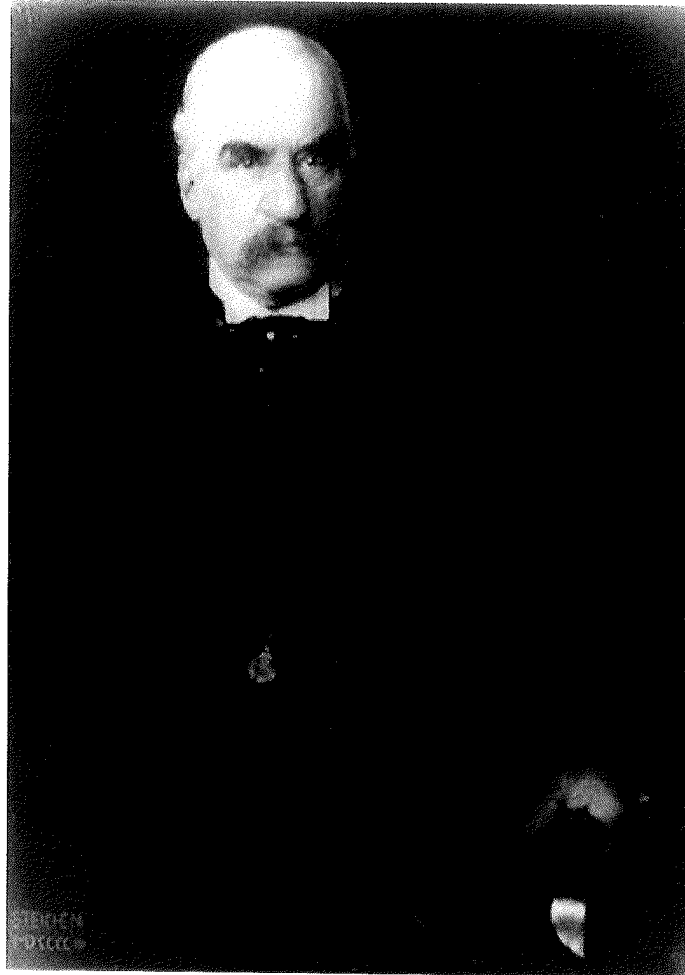


Captains of Industry or Robber Barons?



Edward Steichen / NPG / Art Resource, NY

Overview: The thirty years plus following the end of Civil War is often referred to as the Gilded Age. This was a term coined by Mark Twain, the most renowned American writer of the period. It refers to a superficial period of intense economic growth. During this time, businessmen created large business organizations known as trusts. The ingenuity of these entrepreneurs earned them the titles of “Captains of Industry.” Yet, their ruthlessness in building wealth at the expense of their competitors, workers, and consumers often earned them the titles “Robber Barons.” This Mini- Q asks you to decide whether these businessmen were truly “Captains of Industry” or assuredly “Robber Barons?”

Captains of Industry or Robber Barons?

During the post- Civil War period, an era commonly referred to as the **Gilded Age**, the economy of the United States grew at a fantastic rate. With the exception of a **recession** during the mid-1870s and another during the mid- 1890s, the economic growth was unprecedented in United States history. Manufacturing output increased by 180 percent. Railroads, an important **catalyst** of growth, increased in miles by 113 percent. Steel production grew to over 10,000,000 tons per year by 1900. Every aspect of the American economy expanded from traditional activities to new enterprises brought about by the huge influx of cutting-edge technological inventions. The **gross national product** almost doubled during the period and the per capita GNP increased by 35 percent. Wages matured by 20 percent and a new American middle class emerged for the first time in the history of the United States.

Cities grew during this period as people moved from rural areas and immigrants arrived from around the world to work in the ever expanding factories. The population of Chicago for example multiplied from 30,000 people in 1850 to over 1,700,000 by 1900. The population of New York City increased during the same period from just over 500,000 to over 3,000,000. Birmingham, Alabama emerged in 1871 as a new city built upon the thriving steel industry. Electricity began to light and power the industrial cities with the patenting of the **dynamo**. Skyscrapers emerged to change the landscape of the American city.

Farsighted, shrewd, and enterprising businessmen are often credited with bringing about the economic prosperity of the period. The steelmaker Andrew Carnegie, the banker J.P. Morgan, the oilman John D. Rockefeller, and the railroad magnates Jay Gould and Cornelius

Vanderbilt top the list of a group of industrialists often identified as the “captains of industry” who had the vision and invested the time and effort to grow the economy.

Yet, not everyone at the time had a favorable view of these **entrepreneurs**. In an effort to create monopolies, corner markets, and increase profits these men often resorted to rather **unscrupulous** tactics. These methods included manipulating the stock market, bribing politicians and officeholders, cheating stockholders, and ruining competitors. Consumer prices rose as the **trusts** held by these men came to control entire industries.

Workers were treated badly by the capitalists and their management organizations. Workers were often forbidden to strike, paid very low wages, and forced to work very long hours. Working conditions in both factories and mines were deplorable. Housing for the working class was crowded and substandard. Child labor made up over 5 percent of the national labor force. These tactics soon led to the businessman being labeled as “robber barons.”

By the early twentieth century, the richest 9 percent of Americans controlled 75 percent of the national wealth. The number of millionaires increased from 300 to over 4,000. Yet, working families were forced to rely on two, three, and sometimes more, incomes to make ends meet. To the poor, the working class, reformers, and consumers, the Gilded Age was not golden.

Still, the businessmen of the period felt justified in their actions as the United States became the world’s leading industrial power with the U.S. producing as much as Germany, Britain, and France combined. Examine the documents that follow and answer the question presented in this Mini-Q: Captains of Industry or Robber Barons?

Hook Exercise: Captains of Industry or Robber Barons?

Directions: Examine the two definitions below- Captain of Industry and Robber Baron. Then read the list of business activities practiced by businessmen of the Gilded Age. In the blank space following each activity write a **C** if the activity describes an activity practiced by someone who fits the definition of Captain of Industry or a **R** if the activity describes an activity practiced by someone who fits the definition of Robber Baron.

Captain of Industry- a term originally used to describe a business leader whose means of amassing a personal fortune contributes positively to the country in some way. This may have been through increased productivity, expansion of markets, providing more jobs, or acts of philanthropy.

Robber Baron- a disparaging term used to describe a powerful 19th century businessman or banker who used questionable or unethical business practices to become powerful or wealthy.

1. After his retirement, Andrew Carnegie donated most of his money (over \$350 million) to establish libraries, schools, and universities as well as a pension fund for former employees.
2. In 1901 J.P Morgan's U.S. Steel was as the first billion-dollar company in the world with an authorized capitalization of \$1.2 billion. The size and productivity of U.S. Steel allowed the U.S. to compete globally against countries such as Britain and Germany. _____
3. In response to a strike at Andrew Carnegie's Homestead, Pennsylvania steel plant in 1892, Carnegie and Henry Clay Frick hired Pinkerton detectives to protect strikebreakers brought in to work in the place of striking workers. Ten men were killed and hundreds injured in an attempt to break the strike. _____
4. In 1895, at the depths of the Panic of 1893, J.P. Morgan loaned the U.S. Treasury \$65 million in gold to safeguard the collapse of the U.S. government. _____
5. The steamboat and railroad tycoon, Cornelius Vanderbilt continuously cut shipping rates to the point that other steamboat and railroad companies could not compete and were forced out of business. _____
6. The entrepreneur James J. Hill often donated seed, grain, and cattle to farmers who had been affected by drought and depression. _____
7. John D. Rockefeller often resorted to using spies and extortion to influence railroads to work in his favor by offering him kickbacks and rebates that were denied to his competitors.
8. In 1869, Jay Gould and Jim Fish cornered the gold market by bribing the U.S. Treasury Secretary into not releasing gold into circulation, which drove up the price of gold which Gould and Fisk were hoarding. _____
9. By 1890, the richest 9 percent of Americans held 75 percent of the nation's wealth. The average yearly income for a worker was \$380. Andrew Carnegie had a yearly income of \$25 million by 1900. _____
10. Between 1860 and 1890, the U.S. Patent Office issued over 400,000 patents. The technological innovation and applied science promoted by entrepreneurs brought about many inventions still in use today. _____

Background Essay Questions

1. Which industry was considered a catalyst of economic growth during the Gilded Age?
2. What was the population of the cities of Chicago and New York City in 1900?
3. What year was Birmingham, Alabama founded? On what industry was it built?
4. What were some of the methods used by businessmen to create monopolies and increase profits?
5. How were workers treated during the Gilded Age?
6. Match the businessmen listed below with the industry that they controlled.

Andrew Carnegie

Oil

Jay Gould

Banking

John D. Rockefeller

Steel

J. P. Morgan

Railroads

7. Define or explain the following terms:

Gilded Age

recession

catalyst

gross national product

dynamo

entrepreneur

unscrupulous

trust

1865- Civil War ends

1870- Standard Oil founded

1879- Edison invents the light bulb

1887- Interstate Commerce Act passed

1892- Homestead Strike

Document A

Source: Library of Congress/ Puck Magazine



Document Analysis

1. In the cartoon above, who do the men at the top of the image represent? What are they sitting on?
2. In the same cartoon, who do the men at the bottom of the image represent? What are they trying to do?
3. What are some of the industries depicted in the cartoon?
4. What is the point that the artist is trying to make with this cartoon?

Document B

Source: Andrew Carnegie, *Wealth and Its Uses* (1907)

“It will be a great mistake for the community to shoot the millionaires, for they are the bees that make the most honey, and contribute most to the hive even after they have gorged themselves full.” ~ Andrew Carnegie

“While the law [of competition] may be sometimes hard for the individual, it is best for the race, because it insures the survival of the fittest in every department. We accept and welcome, therefore, as conditions to which we must accommodate ourselves, great inequality of environment, the concentration of business, industrial and commercial, in the hands of the few, and the law of competition between these, as being not only beneficial, but essential for the future progress of the race.” ~ Andrew Carnegie

Source: Andrew Carnegie, *The Gospel of Wealth* (1889)

“Thus the problem of Rich and Poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionaire will be a trustee for the poor; entrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done itself.” ~ Andrew Carnegie

Document Analysis

1. In the first quote from Carnegie in *Wealth and Its Uses*, what does Carnegie mean by “contribute most to the hive?”
2. In the second quote from *Wealth and Its Uses*, what does Carnegie mean by “survival of the fittest?” What concept is Carnegie promoting with this quote?
3. What do you think Carnegie means by “the problem of the Rich and Poor”?
4. In the first quote from *Wealth and Its Uses*, and in the quote from *The Gospel of Wealth*, what does Carnegie argue is the role of the millionaire in relation to the community?
5. What is the overall point that Carnegie is trying to make with these quotes?

Document C

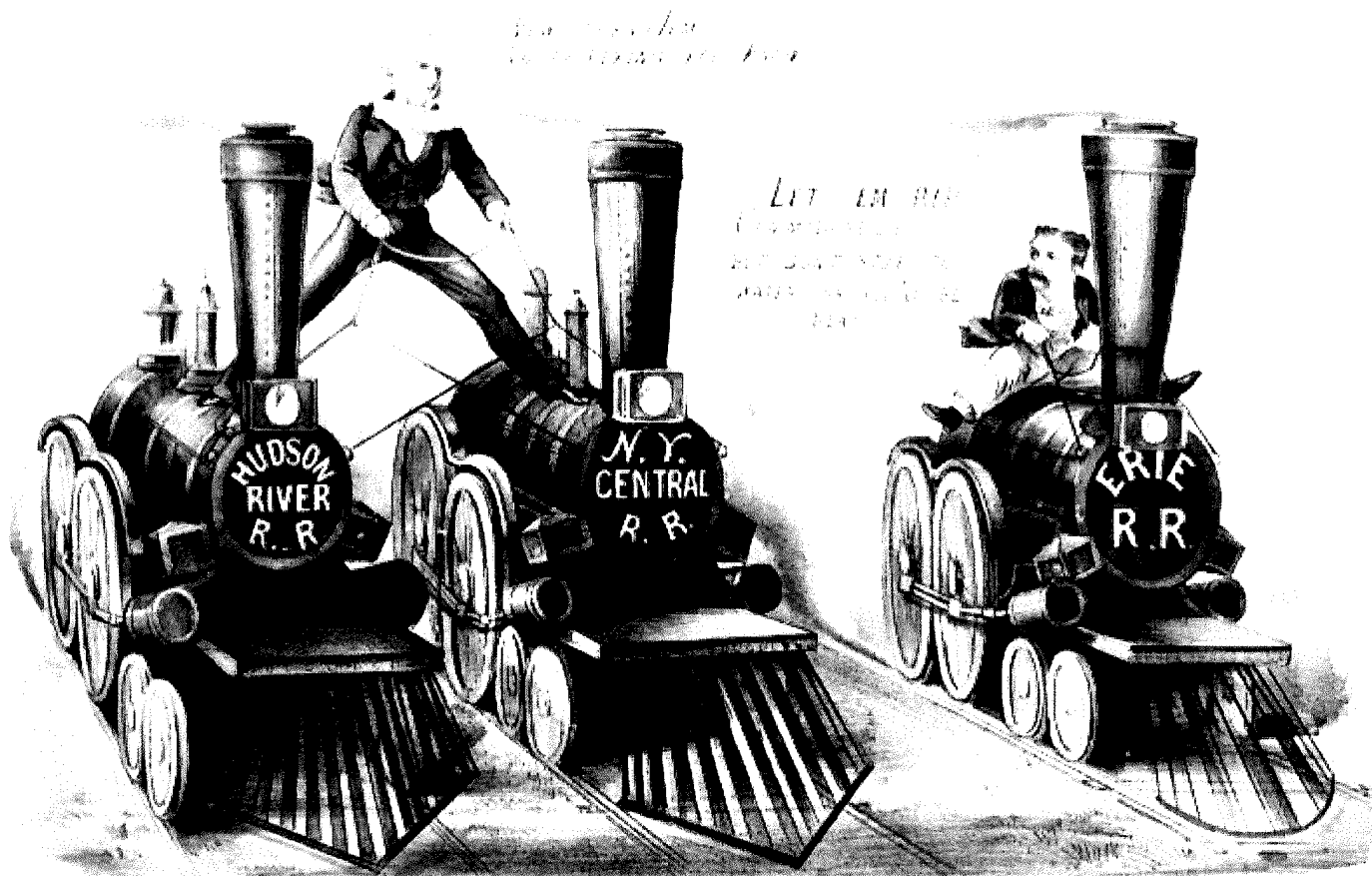
This, then, is held to be the duty of the man of wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; ... and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer... to produce the most beneficial results for the community—the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience and ability to administer, doing for them better than they would or could do for themselves."

—From "Wealth," by Andrew Carnegie, *North American Review* (1889)

Document Analysis

1. In this quote from "Wealth," what example should the "man of wealth" set?
2. In this quote from "Wealth," how should the "man of wealth" administer the trust fund of his surplus revenues?
3. According to Carnegie, what does the man of wealth have that "his poorer brethren" doesn't (besides money)?
4. Does this quote indicate that Carnegie is a Captain of Industry or a Robber Baron?

Document D



THE GREAT RACE FOR THE WESTERN STAKES 1870

Document Analysis

1. In the cartoon above, who do the two men represent? What are they doing?
2. What are the two men talking about?
3. What is the artist trying to say in the cartoon?
4. Does this cartoon indicate that Vanderbilt is a Captain of Industry or a Robber Baron?

Document F

Source: http://www.dcte.udel.edu/hlp/resources/lessons/lesson2b/2b_2.pdf

Historian B 1953

“Much of the blame heaped on the captains of industry in the late 19th century is unwarranted. Although people like Rockefeller used methods that were ethically questionable, the kind of monopolistic control that they exercised was a natural response to the cutthroat competition of the period and reflected the trend toward business consolidation in all industrial nations. The captains of industry like Rockefeller were innovators, thinkers, planners, and bold entrepreneurs who imposed upon American industry a more rational and efficient pattern. They also created a model of philanthropy for all to follow. Had it not been for these captains of industry, the free world might have lost the first world war and most certainly have lost the second.”

Document Analysis

1. What view does Historian B have of Gilded Age entrepreneurs? How does he/she describe them?
2. Does the historian admit that the methods of the businessmen of the period are unethical?
3. What does Historian B consider to be the entrepreneur's major contributions to the free world?
4. Is the quote from Historian B a primary or secondary source?
5. What is the overall message presented in the quote?