

HANDS-ON-HISTORY:
“Robber Barons or Heroes of Industry?”

Document #1

They were aggressive men, as were the first feudal barons; sometimes they were lawless; in important crises, nearly all of them tended to act without those established moral principles which fixed more or less the conduct of the common people of the community....These men were robber barons as were their medieval counterparts, the dominating figures of an aggressive economic age...

When...[these men] arrived upon the scene, the United States was a mercantile-agrarian democracy. When they departed or retired from active life, it was something else; a unified industrial society, the effective economic control of which was lodged in the hands of a hierarchy....Under their hands the renovation of our economic life proceeded relentlessly; large scale production replaced the scattered, decentralized mode of production; industrial enterprises became more concentrated, more efficient" technically, and essentially "cooperative," where they had been purely individualistic and lamentably wasteful....To organize and exploit the resources of a nation upon a gigantic scale, to regiment its farmers and workers into harmonious corps of producers, and to do this only in the name of an uncontrolled appetite for private profit—here surely is the great inherent contradiction whence so much disaster, outrage and misery has flowed....

When demand ran high, and markets were scarce, he showed little mercy, broke his contracts for delivery and raised prices . . .

Another device of Carnegie Brothers which brought much business, was to ingratiate the railroad purchasing agents by allowing them a commission of as much as \$2 per ton on rails — which, as a "reform" president of the Santa Fe declared one day, was "simply stealing." His continued close relations with the railroad men also enabled Carnegie to win secret rebates for his steel shipments over their lines, which helped him further to get the advantage of competitors. But in using all these shifts . . . he was simply neutralizing rivals who moved with equal strength and freedom from scruples through the jungle of the market...

Source: Matthew Josephson in his book, *The Robber Barons*, 1934.

Document #2

. . . The Legislatures of the Northwest were deluged with bribe money, although it was never specifically proved that Hill was the distributor. The whole newspaper press was subsidized, and towns, cities and counties were prevailed upon to grant endowments and exemptions of all kinds....

In November and December, 1891 . . .The Great Northern Railroad . . . began the eviction of farmers in the odd numbered sections within the twenty mile limit of its land grant . . . The settlers appealed to Congress. That body passed an act to allow the railroad company to select an equal area of lands in lieu of those settled upon. This . . . was precisely what the Great Northern Railroad Company was waiting for . . . when the exchange was made it was discovered that the company had selected the most valuable timber lands in Idaho, Montana and Washington —lands worth far more than the Dakota lands —and that on some of these lands rich mineral deposits underlay the timber.

Source: Gustavus Myers on how James J. Hill built the Great Northern Railroad; *History of the Great American Fortunes*, 1936.

Document #3

Mr. Hill believed steadfastly in the American Northwest and its development. This railroad enterprise was for him no speculation, else he might a thousand times have taken a big profit and withdrawn from it . . . He never set his private fortune above that of the railroad system of which he was the head. At every moment he stood ready, should need arise, to turn over to it every dollar of his own... The risk was his. So was the profit . . .

Because of what he did to create the Northwest....the railroad property grew to a value of hundreds of millions. Always scrupulously he took only his rightful share. He never speculated in the railroads securities....He paid back to every man or woman who put a dollar in the property the principal with interest. In a time when railroad presidents received salaries immense enough to invite criticism even according to the liberal ideas of the day, he refused to take a dollar. During the twenty-five years that he held the office of president and the five years that he was chairman of the Board of Directors, he would accept no pay. The profit on his investment in the property, he said, stubbornly, in answer to all propositions to vote him a salary, was sufficient compensation for his services . . . No honest inquirer has ever been able to find a "tainted dollar" in the fortune of James J. Hill....

Source: Joseph G. Pyle, *The Life of James J. Hill*, 1917.

Document #4

For a moment Dyke was confused. Then swiftly the matter became clear in his mind. The Railroad had raised the rate on hops from two cents to five.

All his calculations as to a profit on his little investment he had based on a freight rate of two cents a pound. He was under contract to deliver his crop. He could not draw back. The new rate ate up every cent of his gains. He stood there ruined.

"Why, what do you mean?" he burst out. "You promised me a rate of two cents and I went ahead with my business with that understanding . . ."

S. Behrman and the clerk watched him from the other side of the counter.

"The rate is five cents," declared the clerk doggedly. "Well, that ruins me," shouted Dyke. "Do you understand? I won't make fifty cents. *Make?* Why, I will owe, — I'll be—be—That ruins me, do you understand?"

The other raised a shoulder.

"We don't force you to ship. You can do as you like . . ."

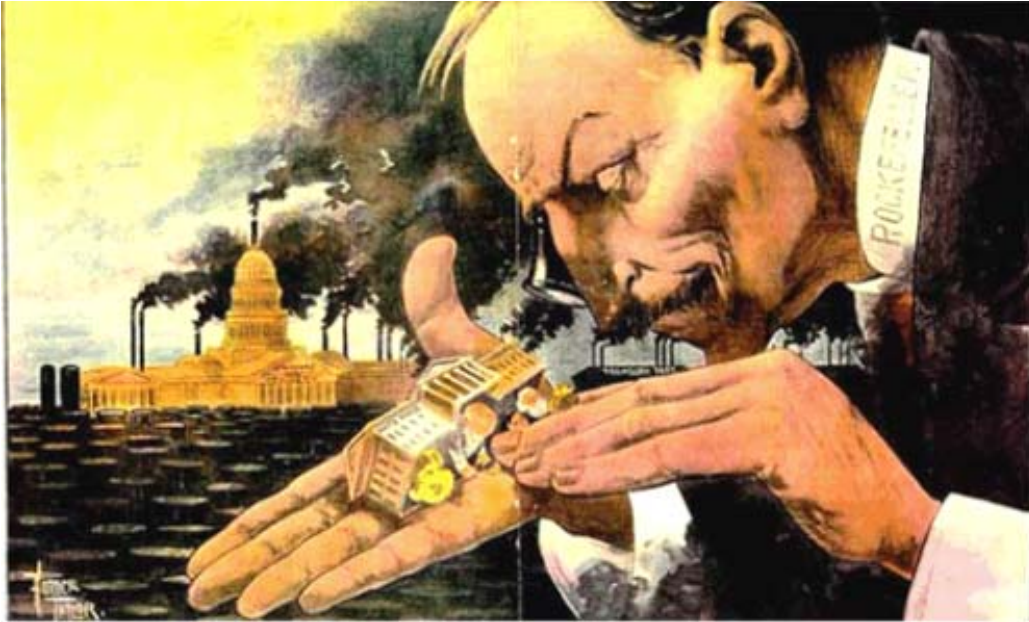
Dyke stared in blank astonishment . . .

". . . Look here. What's your basis of applying freight rates, anyhow?" he suddenly vociferated with furious sarcasm . . .

But at these words, S. Behrman, who had kept silent during the heat of the discussion, leaned abruptly forward. For the only time in his knowledge, Dyke saw his face inflamed with anger and with enmity and contempt of all this farming element with whom he was contending . . . S. Behrman emphasized each word of his reply with a tap of one forefinger on the counter before him: "All — the — traffic — will — bear."

Source: Frank Norris, *The Octopus*, 1901.

Document #5



The Trust Grants Point of View: "What a Funny Little Government"

Source: Cartoon by Horace Taylor, *The Verdict*, Sept. 25, 1899.

Document #6



"One Sees His Finish Unless Good Government Retakes the Ship"

Source: Cartoon by C. Gordon Moffat, *The Verdict*, May 22, 1899.

Document #7

Rockefeller says that combinations are necessary.

It is too late to argue about advantages of industrial combinations. They are a necessity....Their chief advantages are:

- (1) Command of necessary capital.
- (2) Extension of limits of business.
- (3) Increase of number of persons interested in the business.
- (4) Economy in the business.
- (5) Improvements and economies which are derived from knowledge of many interested persons of wide experience.
- (6) Power to give the public improved products at less prices and still make profit for stockholders.
- (7) Permanent work and good wages for laborers.

Source: U. S. Industrial Commission, *Preliminary Report on Trusts and Industrial Combinations*, 1899.

Document #8

The story of the early history of the oil trade is too well known to bear repeating in detail. The cleansing of crude petroleum was a simple and easy process, and at first the profits were very large. Naturally, all sorts of people went into it; the butcher, the baker, and the candlestick maker began to refine oil and it was only a short time before more of the finished product was put on the market than could possibly be consumed. The price went down and down until the trade was threatened with ruin,,,

....this great depression led to consultations with our neighbors and friends in the business in the effort to bring some order out of what was rapidly becoming a state of chaos....we proceeded to buy the largest and best refining concerns and centralize the administration of them with a view to securing greater economy and efficiency....

This enterprise, conducted by men of application and ability working hard together, soon built up unusual facilities in manufacture, in transportation, in finance, and in extending markets....

Source: John D. Rockefeller, *Random Reminiscences of Men and Events*, 1909.

Document #9

Q: How is the freight and passenger pool working?

W.V.: Very satisfactorily. I don't like that expression "pool," however, that's a common construction applied by the people to a combination which the leading roads have entered into to keep rates at a point where they will pay dividends to the stockholders. The railroads are not run for the benefit of the "dear public"—that cry is all nonsense—they are built by men who invest their money and expect to get a fair percentage on the same.

Q: Does your limited express pay?

W.V.: No; not a bit of it. We only run it because we are forced to do so by the action of the Pennsylvania road. It doesn't pay expenses. We would abandon it if it was not for our competitor keeping its train on.

Q: But don't you run it for the public benefit?

W.V. The public be damned. What does the public care for the railroads except to get as much out of them for as small consideration as possible? I don't take any stock in this silly nonsense about working for anybody's good but our own....

Source: Interview with William H. Vanderbilt, *Chicago Daily News*, October 9, 1882.

Document #10

The present century has been marked by a prodigious increase in wealth-producing power...

At the beginning of this marvelous era it was natural to expect, and it was expected, that labor-saving inventions would lighten the toil and improve the condition of the laborer; that the enormous increase in the power of producing wealth would make real poverty a thing of the past....

It is true that disappointment has followed disappointment, and that discovery upon discovery, and invention after invention, have neither lessened the toil of those who most need respite, nor brought plenty to the poor. But there have been so many things to which it seemed this failure could be laid, that up to our time the new faith has hardly weakened. We have better appreciated the difficulties to be overcome; but not the less trusted that the tendency of the times was to overcome them.

Now, however, we are coming into collision with facts which there can be no mistaking. From all parts of the civilized world come complaints of industrial depression; of labor condemned to involuntary idleness; of capital massed and wasting; of pecuniary distress among businessmen; of want and suffering and anxiety among the working classes... This state of things, common to communities differing so widely in situation, in political institutions, in fiscal and financial systems, in density of population and in social organization, can hardly be accounted for by local causes....

That there is a common cause, and that it is either what we call material progress or something closely connected with material progress, becomes more than an inference when it is noted that the phenomena we class together and speak of as industrial depression, are but intensifications of phenomena which always accompany material progress, and which show themselves more clearly and strongly as material progress goes on. Where the conditions to which material progress everywhere tends are most fully realized--that is to say, where population is densest, wealth greatest, and the machinery of production and exchange most highly developed--we find the deepest poverty, the sharpest struggle for existence, and the most of enforced idleness...

Source: Henry George. *Progress and Poverty: An Inquiry into the Cause of Industrial Depressions, and of Increase of Want with Increase of Wealth. The Remedy*, 1887

Document #11

MR. CHAIRMAN: WHAT IS THE REMEDY? Take these railways, these highways of the people away from the corporations, make them public property, let the Government own and run them, make them what they should be, public highways, for the people, over which every man can go to market just as cheap as any other man. Do this and these great trust monopolies that now oppress us will lose their power for evil, as they meet the honest competition which will arise upon every hand. Make these highways, highways indeed. Declare to every man that no Standard Oil Company, that no Sugar Trust, no Meat Combine, no Coal Combine shall have any advantage that is not open to the poorest man in the land. Re-establish the equality of our people over the highways of the Republic. When you have done this, the people will do the rest....

HOW CAN THESE RAILWAYS BE TAKEN AWAY FROM THESE CORPORATIONS? It is easy. The public welfare demands it, under the eminent domain of the State. The power exists to condemn these railway properties for the public welfare just as under the eminent domain of the State private lands were condemned on which to build these railways for the public welfare. Pay these corporations for them just what they are truly worth, and in this transaction let us be careful that no injustice is done either to the people or the stockholders of these railways. But someone says how could the Government pay the interest upon the enormous public debt which this purchase would create. Mr. Chairman, the people who are the Government, are paying it today. These corporations are taxing the people by exorbitant freight rates to pay the interest on all of the bonded debt of these roads, dividends on much watered stock, and in addition, hundreds of millions annually for the benefit of these trusts, monopolies and favored shippers.

Mr. Chairman, under Government ownership, the people are only changing the managers of their highways, for these railways are the people's highways, and one of the greatest jurists that this land ever produced has said "that a public highway cannot be private property." And the people have the right to control their highways and maintain them on the principles of equality....

Source: Hon. M. L. Lockwood of Zelenople, Pa., President of the American Anti-Trust League, Declares for Public Ownership of Railways in His Address Before the Industrial Commission, 1899.

Document #12

We affirm, as a fundamental principle, that labor, the creator of wealth, is entitled to all it creates.

Affirming this, we avow ourselves willing to accept the final results of the operation of principle so radical, — such as the overthrow of the whole profit-making system, the extinction of all monopolies, the abolition of privileged classes, universal education and fraternity, perfect freedom of exchange, and...the final obliteration of that foul stigma upon our so-called Christian civilization — the poverty of the masses...

. . . we declare war with the wages system, which demoralizes alike the hirer and the hired, cheats both, and enslaves the workingman; war with the present system of finance, which robs labor, and gorges capital, . . . war with these lavish grants of the public lands to speculating companies . . . war with the system of enriching capitalists by the creation and increase of public interest-bearing debts.

Source: Wendell Phillips in a speech at the Labor-Reform Convention, Sept. 4, 1871.

Document #13

Your material interest and mine in the society of the future will be the same. Instead of having to fight each other like animals, as we do today . . . we are going to jointly own these mammoth machines, and we are going to operate them as joint partners and we are going to divide all the products among ourselves.

We are not going to send our surplus to the Goulds and Vanderbilts...We are not going to pile up a billion of dollars in John D. Rockefeller's hands — a vast pyramid from the height of which he can look down with scorn...upon the "common herd." John D. Rockefeller's great fortune is built upon your ignorance. When you know enough to know what your interest is you will support the great party that is organized upon the principle of collective ownership of the means of life....

Now, we Socialists propose that society in its collective capacity shall produce, not for profit, but in abundance to satisfy human wants; that every man shall have the inalienable right to work, and receive the full equivalent of all he produces....

Source: Socialist Party leader, Eugene V. Debs, 1908.

Document #14

The price which society pays for the law of competition, like the price it pays for cheap comforts and luxuries, is also great; but the advantages of this law are also greater still, for it is to this law that we owe our wonderful material development...While the law 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 a few,...as being not only beneficial, but essential for the future progress of the race....

The problem of our age is the proper administration of wealth, that the ties of brotherhood may still bind together the rich and poor in harmonious relationship....

....Upon the sacredness of property civilization itself depends — the right of the laborer to his hundred dollars in the savings bank, and equally the legal right of the millionaire to his millions....Not evil, but good, has come to the race from the accumulation of wealth by those who have had the ability and energy to produce it....

There remains....only one mode of using great fortunes; but in this we have the true antidote for the temporary unequal distribution of wealth, the reconciliation of the rich and poor . . . Under its sway we shall have an ideal state, in which the surplus wealth of the few will become in the best sense, the property of the many, because administered for the common good; and this wealth, passing through the hands of the few, can be made a much more potent force for the elevation of our race than if it had been

distributed in small sums to the people themselves....

This, then, is held to be the duty of the man of wealth;...To set an example of modest....living,...to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer...in the manner which, in his judgment, is best calculated 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....

In bestowing [giving] charity, the main consideration should be to help those who will help themselves; to provide part of the means by which those who desire to improve may do so; to give those who desire to rise the aids by which they may rise; to assist but rarely or never to do all. Neither the individual nor the race is improved by almsgiving. Those worthy of assistance, except in rare cases, seldom require assistance. The really valuable men of the race never do, except in cases of accident or sudden change. Everyone has, of course, cases of individuals brought to his own knowledge where temporary assistance can do genuine good, and these he will not overlook.

But the amount which can be wisely given by the individual for individuals is necessarily limited by his lack of knowledge of the circumstances connected with each. He is the only true reformer who is as careful and as anxious not to aid the unworthy as he is to aid the worthy,...for in almsgiving more injury is probably done by rewarding vice than by relieving virtue....

The man who dies leaving behind him millions of available wealth, which was his to administer during life, will pass away "unwept, unhonored, and unsung," no matter to what uses he leaves the dross [rubbish] which he cannot take with him. Of such as these the public verdict will then be: "The man who dies thus rich dies disgraced."

Such, in my opinion, is the true Gospel concerning Wealth, obedience to which is destined some day to solve the problem of the Rich and the Poor, and to bring "Peace on earth, among men good will."

Source: Andrew Carnegie, *The Gospel of Wealth*, 1909.

Document #15

Oh, almighty Andrew Philanthropist Library Carnegie, who art in America when not in Europe spending the money of your slaves and serfs, thou art a good father to the people of Pittsburgh, Homestead and Beaver Falls. We bow before thee in humble obedience of slavery....We have no desire but to serve thee. If you sayest black was white we believe you, and are willing, with the assistance of...the Pinkerton's agency, to knock the stuffing{g} out of everyone who thinks different, or to shoot down and imprison serfs who dare say you have been unjust in reducing the wages of your slaves, who call themselves citizens of the land of the free and the home of the brave...

Oh, lord and master, we love thee because you and other great masters of slaves favor combines and trusts to enslave and make paupers of us all. We love thee though our children are clothed in rags. We love thee though our wives...are so scantily dressed and look so shabby. But, oh master, thou hast given us one great enjoyment which man has never dreamed of before—a free church organ, so that we can take our shabby families to church to hear your great organ pour forth its melodious strains....

Oh, master, we thank thee for all the free gifts you have given the public at the expense of your slaves....Oh, master, we need no protection, we need no liberty so long as we are under thy care. So we commend ourselves to thy mercy and forevermore sing thy praise.

Amen!

Source: "A Workingman's Prayer," *The Coming Nation*, February 10, 1894.

Document #16

You have no right to be poor. It is your duty to be rich.

You ought to make money. Money is power. Think how much good you could do if you had money now. Money is power, and it ought to be in the hands of good men....You should be a righteous man. If you were, you would be rich.

...it is a grand ambition for men to have the desire to gain money, that they may use it for the benefit of their fellow men....

It is cruel to slander the rich because they have been successful. It is a shame to "look down" upon the rich the way we do. They are not scoundrels because they have gotten money. They have blessed the world. They have gone into great enterprises that have enriched the nation and the nation has enriched them. It is all wrong for us to accuse a rich man of dishonesty simply because he secured money. Go through this city and your very best people are among your richest people. Owners of property are always the best citizens.

Source: Rev. Russel H. Conwell, founder of Temple University, 1900.

Document #17

I say that you ought to get rich, and it is your duty to get rich. How many of my pious brethren say to me, "Do you, a Christian minister, spend your time going up and down the country advising young people to get rich, to get money?" "Yes, of course I do." They say, "Isn't that awful! Why don't you preach the gospel instead of preaching about man's making money?" "Because to make money honestly is to preach the gospel." The men who get rich may be the most honest men you find in the community....

Let me say here clearly, and say it briefly....that ninety-eight out of one hundred of the rich men in America are honest. That is why they are rich. That is why they are trusted with money. That is why they carry on great enterprises and find plenty of people to work with them. It is because they are honest men....

Source: Russell H. Conwell, *Acres of Diamonds*, 1900.

Document #18

List of major gifts given by John D. Rockefeller by the time of his death in 1937:

American Baptist Foreign Mission Society, New York City	\$ 6,845,688.52
American Baptist Home Mission Society, New York City	6,994,831.62
American Baptist Missionary Society, Dayton, Ohio	1,902,132.58
General Education Board	129,209,167.10
Laura Spelman Rockefeller Memorial, New York	73,985,313.77
Minister and Missionaries Benefit Board of Northern Baptist Convention	7,090,579.06
Rockefeller Foundation, New York	182,851,480.90
Rockefeller Institute for Medical Research	59,931,891.62
University of Chicago, Chicago, Illinois	34,708,375.28
Yale University, New Haven	1,001,000.00
Y.M.C.A., International Committee	2,295,580.73
[TOTAL:	\$506,816,041.18]

Source: *The New York Times*, May 24, 1937.

Document #19

The men Josephson caricatured were in fact the creators of the industrial system that gave the United States the most powerful and dynamic economy in the world. They were masters of organization—visionaries and risk takers who thought and acted on a grand scale. Though they amassed the largest private fortunes ever known, what drove them was the game itself. “I do not love the money,” insisted Philip D. Armour, the meatpacking magnate. “What I do love is the getting of it....What other interest can you suggest to me? I do not read. I do not take part in politics. What can I do?”....

The entrepreneurs who came to dominate this scramble were to the American economy what the Founding Fathers were to the political system. They also transformed New York into the financial, commercial, corporate, social, and cultural nerve center of the nation. Among the hundreds of ways to look at New York and what it reflects about the American experience, one important if overlooked way is to see it as the largest living monument to the misnamed Robber Barons....

The Robber Barons put their stamp on cultural as well as business institutions in New York and most other cities. There is scarcely a museum, art gallery, concert hall, orchestra, theater, university, seminary, charity, or other social or educational institution that does not owe its beginnings and support to these men. Whatever their motives, the enduring results remain one of the most impressive monuments to the Robber Barons' careers.

One venerated New York landmark, the Morgan Library, offers a striking example of the connection between business, culture, and philanthropy. In that miniature marble palace on 36th Street, Morgan conducted some of his meetings or enjoyed the company of friends and family, surrounded by some of the treasures from his fabulous art collection. Later that collection became the core for the Metropolitan Museum of Art. Not all of the city's landmarks bear the name of the endower, as Carnegie Hall and Rockefeller Center do, but most—from New York University to the New York Public Library—have money from the entrepreneurs behind them.

Thanks to the efforts of the entrepreneurs, wealth congregated in New York as nowhere else in the land. When the New York Tribune attempted in 1892 to identify every millionaire in the nation, by state and city, it came up with a list of 4,047 names. Of that number, 27 percent lived in New York City, a figure not remotely approached by any other place....

Source: Maury Klein, “The Robber Barons' Bum Rap,” *Urbanities*, Winter, 1995 | Vol. 5, No. 1

Document #20

What kind of men were Morgan and Frick? They were entrepreneurs, producers during the Gilded Age of American *laissez faire*; employers of thousands of people, creators of the extraordinarily rich investment infrastructure that gave the United States its exemplary living standards in the twentieth century, and donors of unparalleled public collections, libraries, scholarships, and so on.

In short, they were robber barons.

The title is, of course, a lie, and a particularly Marxist one, based on Marx's idiotic ‘labor theory of value.’ These great men were not barons—Henry Clay Frick's father was a poor dirt farmer—and nor did they rob anybody. They certainly didn't rob the millions of poor immigrants that found their way to these shores, to a land of great freedom and opportunity unknown in the countries they had left. It was the robber barons that gave the immigrants jobs and got them started. The millionaires' wealth was created wealth, and left their employees richer, not poorer, a fact that the left is incapable of understanding, or even recognizing....

....The countries that have an acceptable and comfortable standard of living for the majority of the people are those who were fortunate enough to experience a prolonged period economic *laissez faire*, which allowed the most productive individuals, the robber barons, to create the enormous investment capital and industrial infrastructure which we are still parlaying today, although I fear our time is fast running out. Wealth has to be replaced, and, for many years, greedy statist bureaucrats have been consuming it faster than shackled and hobbled entrepreneurs can create it.

Natural resources don't make you rich. Some of the poorest nations of Africa have cornucopias of diamonds, gold, minerals, rubber, and other resources, but their people still fall asleep hungry each day.

Education doesn't make you rich. The Soviet Union produced armies of engineers and scientists for decades, and the population's life expectancy at the end of the socialist 'experiment' was lower than it had been in Czarist times. Socialism certainly doesn't make you rich, its record this century has been one of unspeakable horror,...

The factors necessary are a relatively high degree of political and economic liberty, with limited government, hard money, and low taxes. Even a limited period of laissez-faire can raise a country's standard of living for decades after; an unlimited period, which should have been our inheritance, would produce wealth on an unimaginable scale....

Source: Patrick Spooner, "Why We Are Rich...the Great Legacy of America's Robber Barons," *The New Australian*, December 14, 1998.