

ISSUE 3



Were the Nineteenth-Century Big Businessmen “Robber Barons”?

YES: Howard Zinn, from “Robber Barons and Rebels,” in *A People’s History of the United States* (HarperCollins, 1999)

NO: John S. Gordon, from “Was There Ever Such a Business!” in *An Empire of Wealth: The Epic History of American Economic Power* (Harper Perennial, 2004)

ISSUE SUMMARY

YES: According to Howard Zinn, the new industrialists such as John D. Rockefeller, Andrew Carnegie, and J. P. Morgan adopted business practices that encouraged monopolies and used the powers of the government to control the masses from rebellion.

NO: John S. Gordon argues that the nineteenth-century men of big business such as John D. Rockefeller and Andrew Carnegie developed through the oil and steel industries consumer products that improved the lifestyle of average Americans.

Between 1860 and 1914, the United States was transformed from a country of farms, small towns, and modest manufacturing concerns to a modern nation dominated by large cities and factories. During those years, the population tripled, and the nation experienced astounding urban growth. A new proletariat emerged to provide the necessary labor for the country’s developing factory system. Between the Civil War and World War I, the value of manufactured goods in the United States increased 12-fold, and the capital invested in industrial pursuits multiplied 22 times. In addition, the application of new machinery and scientific methods to agriculture produced abundant yields of wheat, corn, and other foodstuffs, despite the decline in the number of farmers.

Why did this industrial revolution occur in the United States during the last quarter of the nineteenth century? What factors contributed to the rapid pace of American industrialization? In answering these questions, historians often point to the first half of the 1800s and the significance of the “transportation revolution,” which produced better roads, canals, and railroads to move people and goods more efficiently and cheaply from one point to another.

Technological improvements such as the Bessemer process, refrigeration, electricity, and the telephone also made their mark in the nation's "machine age." Government cooperation with business, large-scale immigration from Europe and Asia, and the availability of foreign capital for industrial investments provided still other underpinnings for this industrial growth. Finally, American industrialization depended upon a number of individuals in the United States who were willing to organize and finance the nation's industrial base for the sake of anticipated profits. These, of course, were the entrepreneurs.

Regardless of how American entrepreneurs are perceived, there is no doubt that they constituted a powerful elite and were responsible for defining the character of society in the Gilded Age. For many Americans, these businessmen represented the logical culmination of the country's attachment to laissez-faire economics and rugged individualism. In fact, it was not unusual at all for the nation's leading industrialists to be depicted as the real-life models for the "rags-to-riches" theme epitomized in the self-help novels of Horatio Alger.

Closer examination of the lives of most of these entrepreneurs, however, reveals the mythical dimensions of this American idea. Simply put, the typical business executive of the late nineteenth century did not rise up from humble circumstances, a product of the American rural tradition or the immigrant experience, as frequently claimed. Rather, most of these big businessmen were of Anglo-Saxon origin and reared in a city by middle-class parents. According to one survey, over half of the leaders had attended college at a time when even the pursuit of a high school education was considered unusual. In other words, instead of having to pull themselves up by their own bootstraps from the bottom of the social heap, these individuals usually started their climb to success at the middle of the ladder or higher.

American public attitudes have reflected a schizophrenic quality with regard to the activities of the industrial leaders of the late nineteenth century. Were these entrepreneurs "robber barons," who employed any means necessary to enrich themselves at the expense of their competitors? Or were they "captains of industry" whose shrewd and innovative leadership brought order out of industrial chaos and generated great fortunes that enriched the public welfare through the workings of various philanthropic agencies that these leaders established? Although the "robber barons" stereotype emerged as early as the 1870s, it probably gained its widest acceptance in the 1930s when, in the midst of the Great Depression, many critics were proclaiming the apparent failure of American capitalism. Since the depression, however, some historians, including Allan Nevins, Alfred D. Chandler, and Maury Klein, have sought to revise the negative assessments offered by earlier generations of scholars. In the hands of these business historians, the late nineteenth-century businessmen have become "industrial salesmen" who skillfully oversaw the process of raising the United States to a preeminent position among the nations of the world.

The following selections reveal the divergence of scholarly opinion as it applies to the nineteenth century entrepreneurs who came to epitomize both the success and excess of corporate capitalism in the United States.