rags to riches.” Horatio Alger was an author who wrote fictional tales of American boys going from “rags to riches,” or starting life poor but becoming wealthy. These popular books helped create an idea of the Gospel of Success; people believed that anyone could become rich and famous in America if he or she had enough ambition and perseverance.

Which of the following best explains how Carnegie went from “rags to riches”?

- | | |
|--|--|
| A. He started out with nothing and ended up with an enormously successful company. | B. He worked in a cotton factory making rags and then inherited a steel empire. |
| C. He was born into a rich Scottish family who owned a cotton factory, and then lost everything. | D. He was born into a rich Scottish family who owned a steel empire, and then lost everything. |
5. Darwin's extremely important theory of evolution held that human beings had evolved from more primitive life-forms. Evolution depends on "survival of the fittest"--only the strongest and most adaptable animals in a species survive to pass on their genes.

Andrew Carnegie took this idea and distorted it by applying it to economics and society. In his 1889 essay, "The Gospel of Wealth," Carnegie argued that free-market economics would allow the strongest companies to survive, and that the smartest, most hardworking people would rise to the top of society. This idea was called Social Darwinism, and Carnegie and others used it to justify the enormous gap between the rich and the poor.

Social Darwinism was thought to explain that

- | | |
|---|--|
| A. those at the top of society earned their place. | B. humans evolved from more primitive life-forms. |
| C. the strongest and most adaptable animals survive to pass on their genes. | D. lax economic policies benefit only the poor and middle classes. |

6. Following the Civil War, the government believed in a laissez-faire economy, believing that a free economy would regulate itself and that competition would create fair wages and prices. The government didn't realize that the robber barons and trusts would literally squash competition, giving complete market control to their owners. Having no competition allowed the robber barons to set prices extremely high, while keeping the wages they paid their workers very low.

Realizing that things were getting out of hand, Congress attempted to regulate these giant trusts. In 1890 Congress passed the Sherman Antitrust Act, which outlawed trusts. But big business wasn't so easily stopped. These acts were rarely enforced.

The workers weren't entirely silent during this period. Hazardous working conditions, low pay and long hours led hundreds of thousands of workers to organize into unions. The Knights of Labor were one of the first major unions. They demanded equal pay for women and an end to child labor, among other progressive ideas.

Partly as a result of hazardous working conditions,

- | | |
|---|------------------------------------|
| A. trusts were outlawed. | B. the Knights of Labor dissolved. |
| C. antitrust laws were rarely enforced. | D. workers organized into unions. |

7. At the opening of the twentieth century, two more men emerged as extremely influential power brokers. William Randolph Hearst and Joseph Pulitzer owned newspapers, and they used their newspapers to control the views of American citizens.

Pulitzer and Hearst learned during the Civil War that blood and war sold newspapers. Years later, both men began using their newspapers to push America toward war. In Cuba, nationalists had been rebelling against Spanish rule, so Pulitzer and Hearst began exaggerating and even inventing accounts of Spanish atrocities to sell more papers and influence their readers. Soon the American public was clamoring for action against Spain.

As a result of reading Pulitzer's and Hearst's newspapers,

- | | |
|--|---|
| A. nationalists rebelled against Spanish rule. | B. many Americans wanted to go to war against Spain. |
| C. people knew the true story of what was going on in Spain. | D. many Americans did not want to go to war with any other country. |