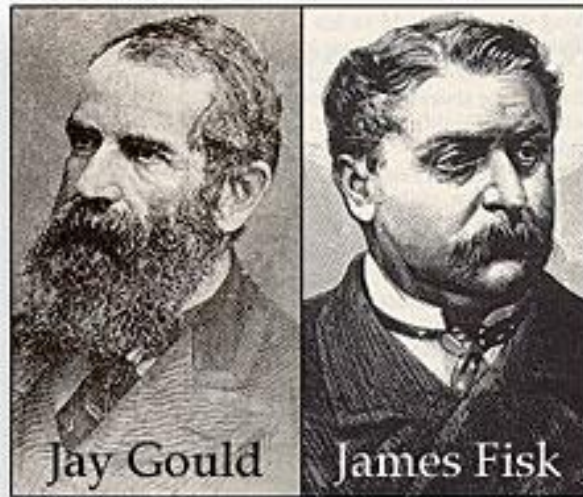


## Meet Some Real “Robber Barons”



Jim Fisk and Jay Gould were as different as two men could be. Fisk -- the "king of flash" -- was fat and loud. He drove around New York in a coach with three white horses, three black horses, two black coachmen in white uniforms and two white coachmen in black uniforms. Gould, on the other hand, was a family man. Small and thin, he tried not to be noticed.

Still, the two businessmen had things in common. They were partners, and were among the greediest men in a greedy age. In 1869, they tried to "corner," or buy, all the gold in America.

When that failed, they turned to railroads. While some tycoons like Cornelius Vanderbilt built railroads, Fisk and Gould specialized in destroying them. The financiers would sell "watered," or over-valued, railroad stock to the public. When people found out their stocks were worth less than they thought, they sold them at a loss, and the railroad went bankrupt. But Fisk and Gould already had their money.

People began to call these businessmen "robber barons." Eventually, they angered not only people they had helped to ruin, but also powerful conservative bankers like J.P. Morgan, who thought that stability made for better business. However, in 1873, another robber baron named Jay Cooke would bring down more than a railroad -- he would bring down the whole American economy.

# Robber Baron or Captain of Industry?

Group Members:

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	Assigned Individual:
How he acquired his wealth.	
How he (or his related industries) treated workers.	
How he spent his money.	
How he donated his money.	
Robber Baron or Captain of Industry?	

## Andrew Carnegie



Scottish-born Andrew Carnegie (1835-1919) was an American industrialist who amassed a fortune in the steel industry then became a major philanthropist. Carnegie worked in a Pittsburgh cotton factory as a boy before rising to the position of division superintendent of the Pennsylvania Railroad in 1859. While working for the railroad, he invested in various ventures, including iron and oil companies, and made his first fortune by the time he was in his

early 30s. In the early 1870s, he entered the steel business, and over the next two decades became a dominant force in the industry. In 1901, he sold the Carnegie Steel Company to banker John Pierpont Morgan for \$480 million. Carnegie then devoted himself to philanthropy, eventually giving away more than \$350 million.

### Andrew Carnegie: Early Life and Career

Andrew Carnegie, whose life became a rags-to-riches story, was born into modest circumstances on November 25, 1835, in Dunfermline, Scotland, the second of two sons of Will, a handloom weaver, and Margaret, who did sewing work for local shoemakers. In 1848, the Carnegie family (who pronounced their name “carNEgie”) moved to America in search of better economic opportunities and settled in Allegheny City (now part of Pittsburgh), Pennsylvania. Andrew Carnegie, whose formal education ended when he left Scotland, where he had no more than a few years’ schooling, soon found employment as a bobbin boy at a cotton factory, earning \$1.20 a week.

Ambitious and hard-working, he went on to hold a series of jobs, including messenger in a telegraph office and secretary and telegraph operator for the superintendent of the Pittsburgh division of the Pennsylvania Railroad. In 1859, Carnegie succeeded his boss as railroad division superintendent. While in this position, he made profitable investments in a variety of businesses, including coal, iron and oil companies and a manufacturer of railroad sleeping cars.

After leaving his post with the railroad in 1865, Carnegie continued his ascent in the business world. With the U.S. railroad industry then entering a period of rapid growth, he expanded his railroad-related investments and founded such ventures as an iron bridge building company and a telegraph firm, often using his connections to win insider contracts. By the time he was in his early 30s, Carnegie had become a very wealthy man.

### Andrew Carnegie: Steel Magnate

In the early 1870s, Carnegie co-founded his first steel company, near Pittsburgh. Over the next few decades, he created a steel empire, maximizing profits and minimizing inefficiencies through ownership of factories, raw materials and transportation infrastructure involved in steel-making. In 1892, his primary holdings were consolidated to form Carnegie Steel Company.

The steel magnate considered himself a champion of the working man; however, his reputation was marred by a violent labor strike in 1892 at his Homestead, Pennsylvania, steel mill. After union workers protested wage cuts, Carnegie Steel general manager Henry Clay Frick (1848-1919), who was determined to break the union, locked the workers out of the plant. Andrew Carnegie was on vacation in Scotland during the strike, but put his support in Frick, who called in some 300 Pinkerton armed guards to protect the plant. A bloody battle broke out between the striking workers and the Pinkertons, leaving at least 10 men dead. The state militia then was brought in to take control of the town, union leaders were arrested and Frick hired replacement workers for the plant. After five months, the strike

ended with the union's defeat. Additionally, the labor movement at Pittsburgh-area steel mills was crippled for the next four decades.

In 1901, banker John Pierpont Morgan (1837-1913) purchased Carnegie Steel for some \$480 million, making Andrew Carnegie one of the world's richest men. That same year, Morgan merged Carnegie Steel with a group of other steel businesses to form U.S. Steel, the world's first billion-dollar corporation

### **Andrew Carnegie: Philanthropist**

After Carnegie sold his steel company, the diminutive titan, who stood 5'3", retired from business and devoted himself full-time to philanthropy. In 1889, he had penned an essay, "The Gospel of Wealth," in which he stated that the rich have "a moral obligation to distribute [their money] in ways that promote the welfare and happiness of the common man." Carnegie also said that "The man who dies thus rich dies disgraced."

Carnegie eventually gave away some \$350 million (the equivalent of billions in today's dollars), which represented the bulk of his wealth. Among his philanthropic activities, he funded the establishment of more than 2,500 public libraries around the globe, donated more than 7,600 organs to churches worldwide and endowed organizations (many still in existence today) dedicated to research in science, education, world peace and other causes. Among his gifts was the \$1.1 million required for the land and construction costs of Carnegie Hall, the legendary New York City concert venue that opened in 1891.

### **Andrew Carnegie: Family and Final Years**

Carnegie's mother, who was a major influence in his life, lived with him until her death in 1886. The following year, the 51-year-old industrial baron married Louise Whitfield (1857-1946), who was two decades his junior and the daughter of a New York City merchant. The couple had one child, Margaret (1897-1990). The Carnegies lived in a

Manhattan mansion and spent summers in Scotland, where they owned Skibo Castle, set on some 28,000 acres.

Carnegie died at age 83 on August 11, 1919, at Shadowbrook, his estate in Lenox, Massachusetts. He was buried at Sleepy Hollow Cemetery in North Tarrytown, New York.

## Strike at Homestead Mill: The Homestead Letters

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Soon after the bloody battle on July 6, Carnegie told the New York Herald that the news of the disaster "grieved me more than I can tell you. It came on me like a thunderbolt in a clear sky." In fact, Carnegie had supported Frick's preparations for battle and closely monitored the lockout, as demonstrated by his correspondence that year:

**May 4**

### Letter to Frick

"One thing we are all sure of: No contest will be entered in that will fail. It will be harder this time at Homestead.... On the other hand, your reputation will shorten it, so that I really do not believe it will be much of a struggle. We all approve of anything you do, not stopping short of approval of a contest. We are with you to the end."

**June 10**

### Telegram to Frick

"Of course, you will be asked to confer, and I know you will decline all conferences, as you have taken your stand and have nothing more to say.... Of course you will win, and win easier than you suppose, owing to the present condition of the market."

**July 6**

### The battle at Homestead

**July 7**

### Telegram to Frick

"Cable received. All anxiety gone since you stand firm. Never employ one of these rioters. Let grass grow over works. Must not fail now. You will win easily next trial."

**July 17**

### Letter to cousin

"Matters at home bad -- such a fiasco trying to send guards by Boat and then leaving space between River & fences for the men to get opposite landing and fire. Still we must keep quiet & do all we can to support Frick & those at Seat of War. I have been besieged by interviewing Cables from N

York but have not said a word. Silence is best. We shall win, of course, but may have to shut down for months."

**November 18**

### Telegram from Frick at end of lockout

"Victory!"

**November 21**

### Telegram from Frick

"Strike officially declared off yesterday. Our victory is now complete and most gratifying. Do not think we will ever have any serious labor trouble again.... Let the Amalgamated still exist and hold full sway at other people's mills. That is no concern of ours."

**Late November**

### Telegram to Frick from Italy

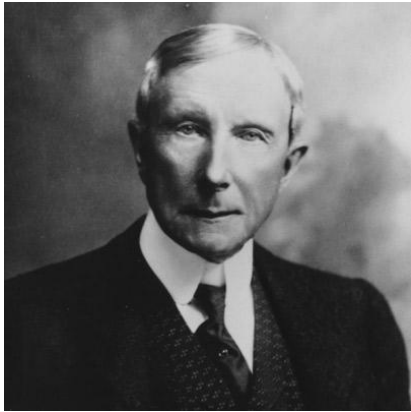
"Life is worth living again -- Cables received -- first happy morning since July -- surprising how pretty Italia -- congratulate all around -- improve works -- go ahead -- clear track -- tariff not in it -- shake."

**Late December**

### Letter to Frick from Rome

"I am well and able to take an interest in the wonders we see.... Shall see you all early after the New Year. Think I'm about ten years older than when with you last. Europe has rung with Homestead, Homestead, until we are sick of the name, but it is all over now-So once again Happy New Year to all. I wish someone would write me about your good self. I cannot believe you can be well. Ever your Pard, A.C."

## John D. Rockefeller



John D. Rockefeller (1839-1937), founder of the Standard Oil Company, became one of the world's wealthiest men and a major philanthropist. Born into modest circumstances in upstate New York, he entered the then-fledgling oil business in 1863 by investing in a Cleveland, Ohio, refinery. In 1870, he established Standard Oil, which by the early 1880s controlled some

90 percent of U.S. refineries and pipelines. Critics accused Rockefeller of engaging in unethical practices, such as predatory pricing and colluding with railroads to eliminate his competitors, in order to gain a monopoly in the industry. In 1911, the U.S. Supreme Court found Standard Oil in violation of anti-trust laws and ordered it to dissolve. During his life Rockefeller donated more than \$500 million to various philanthropic causes.

### John D. Rockefeller: Early Years and Family

John Davison Rockefeller, the son of a traveling salesman, was born on July 8, 1839, in Richford, New York. Industrious even as a boy, the future oil magnate earned money by raising turkeys, selling candy and doing jobs for neighbors. In 1853, the Rockefeller family moved to the Cleveland, Ohio, area, where John attended high school then briefly studied bookkeeping at a commercial college.

In 1855, at age 16, he found work as an office clerk at a Cleveland commission firm that bought, sold and shipped grain, coal and other commodities. (He considered September 26, the day he started the position and entered the business world, so significant that as an adult he commemorated this "job day" with an annual celebration.) In 1859, Rockefeller and a partner established their own commission

firm. That same year, America's first oil well was drilled in Titusville, Pennsylvania. In 1863, Rockefeller and several partners entered the booming new oil industry by investing in a Cleveland refinery.

In 1864, Rockefeller married Laura Celestia "Cettie" Spelman (1839-1915), an Ohio native whose father was a prosperous merchant, politician and abolitionist active in the Underground Railroad. (Laura Rockefeller became the namesake of Spelman College, the historically black women's college in Atlanta, Georgia, that her husband helped finance.) The Rockefellers went on to have four daughters (three of whom survived to adulthood) and one son.

### John D. Rockefeller: Standard Oil

In 1865, Rockefeller borrowed money to buy out some of his partners and take control of the refinery, which had become the largest in Cleveland. Over the next few years, he acquired new partners and expanded his business interests in the growing oil industry. At the time, kerosene, derived from petroleum and used in lamps, was becoming an economic staple. In 1870, Rockefeller formed the Standard Oil Company of Ohio, along with his younger brother William (1841-1922), Henry Flagler (1830-1913) and a group of other men. John Rockefeller was its president and largest shareholder.

Standard Oil gained a monopoly in the oil industry by buying rival refineries and developing companies for distributing and marketing its products around the globe. In 1882, these various companies were combined into the Standard Oil Trust, which would control some 90 percent of the nation's refineries and pipelines. In order to exploit economies of scale, Standard Oil did everything from build its own oil barrels to employ scientists to figure out new uses for petroleum by-products.

Rockefeller's enormous wealth and success made him a target of muckraking journalists, reform politicians and others who viewed him as a symbol of corporate greed and criticized the methods with which he'd built his empire. As The New York Times reported in 1937: "He

was accused of crushing out competition, getting rich on rebates from railroads, bribing men to spy on competing companies, of making secret agreements, of coercing rivals to join the Standard Oil Company under threat of being forced out of business, building up enormous fortunes on the ruins of other men, and so on.”

In 1890, the U.S. Congress passed the Sherman Antitrust Act, the first federal legislation prohibiting trusts and combinations that restrained trade. Two years later, the Ohio Supreme Court dissolved the Standard Oil Trust; however, the businesses within the trust soon became part of Standard Oil of New Jersey, which functioned as a holding company. In 1911, after years of litigation, the U.S. Supreme Court ruled Standard Oil of New Jersey was in violation of anti-trust laws and forced it to dismantle (it was broken up into more than 30 individual companies).

### **John D. Rockefeller: Philanthropy and Final Years**

Rockefeller retired from day-to-day business operations of Standard Oil in the mid-1890s. Inspired in part by fellow Gilded Age tycoon Andrew Carnegie (1835-1919), who made a vast fortune in the steel industry then became a philanthropist and gave away the bulk of his money, Rockefeller donated more than half a billion dollars to various educational, religious and scientific causes. Among his activities, he funded the establishment of the University of Chicago and the Rockefeller Institute for Medical Research (now Rockefeller University).

In his personal life, Rockefeller was devoutly religious, a temperance advocate and an avid golfer. His goal was to reach the age of 100; however, he died at 97 on May 23, 1937, at The Casements, his winter home in Ormond Beach, Florida. (Rockefeller owned multiple residences, including a home in New York City, an estate in Lakewood, New Jersey, and an estate called Kykuit, old Dutch for “lookout,” set on 3,000 acres near Tarrytown, New York.) He was buried at Lake View Cemetery in Cleveland.

### **Primary Resources: Rockefeller Overkill**

The country's fascination with John D. Rockefeller, Sr. reached a peak in the early 1900s. On top of the public's love-hate relationship with the richest man in the country, the antitrust political climate and the recent exposés of Standard Oil spawned constant Rockefeller headlines.

For some, it was too much. The letter below, from a disgruntled (and rather sarcastic) *New York Times* reader, could have been written much more recently about the media frenzy surrounding another well-known billionaire...

*To the Editor*

*October 7, 1905*

*As a regular reader of The New York Times, I have noticed with increasing pleasure the strict impartiality with which you give publicity to both kicks and praise. I am therefore emboldened to address you on a little matter which comes within one of those descriptions. I hardly know which. Why not a Rockefeller page in The New York Times? A Rockefeller Section, or a Rockefeller Department -- anything save a Rockefeller Column, which would be altogether too insignificant for a subject, which The Times evidently regards as so urgently important. The taste for reading of Rockefeller daily constantly increases, and your daily doles seem to grow woefully insufficient. The fever for it is upon us -- give us more Rockefeller, and let us intoxicate ourselves with the quantity you will furnish. Give us a page of him every day.*

*Arthur A. Penn, NY*

## Cornelius Vanderbilt



Shipping and railroad tycoon Cornelius Vanderbilt (1794-1877) was a self-made multi-millionaire who became one of the wealthiest Americans of the 19th century. As a boy, he worked with his father, who operated a boat that ferried cargo between Staten Island, New York, where they lived, and Manhattan. After working as a steamship captain, Vanderbilt went into business for himself in the late 1820s, and eventually became one of the country's largest steamship

operators. In the process, the Commodore, as he was publicly nicknamed, gained a reputation for being fiercely competitive and ruthless. In the 1860s, he shifted his focus to the railroad industry, where he built another empire and helped make railroad transportation more efficient. When Vanderbilt died, he was worth more than \$100 million.

### Cornelius Vanderbilt: Early Years

A descendant of Dutch settlers who came to America in the mid-1600s, Cornelius Vanderbilt was born into humble circumstances on May 27, 1794, on Staten Island, New York. His parents were farmers and his father also made money by ferrying produce and merchandise between Staten Island and Manhattan in his two-masted sailing vessel, known as a periauger. As a boy, the younger Vanderbilt worked with his father on the water and attended school briefly. When Vanderbilt was a teen he transported cargo around the New York harbor in his own periauger. Eventually, he acquired a fleet of small boats and learned about ship design.

In 1813, Vanderbilt married his cousin Sophia Johnson, and the couple eventually had 13 children. (A year after his first wife died in

1868, Vanderbilt married another female cousin, Frank Armstrong Crawford, who was more than four decades his junior.)

### Cornelius Vanderbilt: Steamships

In 1817, Vanderbilt went to work as a ferry captain for a wealthy businessman who owned a commercial steamboat service that operated between New Jersey and New York. The job provided Vanderbilt the opportunity to learn about the burgeoning steamship industry. In the late 1820s, he went into business on his own, building steamships and operating ferry lines around the New York region. Shrewd and aggressive, he became a dominant force in the industry by engaging in fierce fare wars with his rivals. In some cases, his competitors paid him hefty sums not to compete with them. (Throughout his life, Vanderbilt's ruthless approach to business would earn him numerous enemies.)

In the 1840s, Vanderbilt constructed a large brick home for his family at 10 Washington Place, in Manhattan's present-day Greenwich Village neighborhood. Despite his growing wealth, the city's elite residents were slow to accept Vanderbilt, considering him rough and uncultured.

In the early 1850s, during the California Gold Rush, a time before transcontinental railroads, Vanderbilt launched a steamship service that transported prospectors from New York to San Francisco via a route across Nicaragua. His route was faster than an established route across Panama, and much speedier than the other alternative, around Cape Horn at the southern tip of South America, which could take months. Vanderbilt's new line was an instant success, earning more than \$1 million (about \$26 million in today's money) a year.

### Cornelius Vanderbilt: Railroads

In the 1860s, Vanderbilt shifted his focus from shipping to the railroad industry, which was entering a period of great expansion. He gained control of a number of railway lines operating between Chicago and



New York and established an interregional railroad system. According to T.J. Styles, author of “The First Tycoon: The Epic Life of Cornelius Vanderbilt”: “This was a major transformation of the railroad network, which previously had been fragmented into numerous short railroads, each with its own procedures, timetables, and rolling stock. The creation of a coherent system spanning several states lowered costs, increased efficiency, and sped up travel and shipment times.”

Vanderbilt was the driving force behind the construction of Manhattan’s Grand Central Depot, which opened in 1871. The station eventually was torn down and replaced by present-day Grand Central Terminal, which opened in 1913.

### **Cornelius Vanderbilt: Final Years**

Unlike the Gilded Age titans who followed him, such as steel magnate Andrew Carnegie (1835-1919) and oil mogul John Rockefeller (1839-1937), Vanderbilt did not own grand homes or give away much of his vast wealth to charitable causes. In fact, the only substantial philanthropic donation he made was in 1873, toward the end of his life, when he gave \$1 million to build and endow Vanderbilt University in Nashville, Tennessee. (In a nod to its founder’s nickname, the school’s athletic teams are called the Commodores.)

The Vanderbilt mansions associated with the Gilded Age, including the Breakers in Newport, Rhode Island, and the Biltmore in Asheville, North Carolina, were built by Cornelius Vanderbilt’s descendants. (The 250-room Biltmore estate, constructed in the late 19<sup>th</sup> century by one of Vanderbilt’s grandsons, is the largest privately owned home in the United States today.)

Vanderbilt died at age 82 on January 4, 1877, at his Manhattan home, and was buried in the Moravian Cemetery in New Dorp, Staten Island. He left the bulk of his fortune, estimated at more than \$100 million, to his son William (1821-85).

## Ruthless in Manhattan - a Book Review

By MICHAEL KAZIN

Published: May 7, 2009

### THE FIRST TYCOON

The Epic Life of Cornelius Vanderbilt

By T. J. Stiles

Illustrated. 719 pp. Alfred A. Knopf. \$37.50

Americans have always been ambivalent about men who turn small businesses into gigantic ones. We marvel at their cleverness and daring — and envy the manifold pleasures they buy and discard at whim. Yet we assume that anyone so big must also be bad. Tycoons get blamed for making the marketplace less free, for corrupting politicians, for exploiting the ordinary folk who work in their companies. Some of the corporate rich then try to enhance their reputations with ostentatious philanthropy. No wonder that in this most capitalist of nations, our leading capitalists usually garner as much suspicion as love.

Cornelius Vanderbilt spent little of his long life fretting over his image. If Americans were not grateful for the many steamships he built, the major railroad lines he integrated into a common system, the stock market panics he soothed and the Grand Central Terminal he constructed with his own millions, that was their fault, not his. Vanderbilt was the richest man in 19th-century America; at his death in 1877, he possessed, at least on paper, one-ninth of all the American currency in circulation. But like other corporate giants of his era and ours, he saw no reason to apologize for manufacturing and managing commodities everyone wanted and needed. “Vanderbilt was many things, not all of them admirable,” T. J. Stiles says in this perceptive and fluently written biography, “but he was never a phony. Hated, revered, resented, he always commanded respect, even from his enemies.”

That respect stemmed, in part, from how he earned his fortune. During the early years of the republic, most rich Americans had

inherited their wealth from mercantile or planter ancestors. Like their fellow patricians across the Atlantic, they tended to equate good breeding with the right to rule. Vanderbilt left school at the age of 11. But as a self-taught, self-made entrepreneur, he had no equal.

Vanderbilt grew up on Staten Island, the son of ambitious farmers who were determined to profit from the commercial bounty being frantically pursued in the booming city across the bay. Cornelius routinely took his father’s boat to Manhattan and back; sometimes, he spent all night in the small vessel in order to grab the first job the next morning. By his 20th birthday, Vanderbilt had made enough cash to compete for trade up and down the coast. While a tiny number of men his age were leisurely studying the classics in Cambridge and Princeton, Vanderbilt became a prosperous “shopkeeper of the sea.” He was also one of the first Americans to learn to construct and operate steamships — the greatest innovation in transport since the invention of sail.

Vanderbilt erected a continental empire on his love and mastery of the age of steam. It was a perilous industry: captains eager to destroy the competition routinely pushed engines beyond their limits. Boilers exploded. Ships crashed into one another. Deaths were common. Vanderbilt often challenged other owners to races, piloting boats of his own design with ferocious cunning, if not always to victory.

But the Commodore (a name he cherished) accomplished his most impressive feats away from the steering wheel. By slashing fares and buying out rival firms, Vanderbilt achieved a near monopoly on steamship travel between New York and Boston. During the California gold rush, he hacked out a passage through Nicaragua to carry the forty-niners and their mail from ocean to ocean. Midway through the Civil War, he loaned his largest and fastest ship to the Union Navy to chase down Confederate raiders. Once victory was won, he switched his energies to the railroad business and soon controlled a network of lines that ran from New York to Chicago.

Like a great athlete, Vanderbilt lived to compete. As a septuagenarian, he still relished racing a team of fancy horses on the outskirts of Gotham. His “resolution is indomitable,” The New York Herald gushed. But Henry J. Raymond, the editor of The Times, introduced a new metaphor by likening Vanderbilt to a robber baron. Similar to the medieval German nobles who “swooped down upon the commerce” of the Rhine “and wrung tribute from every passenger that floated by,” Vanderbilt gained maximum profits by gaining maximum control of whatever market he entered.

Manipulating stock prices was as essential to that end as offering low fares and efficient service. In the fall of 1869, Vanderbilt arrested a Wall Street panic by pumping millions of dollars into companies on the verge of failing. But he had helped bring on the “Black Friday” crisis in the first place by flooding the market with shares of his own railroads to foil the plans of Jay Gould, a rival baron. “Vanderbilt appeared in the role of a hero,” Stiles says. “Closer inspection reveals that a blood-chilling ruthlessness infused all his actions.”

Stiles, the author of a biography of Jesse James, writes with both the panache of a fine journalist and the analytical care of a seasoned scholar. And he offers a fruitful way to think about the larger history of American elites as well as the life of one of their most famous members.

Vanderbilt may not have been the “first” tycoon in the United States — the fur merchant John Jacob Astor probably deserves that title. But, as Stiles contends, the Commodore was a leading exemplar of a new class of businessmen. All were Northerners, and most believed fervently in the strong Union their toil and wealth had knit together.

Corporate ethics, however, were honored more in banquet rhetoric than in deeds. Vanderbilt and his cost-conscious brethren naturally preferred friendly negotiations to forceful or dishonest tactics. Yet when polite methods failed, they were quite willing to buy off politicians, double-cross former partners and have the police break up strikes by their workers. Although Vanderbilt habitually dressed in

the simple black-and-white outfit of a Protestant clergyman, his only religion was economic power. “Vanderbilt,” Stiles writes, “was a paradox — both a creator and a destroyer.”

Several of his 13 children had reason to feel a similar ambivalence about the old man. As kind patriarch, the Commodore either employed his sons or staked them to businesses and careers of their own. He also carefully scrutinized the marriage choices of both daughters and sons and treated them to some of the most lavish weddings in the land. Vanderbilt was quick, however, to judge any sign of dependency as a flaw of character. He labeled one son a “sucker” for borrowing money. Another son tried to keep his gambling addiction a secret from his father, lest Vanderbilt cut him off.

As a notoriously “hard man,” the Commodore had just a little room in his heart for charity and none at all for guilt. The one time he donated a substantial amount of money was to seed the university in Nashville that bears his name. What motivated that late-life gift, characteristically, was a desire to reconcile the South and North so that, under the leadership of a new elite, the whole nation might prosper.

Soon after Vanderbilt’s death, such confidence was shaken by a wave of violent strikes and increasing alarm about the plight of the urban poor. A generation of reformers and radicals convinced the public that clever capitalists with untrammelled powers could not be trusted to make decisions that benefited the majority of Americans. Since last year, the entire world has had to relearn that lesson. Yet the Commodore also grasped the need for strict regulation, if only for his corporate underlings. As a longtime secretary put it, “He thought every man could stand watching.”

Michael Kazin’s most recent book is “A Godly Hero: The Life of William Jennings Bryan.” He teaches history at Georgetown University.

## John Pierpont Morgan



One of the most powerful bankers of his era, J.P. (John Pierpont) Morgan (1837-1913) financed railroads and helped organize U.S. Steel, General Electric and other major corporations. The Connecticut native followed his wealthy father into the banking business in the late 1850s, and in 1871 formed a partnership with Philadelphia banker Anthony Drexel. In 1895, their firm was

reorganized as J.P. Morgan & Company, a predecessor of the modern-day financial giant JPMorgan Chase. Morgan used his influence to help stabilize American financial markets during several economic crises, including the panic of 1907. However, he faced criticism that he had too much power and was accused of manipulating the nation's financial system for his own gain. The Gilded Age titan spent a significant portion of his wealth amassing a vast art collection.

### **J.P. Morgan: Early Years and Family**

John Pierpont Morgan was born into a distinguished New England family on April 17, 1837, in Hartford, Connecticut. One of his maternal relatives, James Pierpont (1659-1714), was a founder of Yale University; his paternal grandfather was a founder of the Aetna Insurance Company; and his father, Junius Spencer Morgan (1813-90), ran a successful Hartford dry-goods company before becoming a partner in a London-based merchant banking firm. After graduating from high school in Boston in 1854, Pierpont, as he was known, studied in Europe, where he learned French and German, then returned to New York in 1857 to begin his finance career.

In 1861, Morgan married Amelia Sturges, the daughter of a wealthy New York businessman. Amelia Morgan died of tuberculosis four months after the couple's wedding. In 1865, Morgan married Frances Louisa Tracy (1842-1924), the daughter of a New York lawyer, and the pair eventually had four children.

### **J.P. Morgan: Banking Titan**

In 1864, Morgan became a partner in the firm of Dabney, Morgan & Company, which served as the New York representative of Junius Morgan's London banking firm, J.S. Morgan & Company. In 1871, the younger Morgan partnered with prominent Philadelphia banker Anthony Drexel (1826-93) to form Drexel, Morgan & Company. In 1895, two years after Anthony Drexel's death, the business was renamed J.P. Morgan & Company.

During the late 19th century, a period when the U.S. railroad industry experienced rapid overexpansion and heated competition (the nation's first transcontinental rail line was completed in 1869), Morgan was heavily involved in reorganizing and consolidating a number of financially troubled railroads. In the process, he gained control of significant portions of these railroads' stock and eventually controlled an estimated one-sixth of America's rail lines.

By the start of the 20th century, Morgan's focus had shifted from railroads to other industries. In 1901, he bought the Carnegie Steel Company from Andrew Carnegie (1835-1919) for some \$480 million then merged it with a group of other steel companies to create U.S. Steel, the world's first billion-dollar corporation. Morgan also helped engineer the deals that established General Electric, International Harvester, American Telephone & Telegraph and other industrial giants. In 1902, he was instrumental in the formation of International Mercantile Marine (IMM), a conglomeration of transatlantic shipping companies. A decade later, the Titanic, owned by one of the IMM companies, White Star, sank on its maiden voyage after hitting an

iceberg. Morgan, who attended the ship's christening in 1911, was booked on the ill-fated April 1912 voyage but had to cancel.

### **J.P. Morgan: Congressional Investigation**

During Morgan's era, the United States had no central bank so he used his influence to help save the nation from disaster during several economic crises. In 1895, Morgan assisted in rescuing America's gold standard when he headed a banking syndicate that loaned the federal government more than \$60 million. In another instance, the financial panic of 1907, Morgan held a meeting of the country's top financiers at his New York City home and convinced them to bail out various faltering financial institutions in order to stabilize the markets.

Morgan initially was widely commended for leading Wall Street out of the 1907 financial crisis; however, in the ensuing years the portly banker with the handlebar mustache and gruff manner faced increasing criticism from muckraking journalists, progressive politicians and others that he had too much power and could manipulate the financial system for his own gain. In 1912, Morgan was called to testify before a congressional committee chaired by U.S. Representative Arsene Pujo (1861-1939) of Louisiana that was investigating the existence of a "money trust," a small cabal of elite Wall Street financiers, including Morgan, who allegedly colluded to control American banking and industry. The Pujo Committee hearings helped bring about the creation of the Federal Reserve System in December 1913 and spurred passage of the Clayton Antitrust Act of 1914.

### **J.P. Morgan: Art Collection and Final Years**

Morgan funneled a substantial portion of his wealth into his vast art collection. He began amassing the collection in earnest in the 1890s, and by the time of his death had spent an estimated \$60 million on art (the equivalent of around \$900 million in present-day dollars), according to the Morgan Library & Museum in New York City, which today houses his collection of rare manuscripts. In addition to art,

Morgan owned a series of large yachts, all named Corsair. (During the Spanish-American War of 1898, the U.S. Navy conscripted the Corsair II for use as a gunboat.)

The famous financier died at age 75 on March 31, 1913, in Rome, Italy. On April 14, the day of his funeral, the New York Stock Exchange closed in his honor until noon. He was buried in the Morgan family mausoleum at a Hartford cemetery.

## The Coal Mining Industry

No other American industry inflicted more destruction on man and the environment than anthracite mining. Yet clean-burning anthracite was indispensable to the industrializing process. It was used to make iron, to power factories, to run locomotives; and it was the Northeast's chief domestic heating fuel. And almost all of this coal, almost all this anthracite, was located in Northeastern Pennsylvania.

By 1900, **Morgan's** railroad cartel controlled almost the entire region. Meanwhile, mining went on much the way it had for almost a century. There's never been a more perilous occupation.

The miners were sometimes a thousand feet and more underground; and there were deadly gases there that could kill in a minute or set off tremendous explosions and fires. There were rats all over the place. The timber that helped hold up the roofs of the tunnels was creaking constantly under the tremendous weight -- a thousand feet of earth and rock right above the miners. And every day these miners were dynamiting underneath that mountain of rock.

Sometimes, that mountain collapsed and trapped men underground, or flattened them into the ground like pancakes, so that their bodies had to be scraped up with shovels. On average, three anthracite miners were killed every two days. When a miner was killed, his broken body was deposited, by the company, unceremoniously on the front porch of his house. The remains of men annihilated in mine blasts were brought home in coffee cans.



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Mining was unlike other industrial work, and miners considered themselves a special breed, distinct from factory workers. Anthracite mining was a craft or cottage industry, requiring hand labor and skilled workers. Miners worked in crews of two or four men, and these crews worked on their own. Close supervision was impossible because of the tight

underground passages and tunnels.

This kind of work bred what's called the "miner's freedom." Miners were fiercely independent. They were their own bosses and they didn't take orders well. Yet their independence was balanced by a strong sense of worker solidarity, because underground they had to depend on one another.

Because anthracite seams are sharply pitched, men usually had to climb to their work through narrow, 90 degree passages, carrying caps and powder, picks and shovels, axes and lumber for shoring up the roof. As they inched ahead, they checked for deadly gases with their safety lamps, and by the time they reached the coal face, they were often on the downside of their shift. At the face, they drilled holes in the wall of coal, filled them with blasting power, ran a fuse to a fire box, and blew the coal away from the seam. Then they loaded it on cars, and mules would pull the cars to the surface.

The average miner made about \$400 a year; not enough to support a family. So his wife had to take in boarders, and his sons had to leave school at the age of eight or nine to work in a place called a "breaker," a huge factory for processing coal. The boys would work, sitting down, in step-like chutes. The coal would come roaring down and they'd pick out the slate and rock with their bare hands, for 45 cents a day.

The noise was earsplitting, and the whole building would shake with the movement of the coal. The dust was so thick the boys could hardly breathe; and they'd wear handkerchiefs over their noses and mouths and chewed tobacco to keep from choking. Behind them, supervising the work, were foremen with clubs and leather whips.

At age ten or eleven, the breaker boys graduated from the breaker and went into the earth with their fathers. There they worked until they died a natural death, were injured or killed, or contracted Black Lung. When their lungs filled up with coal dirt, they went back to where they'd started, to the breaker. As the miners used to say: "Twice a boy and once a man is a poor miner's lot."



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## A Coal Strike and an Election

If there was a melting pot in America, it was at the bottom of a thousand-foot mine shaft, where 26 nationalities worked in what was a democracy of misery. Mitchell skillfully built on this. As his men went through the region, they had one message: If you're Irish, you don't have to drink with Slovaks, but you work with them.

And to get any improvements at the mine site, you've got to bury your hatred and join with these people in a common effort. Otherwise, you're just cannon fodder for the capitalists. Everywhere Mitchell went he had the same message. "The coal you mine isn't Slovak coal. It's not Irish coal. It's not Italian coal. It's coal."

Mitchell wore a jeweled ring and a Prince Albert suit, but the miners liked him and trusted him. He was one of them, a former miner from Illinois. To Catholic miners, Mitchell looked like a priest with his long frock coat, buttoned up to the top, and his high white collar. Johnny d'Mitch, they called him affectionately.

Mitchell's organizers started to make progress, but the owners refused to deal with him or his union. So he rolled the dice and called for a strike on September 17, 1900. At that time, only 9,000 of more than 140,000 anthracite miners had joined the union.

On the morning of the strike, when the work whistle blew, no one knew what the miners would do. Then, amazingly, workers began to drift from their homes, not in their miner's boots but in their Sunday best. 90,000 men stayed out of the mines that first day. Within a week only 9,000 were still working.

By the middle of October, factories and homes across the country began running low of coal, and prices shot up. With the election and cold winter coming, the strike became a national issue. McKinley and his running mate, the New York governor, Theodore Roosevelt, were running on the theme of American prosperity. Their slogan was "A Full Dinner Pail" for the American worker.

This strike could trigger a depression and swing the election to Bryan. Bryan began hitting on the underlying issue of the strike: Who owns America? The people or the plutocrats? Then, when the press started to report the strike sympathetically, McKinley had to do something.

So he sent his friend and political manager, Mark Hanna, to meet with the mine owners. When they refused to budge, he went over their heads to **J.P. Morgan**, and **Morgan** got them to agree to a 10% wage increase. But they would not accept union recognition. That's about all Mitchell thought he could get however, for the miners were starving and soon would be forced to return to work.

The strike was over. McKinley won the election. **Morgan** was pleased. Mitchell knew that a bigger battle was ahead, as the company began stockpiling coal in preparation for the coming fight over union recognition.

But as he left anthracite country that fall, he was a hero. His union had won what he described as "the most remarkable contest between labor and capital in the industrial history of our nation." As he rode out of the town of Hazelton, his carriage was accompanied by thousands of cheering breaker boys.



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Less than a year later, President McKinley was dead, shot by a demented anarchist. McKinley had offered no opposition to the consolidation of American capital. But his successor, Theodore Roosevelt, had his own ideas about this. And he'd be tested by both capital and labor in one of the first crises of his presidency, another and even more bitterly fought