¿Captains of Industry or Robber Barons?

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

**Captain of Industry:** a term originally used to describe a business leader whose means of amassing a person fortune contributes positively to the country in some way. This may have been through increased productivity, expansion of markets, provided 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 US Steel was the first billion dollar company in the world, with an authorized capitalization of $1.2 billion. The size and productivity of US Steel allowed the United States 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 US Treasury $65 million in gold to safeguard the collapse of the US 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 Fisk cornered the gold market by bribing the US 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% of Americans held 75% 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 US Patent Office issued over 400,000 patents. The technological innovation and applied science promoted by entrepreneurs brought about many inventions still in use today.

**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 the the hive even after they have gorged themselves full…“While the law (of competition) may be sometimes hard fo rthe individual, it is best for the race, because it insures the survivial 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.”

**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.”

1. In the first quote from Carnegie in *Wealth and Its Uses,* what does Carnegie mean by “contributing 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 the 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?

This, then, is helf 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.

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

1. In this quote from *The Gospel of Wealth*, what expample should the “man of wealth” set?
2. According to this excerpt, 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” don’t (besides money)?
4. Does this quote indicate that Carnegie is a Captain of Industry, or a Robber Baron? Why?

In the fall of 1871, Rockefeller and some other oil refiners developed a remarkable scheme, the gist of which was to bring together secretly a large enough body of refiners and shippers to persuade all the railroads handling oil to give to the company formed special rebates on its oil, and drawbacks on that of other people. If they could get such rates it was evident that those outside of their combination could not compete with them long and that they would become eventually the only refiners. They could then limit their output to actual demand, and so keep up prices. This done, they could easily persuade the railroads to transport no crude for exportation, so that the foreigners would be forced to buy American refined. They believed that the price of oil thus exported could easily be advanced fifty per cent. The control of the refining interests would also enable them to fix their own price on crude. As they would be the only buyers and sellers, the speculative character of the business would be done away with.

**Source: Ida Tarbell, *The History of the Standard Oil Company* (1904)**

1. According to Ida Tarbell, what kind of business practices did Rockefeller use?
2. What was the effect of these practices on Rockefeller? On the consumer?
3. Do you think that Tarbell would describe Rockefeller as a Captain of Industry or a Robber Baron?