

# Economic Revolution during the Gilded Age

**Characteristics of  
a New Industrial,  
Urban, Immigrant  
America**

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# Demographic Shifts

- Involvement of an increasing proportion of the work force in manufacturing rather than agriculture;
- Introduction of new segments of the population in manufacturing, including women, children, immigrants & African Americans;
- Growth of size & centrality of cities as manufacturing & population centers
- Advent of 2nd Wave of Immigration → NEW Immigration → Eastern & Southern Europeans began to dominate.

# Technological Shifts

- Increased production by machine rather than by hand, especially assembly-line production;
- Accelerated technological innovation, new inventions & applied science;
- Increasing importance of iron, steel, electricity & oil to the production process

# Market Shifts

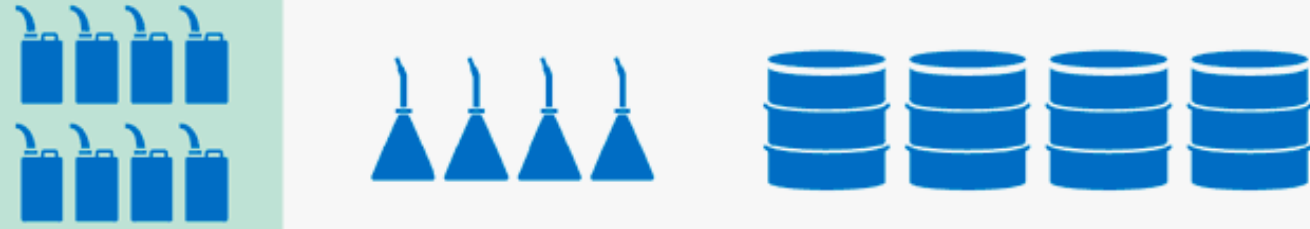
- Production organized in large, complex, interdependent factory systems;
- Growth of transportation networks, especially railroads but also the communication lines that followed them;
- Expanded markets beyond the local to national and even global networks.

# Business Shifts

- Growth of large enterprises & specialization in all forms of economic activity to take advantage of economies of scale;
- Increased capital expansion & accumulation facilitated by developments in banking & investment infrastructure;
- Growth of Corporations & other less legitimate business structures:
  - Pools, Trust, Monopolies
  - Vertical & Horizontal Integration

# Vertical & Horizontal Integration

5 Sale to consumer



4 Transportation (finished products go to retail stores)



3 Processing (refineries transform crude oil into kerosene, lubricating oil and paraffin)



2 Transportation of raw materials (crude oil moves to refineries)



1 Production of raw materials (oil is pumped out of the ground)



Vertical integration

Horizontal integration

# Government Shifts

- Federal government increasingly subsidized economic programs -- many arose during Civil War:
  - National Banking System; Homestead Act; Pacific Railroad Act;
  - Created economic infrastructure & transferred public lands to the private sector for the benefit of the public good.
- Federal Government sought to regulate some of the most extreme abuses of the corporate system with mixed results.