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“WERE THEY ROBBER BARONS OR CAPTAINS OF INDUSTRY?”
A PRESS CONFERENCE

Objectives: Students will be able to:

- Students will understand the terms “robber baron” and “captain of industry”
- Research a given historical figure
- Complete a graphic organizer on the historical figure
- Take on the role of a character
- Use research to debate the focus question
- Understand and analyze information presented
- Form questions in order to dig deeper into different perspectives
- Draw a conclusion based on all evidence given

Materials:

- Folders of background information for each historical figure
- Copies of Role Sheets for each group
- Copies of Press Conference briefs for each group
- Copies of graphic organizer for each group
- Group Instructions

Introduction:

The “Gilded Age” usually refers to the time period between reconstruction and the turn of the century. It was an era of economic growth, industrial expansion, turbulent politics and a swell of immigration. This time period has often been referred to as the “Second Industrial Revolution.” Transportation, communications and industry grew at historically high rates but were on the foundation of an unstable economy. A few individuals became wealthy while many Americans lived in poverty and were overtaken by the corporate world. The Gilded Age was an age in American history where contemporary business and economics were being shaped.

Process:

1. Divide students into 8 teams.
2. Each team should assign each member of the team a role (see Role Sheets)
3. Each team is responsible for learning the perspective of their assigned historical person.
4. Working cooperatively each team should work together to organize a clear action plan. The teams should agree on the presentation of arguments.
5. Individuals work on their part of the action plan.
6. Team members meet and share their part of the plan.
7. Team plans are finalized.
8. Press conference begins.
9. Each historical person makes opening remarks.
10. Moderator then opens the discussion to reporters in the audience.
11. During the other teams’ presentations, reporters should take notes in preparation for questions.
12. When all questions have been exhausted, the moderator will ask for any concluding remarks.

Conclusion and Assessment:

1. Whole class discussion should follow up the Press Conference focusing on: Were they “Robber Barons” or “Captains of Industry”?
2. Possible questions could include:
 - What actions make them Robber Barons?
 - How big do the charitable contributions have to be in order to make up for greed and corruption?
 - What implication does this have today?
3. Students could do more research and defend their individual point of view in an essay.

Robber Barons or Captains of Industry?

Group Instructions

- 1. Assign each member of the team a role.
(See role sheet.)**
- 2. Go over roles and assign each group member to a role.**
- 3. Have a volunteer from the group read the biography of the industrialist.**
- 4. Historical actor makes a nametag.**
- 5. Each group member should work on his or her assigned role.**
- 6. Group comes back together to share work.**
- 7. Group hears opening statement and gives feedback.**
- 8. Reporters share their questions with group and revise if necessary.**
- 9. Press Conference Begins**

PRESS CONFERENCE ROLE SHEET

HISTORICAL ACTOR: Plays the part of the industrialist

- Takes the time to read all background information provided and to understand the ideas and beliefs of assigned person.
- Helps others in team to understand his/her perspective.
- Takes on personality of assigned person.
- Makes opening statement on his or her position.
- Is ready to answer questions from Press Corp.

ASSISTANT TO THE ACTOR:

- Takes notes on graphic organizer
- Introduces actor at the beginning of the press conference.
- Sits next to or behind actor.
- Assists actor in answering any questions during the press conference.

FRIENDLY REPORTERS:

- One-half of the remaining members of the team
- Responsible to make sure everyone on the team understands the ideas and beliefs of the actor.
- Asks “friendly” questions to the actor during the press conference to make the actor look good and bring out the perspective the team believes in.

INVESTIGATIVE REPORTER:

- One-half of the remaining members of the team
- Responsible for anticipating and preparing the Actor for any hostile questions that may be asked.
- Researches the other teams’ ideas that support or oppose their own
- Prepares questions to ask the other teams in an effort to expose their weaknesses

ROBBER BARON OR CAPTAIN OF INDUSTRY?

Name of Industrialist _____	Notes
Describe wealth and how it was acquired	
Relationship with workers, public or labor unions	
How industrialist used profits and spent his money	
Where was money donated?	
Other information found	
Would you categorize this person as a "Robber Baron" or "Captain of Industry"? Why? List 3 reasons.	<ol style="list-style-type: none"> 1. 2. 3.

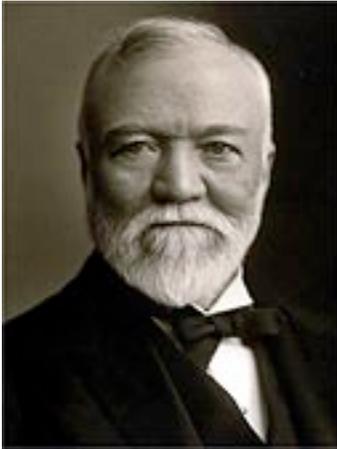
PRESS CONFERENCE BRIEFS



John D. Rockefeller built a massive fortune in the oil industry often using practices of buying out competitors and making deals with railroad companies. The Supreme Court, in 1911, dissolved the Standard Oil's monopoly. The decision was based on the 1890 Sherman Anti-Trust Act. The press damaged Rockefeller's reputation and the public did not like him. He also owned iron mines and timberland. He owned investments in manufacturing, transportation, and other industries. By the time he died Rockefeller had given away over \$500 million to charities and other philanthropic organizations including the Rockefeller Institute for Medical Research, the University of Chicago and other religious institutions. African American education was also a top priority for him.



J.P. Morgan was a forceful and influential member of the financial world. He believed that competition would bring about economic stability. He directed a series of consolidations in the railroad and other industries that eventually led to big-time corporations that included US Steel and General Electric. Morgan expanded into other areas such as shipping, coal mines, insurance and communications. He even provided financial backing for the US government in the form of a bond. He was investigated by the US House of Representatives and denied charges of undue influence of the country's industries and financial institutions. He was an enthusiastic art collector and left much of his collection to the Metropolitan Museum of Art. He also donated to charities, churches, hospitals and schools.



Andrew Carnegie, known as a self-made man, was brilliant in his business, Carnegie Steel Company. The company revolutionized steel production and Carnegie built plants around the country that made steel production easier and faster. He owned exactly what he needed for all step of the process: raw materials, ships and railroads and coalfields. Unfortunately, the workers and labor unions found him to be cold, indifferent and unsympathetic to their concerns. In 1892 the company tried to lower wages at a plant in Pennsylvania the employees objected and started what is know as the Homestead Strike of 1892. In 1901 he sold his business to JP Morgan and gave his time and money to philanthropy. He gave \$5 million to the New York Public Library and established the Carnegie Institute of Technology now known as Carnegie-Mellon University.



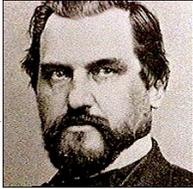
Jay Gould was a railroad entrepreneur. He was determined to control the railroad and expand it to Chicago. His competitor was Cornelius Vanderbilt. This competition became known as the “Erie war” and Gould used illegal tactics such as issuing worthless stock and trying to bribe politicians to legalize his actions. He eventually took over the railway, expanded it and increased the debt. The railroad went out of business because of financial problems. He then took control of the Wabash railroad that carried wheat. His scheming led to pushing up the price of gold thus encouraging foreign merchants to buy more wheat. He began to buy gold on the free market but the US Treasury realized what Gould was doing and started selling gold. This dropped the price of gold on the market, sending the price of stocks down and he lost a fortune. He recovered by buying stocks when their prices were low and selling them when the market improved. He continued to control railroads and added two elements to his wealth. One was the Manhattan Elevated Railroad of New York and the second was the Western Union Telegraph Company. He left his fortune to his son.



James J. Hill recognized as a transportation pioneer began his career with the steamboat. He learned the business of buying, selling, and transporting goods during the Civil War. After the war he went to work for the St. Paul & Pacific Railroad, then started a business to supply it with coal for fuel. He became a wealthy man from this business but decided to build a railroad system through the Red River Valley. His vision was to make the entire region prosperous. He purchased took over the bankrupt St. Paul & Pacific and he turned out to be the nation's best railroad manager. By the end of the 1880s he set his desires on making the railway to the Pacific. Critics called this "Hill's Folly" but he took his road through the Marias Pass. On his way to the Pacific he renamed his railroad the Great Northern Railway Company. In January 1893 he reached Puget Sound. His folly became a fortune. Immigrants could travel on his railway for \$10 if they would settle on the route. This created settlements and towns and helped the region's economic development. He later consolidated is railway with others. He passed the presidency of the Great Northern to his son but remained active. His influence is remembered in farming, education and the arts.



Cornelius Vanderbilt, by the age of 16, was operating his own business of ferrying freight and passengers in New York City. He expanded to the Hudson River and soon controlled coastal trade along the entire coast of New England. He also ran a steamship line from New York to California. In the early 1860s he started withdrawing capital from steamships and investing in railroads. By 1867 Vanderbilt owned the New York Central and Harlem railroads. Soon he had connected Chicago to New York City. In business dealings Vanderbilt was ruthless and made many enemies. He made everyone around him miserable. He even disowned all of his sons except for William who was just like his father. When he died his estate was worth more than \$100,000,000 and he gave \$95,000,000 to William. His daughters and wife only got \$500,000. He did leave \$1,000,000 to Vanderbilt University and \$50,000 to the Church of the Strangers in New York City.



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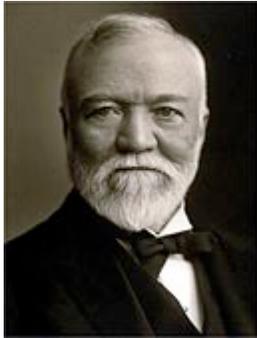
Leland Stanford, well-known as one of the “Big Four” who built California’s Central Pacific Railroad. He moved to California from New York to be with his brothers that were successful in business. He began to make substantial amounts of money selling equipment to miners. He also became involved in politics, finally being elected governor in 1861. He kept California loyal to the Union in the Civil War. He never tried to separate business from politics and used his political influence when joining with Mark Hopkins, Collis Huntington and Charles Crocker to build the eastbound section of the transcontinental railroad. He secured massive state investment and land grants for the project. After his term of governor ended he became president of the Central Pacific and a major stakeholder in the Southern Pacific and many of the construction companies that built the railroads. He lived a lavish life including vineyards and a horse-raising ranch near Palo Alto. When his son died at age 15 it prompted him to establish and finance Stanford University in his memory. He was appointed the United States Senate where he served without merit until he died in 1893



Henry Frick, at an early age, became aware of the potential value of coking coal deposits for the growing steel industry. With financial help from his family he began buying coal lands and building coke ovens. This proved to be highly successful and his wealth grew. He continued to buy more and more. Andrew Carnegie, who needed the coke for his steel company contacted Frick. He offered Frick 11% of his stock interest and then purchased a controlling interest in the Frick Coke Company. All was good until the Homestead Strike of 1892. It ended up chilling his relationship with Carnegie, put a damper over his career and almost cost it his life. Frick had proposed to lower the piecework wage and the union workers struck his plant. Strikebreakers were called in and a battle began. Many were killed and wounded. Frick was condemned throughout the nation for starting this violence. Soon after he restrained an assassin who shot him twice and he kept working. This made him into a hero. The company flourished but the relationship between the two men ended when they quarreled. Carnegie forced Frick’s resignation and then refused to fulfill his obligation of the partnership agreement. They never spoke again. Frick left a fortune of about \$50 million, most of it donated for public and philanthropic purposes.

Andrew Carnegie Biography

(1835 - 1919)



Industrialist and philanthropist. Born on November 25, 1835, in Dunfermline, Fife, Scotland. Although he had little formal education, he grew up in a family that believed in the importance of books and learning. The son of a handloom weaver, Carnegie grew up to become one of the wealthiest businessmen in America. At the age of thirteen, Carnegie came to the United States in 1848 with his family. They settled in Allegheny, Pennsylvania, and Carnegie went to work in a factory, earning \$1.20 a week. The next year he found a job as a telegraph messenger. Wanting to advance himself he moved up to a telegraph operator position in 1851. Then he took a job at the Pennsylvania Railroad in 1853. He worked as the assistant and telegrapher to Thomas Scott, one of the railroad's top officials. Through this experience, he learned a lot about the railroad industry and about business in general.

Three years later, Carnegie was promoted to superintendent. While working for the railroad, Carnegie begins making investments. He made many wise choices and found that his investments, especially those in oil, brought in substantial returns. He left the railroad in 1865 to focus on his other business interests, including the Keystone Bridge Company.

By the next decade, most of Carnegie's time was dedicated to the steel industry. His business, which became known as the Carnegie Steel Company, revolutionized steel production in the United States. Carnegie built plants around the country, using technology and methods that made manufacturing steel easier, faster, and more productive. For every step of the process, he owned exactly what he needed: the raw materials, ships and railroads for transporting the goods, and even coal fields to fuel the steel furnaces. This start-to-finish strategy helped Carnegie become the dominant force in the industry and an exceedingly wealthy man. By 1889, Carnegie Steel Corporation was the largest of its kind in the world.

Some felt that the company's success came at the expense of its workers. The most notable case of this came in 1892. When the company tried to lower wages at a Carnegie Steel plant in Homestead, Pennsylvania, the employees objected. They refused to work, starting what has been called the Homestead Strike of 1892. The

conflict between the workers and local managers turned violent after the managers called in guards to break up the union. While Carnegie was away at the time of strike, he was still held accountable for his managers' actions by many.

In 1901, Carnegie made a dramatic change in his life. He sold his business to the United States Steel Corporation, started by legendary financier J. P. Morgan. The sale earned him more than \$200 million. At the age of 65, Carnegie decided to spend the rest of his days helping others. While he had begun his philanthropic work years earlier by building libraries and making donations, Carnegie expanded his efforts in 1900s.

Carnegie, an avid reader for much of his life, donated approximately \$5 million to the New York Public Library so that the library could open several branches in 1901. Devoted to learning, he established the Carnegie Institute of Technology in Pittsburgh, which is now known as Carnegie-Mellon University in 1904. The next year he created the Carnegie Foundation for the Advancement of Teaching in 1905. With his strong interest to peace, he formed the Carnegie Endowment for International Peace in 1910. He made numerous other donations as well and it is said that more than 2,800 libraries were opened with his support.

<http://www.biography.com/articles/Andrew-Carnegie-9238756>

Cornelius Vanderbilt Biography

Cornelius Vanderbilt, (May 27, 1794 - January 4, 1877), was an American entrepreneur who built his wealth in shipping and railroads and is the founder of the renowned Vanderbilt family.

Cornelius Vanderbilt was the fourth of nine children born in Port Richmond on Staten Island in New York to a family of modest means. His great-great-great-grandfather, Jan Aertson, was a Dutch farmer from the village of Bilt in Holland who immigrated to New York as an indentured servant in 1650. Aertson's village name was eventually added to the Dutch "van der" (of the) to create "van der bilt" which was eventually condensed to Vanderbilt.

As a young boy, Cornelius Vanderbilt worked on ferries in New York City, quitting school at age 11. By age 16, he was operating his own business, ferrying freight and passengers. On December 19, 1813, Cornelius Vanderbilt married his cousin and neighbor, Sophia Johnson (1795-1868), daughter of his mother's sister. He and his wife had thirteen children one of which, a boy, died young. By 1830, Vanderbilt's business had expanded to the Hudson River. Soon he controlled coastal trade along the entire coast of New England. During the California Gold Rush, he ran a steamship line from New York to California via Nicaragua.

In the early 1860s, Vanderbilt started withdrawing capital from steamships and investing in railroads. By 1867, he owned the New York Central and Harlem railroads. By 1873, he had connected Chicago to New York City.

After the death of Sophia Vanderbilt, he eloped to Canada where on August 21, 1869 he married a distant cousin from Mobile, Alabama by the name of Frank Armstrong Crawford. Ms. Crawford was 43 years his junior. It was her nephew by marriage that convinced Cornelius Vanderbilt to commit funding for what would become Vanderbilt University.

Ruthless in business, Cornelius Vanderbilt made few friends in his lifetime but many enemies. He was a vulgar, mean-spirited individual who made life miserable for everyone around him, including his family. In his will, he disowned his sons except for William who was as ruthless in business as his father and the one Cornelius believed capable of maintaining the business empire. At the time of his death, Cornelius Vanderbilt's fortune was estimated at more than \$100,000,000. He willed \$95,000,000 to son William but only \$500,000 to each his eight daughters. His wife received a \$500,000 in cash, their modest New York City home, and 2,000 shares of common stock in New York Central Railroad.

Vanderbilt gave little of his vast fortune to charitable works, leaving the \$1,000,000 he had promised for Vanderbilt University and \$50,000 to the Church of the Strangers in New York City. He lived modestly, leaving his descendants to build the flock of Vanderbilt houses that characterize America's Gilded Age.

http://www.biographybase.com/biography/Vanderbilt_Cornelius.html



www.historycentral.com

Henry Clay Frick (1849-1919)

American industrialist and financier Henry Clay Frick (1849-1919) played leading roles in expanding the Carnegie Steel Company into the largest such enterprise in the world and in forming the United States Steel Company.

Born to a farming family in western Pennsylvania, Henry Clay Frick was the grandson of a wealthy miller and distiller. Although Frick received little formal education, he early showed an aptitude for business and at 19 became bookkeeper for his grandfather's businesses.

Frick was aware of the potential value of coking coal deposits for the burgeoning steel industry, and with financial backing from relatives and the Pittsburgh banker Thomas Mellon he began buying coal lands in the Connellsville region and constructing coke ovens. The enterprise brought handsome returns. Plowing all profits into acquiring more coal land and building more ovens, Frick and Company eventually controlled 80 percent of the output of this region.

Meanwhile Andrew Carnegie, aware of Frick's abilities as financier and industrial manager and anxious to have a continuing supply of coke for his great steel company, took Frick in as a partner in 1882 and allowed him to purchase an 11 percent stock interest. At the same time, Carnegie purchased a controlling interest in the Frick Coke Company, though Frick continued as president.

Frick was one of the managing partners of the Carnegie Company until 1889, when Carnegie retired from active management and Frick was elected chairman. At this time the firm consisted of five or six mills and furnaces around Pittsburgh. There was no integration of production and no centralized management except the informal guidance supplied by the managing partners (a group of perhaps 6 out of about 25 owners of the business). In 1892, in accordance with a plan worked out by Frick, the productive units were reorganized as the Carnegie Steel Company, Ltd., capitalized at \$25 million and, although not incorporated, probably the largest steel company in the world. Frick then introduced centralized management procedures which greatly increased the firm's efficiency.

In 1892 occurred the Homestead strike, one of the most bitter labor conflicts of the decade; it cast a shadow over the rest of Frick's career, cooled his relationship with Carnegie, and almost cost Frick his life. In response to depressed business conditions and to compensate for expensive new machinery that greatly increased worker productivity, Frick proposed to lower the piecework wage rate. In response, the Amalgamated Iron and Steel Workers Union struck the Homestead plant. Frick recruited 300 strikebreakers through the Pinkerton Detective Agency, bringing them in armed barges down the

Monongahela River. When the strikebreakers attempted to land, a day-long battle ensued. Ten men were killed and 60 wounded; order was restored only when the governor placed Homestead under martial law. Frick was widely denounced throughout the country for provoking the violence, but this criticism was soon followed by acclaim for his courage,



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when, with the help of a secretary, he subdued an assassin who shot him twice and stabbed him several times. Despite his wounds and loss of blood, Frick finished his day's work. During the late 1890s the company prospered greatly. Between 1889 and 1899 annual production of steel rose from 332,111 to 2,663,412 tons, and profits advanced from about \$2 million to \$40 million in 1900. To secure a continuing supply of ore, Frick, in partnership with a Pittsburgh industrialist, acquired extensive ore properties in the newly opened Mesabi Range near Lake Superior, and Carnegie, at Frick's urging, leased other lands in an area belonging to John D. Rockefeller.

Although the company was extremely prosperous, its existence as a partnership was terminated in 1899 largely as a result of a quarrel between Frick and Carnegie. When Carnegie, acting on what he believed to be a binding agreement with Frick, set a price for coke from the Frick Coke Company that was considerably below the market price, Frick suspended deliveries, and the Carnegie Company faced a shutdown. Carnegie, as majority stockholder in both the coke and steel companies, forced Frick's resignation from both firms. By the terms of the "ironclad" partnership agreement of 1887 the Carnegie Company was obligated to purchase Frick's stock upon his resignation, but Carnegie refused to pay more than the valuation set by the "ironclad," although by 1899 the stock was worth three times that figure. Frick sued in equity to have the agreement set aside. Because of Frick's damaging revelations of the company's apparently exorbitant profits, Carnegie settled the suit by allowing the company to be incorporated at a figure which gave a value of \$15 million to Frick's stock. Both men retired from management, and the two never spoke to each other again. In 1901, with the active participation of Frick, the Carnegie Corporation was merged into the United States Steel Company. Until his death in 1919 Frick participated as a director in the affairs of many large corporations. He also formed a magnificent art collection, today housed in the Frick Museum in New York City. A large, handsome man with a powerful physique, Frick was hardworking, quiet, and reserved - the antithesis of the ebullient Andrew Carnegie. Frick left a fortune of about \$50 million, five-sixths of it donated for public and philanthropic purposes.

<http://www.answers.com/topic/henry-clay-frick>

John D. Rockefeller



John David Rockefeller was born July 8, 1839 on farm at Richford, in Tioga County, New York. The second of six children born to William and Eliza (Davison) Rockefeller, John was born into a modest lifestyle that allowed for much learning and extensive travel opportunities. The family relocated several times during John's early life; first to New York and then Ohio, where they would eventually buy a home and settle down. Blending well into Strongsville, Ohio, the Rockefellers planted roots while John entered high school in nearby Cleveland. John rented a room in the city while studying and became an active member of Erie Street Baptist Church; the same church he would become trustee over at the age of 21.

John left high school in 1855 and enrolled in a business course offered at Folsom Mercantile College. Completing the six month class in a mere three months, John signed on as an assistant book keeper with Hewitt & Tuttle, a small firm of commission merchants. John's weekly pay was \$3.57. Within two years, John would advance through the company quickly, holding many different titles.

With \$1000 of his own money that he had stocked away and a borrowed \$1000 from his father, John left Hewitt & Tuttle in 1859 and formed a partnership in the commission business with Maurice B. Clark. It was during this same year that the first oil well was dug in Pennsylvania, opening the doors for Cleveland to become a major refining center. Already successful, Rockefeller and Clark entered the oil business as refiners in 1863, adding another to their partnership, a man named Samuel Andrews. Andrews already had several years of refining experience and his knowledge, combined with Rockefeller's drive and business sense, made for a perfect match. Andrews, Clark & Co. would thrive for two years before a business disagreement separated the team. Rockefeller bought out his partners (now numbering five) for \$72,500, and formed Rockefeller & Andrews.

John married in 1864, taking schoolteacher Laura C. Spelman as his wife. They would bear five children; four daughters and a son, who would later very actively resume their father's philanthropist lifestyle.

As kerosene was introduced to the American markets as a means for lighting and fueling fire, Rockefeller's stake in the oil industry grew. In 1870, he founded the Standard Oil Company with his brother William and several others, including Andrews, Henry Flagler and S.V. Harkness. Its net worth was valued at over one million dollars.

By 1872, Standard Oil was so successful that it controlled almost all the refining firms in Ohio and had control over several in New York. The fast growing company was refining 29,000 barrels of crude oil a day and its success now stretched into New Jersey, as well.

In addition to being the owner of Standard Oil, John Rockefeller owned iron mines and timberland. He also invested in numerous companies in the manufacturing, transportation, and other industries. Still holding the title of president of Standard Oil in 1911, Rockefeller had retired from active leadership of the company fourteen years earlier, in 1896. In 1911, the U.S. Supreme Court found the Standard Oil Company to be in violation of the anti-trust laws, and ordered the dissolution of its New Jersey firm. All 38 companies, which it then controlled, were separated into individual businesses.

In his early fifties, John D. Rockefeller focused his interests on philanthropy, leaving the business making decisions to his family and staff. Rockefeller strived to give his fortunes away in ways that would allow for many to prosper from his good deed. Even as a small child, Rockefeller had been encouraged to share what he had, and he did, giving weekly allowance money to his church and other small charities. Support of religious institutions and African-American education remained a top priority for Rockefeller, who gave the first \$600,000 to fund the building blocks of what is now known as the University of Chicago. Never one to stop giving or turn his back, Rockefeller gave as much as \$35 million dollars to the University of Chicago during his lifetime.

Rockefeller's wife passed in 1915, and he threw himself into researching, aiding and funding a variety of causes and organizations. During his 97 years, John D. Rockefeller would help to fund numerous causes, including the Rockefeller Institute for Medical Research, the General Education Board, the Rockefeller Sanitation Commission and the Rockefeller Foundation.

John D. Rockefeller died on the morning of May 23, 1937, at The Casements, his home in Ormond Beach. He was 97 years old. He is buried in Lakeview Cemetery in Cleveland. His generous gifts still continue today, through the help of his children.

http://www.allsands.com/history/people/johndrockefel_ura_gn.htm

Jay Gould



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American financier and railroad builder Jay Gould made a fortune by controlling the price of the stocks he bought as well as the stock market itself. He later became one of the shrewdest businessmen in American industry.

Jayson Gould was born in Roxbury, New York, on May 27, 1836, the son of John Gould and Mary More. His father was a farmer and a storekeeper, and Jay, as a small boy, grew up on a farm. He realized at a young age, however, that farm work was not to his liking. He received some education in a local school. Later, while working in his father's store, he taught himself surveying (mapping land) and mathematics at night. When he was just sixteen he started a survey business. Between the ages of eighteen and twenty-one he helped prepare maps of New York's southern counties. At twenty-one Gould invested five thousand dollars, and he and a partner opened a business tanning leather in northern Pennsylvania.

Gould then moved to New York City, where he became a leather merchant in 1860. Before long, however, he found his place on Wall Street, the financial center of the United States. In name he was a stockbroker (a person who buys and sells stocks for others), but really he was a speculator (a person who buys and sells stocks in hopes of profiting by correctly guessing their future prices). Gould quickly mastered the art of managing a business, of stock trading, and of manipulation (causing the price of a stock to change for personal gain). He traded in the stocks of his own companies, using banks he was associated with to finance his speculations, all the while bribing legislators and judges. From 1867 to 1872 he was a power and a terror on Wall Street.

In 1867 Gould was already on the board of directors (the controlling committee of a company) of the Erie Railroad, which was having financial difficulties. He set out to control the railroad and to push its lines westward as far as Chicago, Illinois, and to defeat industrialist Cornelius Vanderbilt's (1794–1877) effort to acquire this potential competitor. In the "Erie war" with Vanderbilt in 1868, Gould issued one hundred thousand shares of new Erie stock, using illegal means. He then went to Albany, New York, to bribe legislators to "legalize" the action. Vanderbilt discovered he had met his match and settled, receiving \$1 million and leaving the Erie Railroad to Gould. Gould then began to expand the Erie, which vastly increased its debt. Meanwhile, he traded in Erie stock and skillfully made a lot of money before the railroad had to go out of business because of financial problems in 1875.

As part of the Erie's move westward, Gould obtained control of the Wabash, a railroad that carried wheat. To improve the fortunes of the Wabash, Gould hit on the

scheme of pushing up the price of gold, thus weakening the value of the U.S. dollar, and thereby encouraging foreign merchants to buy more wheat.

In the summer of 1869 Gould secretly began buying gold on the free market—hoping the U.S. Treasury (the main financial institution of the federal government) would not sell its gold. He ran the price up to where it was on September 24, 1869, now known as Black Friday because it was a day that saw a serious financial emergency. Then the U.S. Treasury, realizing that Gould had tricked it, started selling gold, and the price dropped significantly. A panic hit Wall Street, sending the price of all stocks down. Gould had speculated not only in gold but also in stocks and he lost a fortune. In 1871 and 1872, however, he made another.

Once again a man of money, Gould moved his operations westward into the Wabash, the Texas and Pacific, the Missouri Pacific, and the Union Pacific Railroads. His operations in the last two railroads demonstrate his methods well. He bought their stocks when their prices were low during the depression (a time when a country's economy is unhealthy) of 1873, obtaining control of both railroads. He also acquired the stocks of other, smaller railroads he wanted to add to the two main systems. Then he forced up the prices of the two main railroads. When the stock market recovered from 1879 to 1884, he sold the railroad stocks at prices far greater than what he had paid for them, making yet another large fortune.

Gould was forced out of the Wabash and the Union Pacific Railroads in the early 1880s. He then turned his complete attention to the Missouri Pacific Railroad (of which he had gained control in 1879) and built it into a great power. He acquired new railroad lines and independent companies, used stock-market profits for financing, and waged a relentless war on competitors. His biographer, Julius Grodinsky, wrote that Gould was changed "from a trader into a business leader of national proportions." From 1879 to 1882 Gould added twenty-five hundred miles to the railroad at a cost of about \$50 million. Between 1885 and 1889 he again gained control of the Wabash and the Texas and Pacific Railroads, changed how they were organized, and tied them into his Missouri Pacific system.

At the same time Gould strengthened the other two elements that made up his wealth. One was the Manhattan Elevated Railroad of New York, which he created as a monopoly of New York City's rapid transit system. The second was the Western Union Telegraph Company. Gould had bought the insignificant American Union Telegraph Company in 1879, joined it with Western Union in 1881, and seven years later added the telegraph network of the Baltimore and Ohio Railroad. By the end of the 1880s Western Union had no real competitor in the two important businesses of railroad telegraphy and sending Associated Press stories to member newspapers. Western Union was one of the most profitable companies in the country. Gould died in New York on December 2, 1892, leaving the management of his properties to his son George Jay Gould.



James J. Hill, 1838-1916

According to biographer Albro Martin, James J. Hill was "the last and greatest American railroad leader in the heroic era." The native Canadian's name became synonymous with railroad innovation and visionary business leadership in the last quarter of the nineteenth century.

The transportation pioneer of the American Northwest entered the business world not by rail but on the river. Arriving in St. Paul, Minnesota by steamboat in 1856, the young, ambitious Hill, who had lost an eye to an accidentally-shot arrow, had adventurously planned to become an animal trapper and trader. He went to work for a steamboat company instead. Rejected from enlisting in the Civil War because of his damaged eyesight, Hill organized the First Minnesota Volunteers and learned the business of buying, selling, and transporting goods. After the war, Hill went to work for the St. Paul & Pacific Railroad, then started a business to supply it with coal, not wood, for fuel.

By the early 1870s, Hill saw an opportunity to build a railroad system through the Red River Valley. Though he had already become a wealthy man by skillfully managing his fuel company and diversifying into freight management, it was not only personal prosperity he sought. Hill had in mind the economic development of the entire region. He had shrewdly observed the St. Paul & Pacific's failure to capitalize on the region's wealth of natural resources. With no railroad, the Valley was accessible only by boat, and winter ice was often impassable; people living there would have no way to get the supplies they needed to work the rich soil, or to deliver their crops to market. In short, Hill saw the potential of unsettled lands, and understood what settlers would need to make their communities thrive. By fulfilling their needs, he would allow both the region and his railroad to prosper.

In 1879, Hill and a group of business partners took over the bankrupt St. Paul & Pacific, renaming it the St. Paul, Minnesota & Manitoba Railway Company. Tapped to be its president in 1882, Hill displayed the leadership that sealed his reputation as the West's -- if not the nation's -- best railroad manager. With an eye to efficiency and service, Hill upgraded the Manitoba, switching over from wood to coal, replacing old iron rails with new steel ones. In addition, he expanded the railroad into local markets by conservatively yet strategically developing branch lines throughout Minneapolis-St. Paul.

By the end of the 1880s, after extending the Manitoba into present-day North Dakota and Montana, Hill set his sights on the Pacific. Because no other company had tried building on such a massive scale without government land grants or financial concessions, critics derided the scheme as "Hill's Folly." But Hill was determined to find the straightest, shortest distance across the Northwest, even without the federal assistance other railroads had received. "We do not care enough for Rocky Mountain scenery," he said, "to spend a large sum of money developing it." He dispatched John F. Stevens to survey the route, and in December 1889 Stevens located the elusive Marias Pass, the lowest crossing of the Rockies in the region. Taking his road through the spectacular pass, Hill expanded the Manitoba through the Rockies without a tunnel. On the way to the Pacific, in 1890, Hill renamed his railroad the Great Northern Railway Company. That same year, Stevens conquered a second pass in Washington's Cascade Mountains. By January 1893, with the completion of a tunnel through the Cascades, the Great Northern reached Puget Sound. Hill's Folly became Hill's Fortune.

As Hill expanded his railroad, he allowed immigrants, who arrived mainly from Norway and Sweden, to travel across the country on his railroad for \$10, provided that they agreed to settle on

the route. He offered assistance by arranging for agriculture experts to teach farming techniques on the rough land. Hill's impact was not only on expansion of railroads, but also populations. By encouraging the creation of settlements and towns along the Great Northern's route, Hill set the stage for the region's economic development -- and his own company's assured future -- in the production of agricultural and other products his railroad would carry to the rest of the country. Other Western railroads may have employed similar tactics, but none embraced the concept of settling populations along the railroads as enthusiastically or as thoroughly as did Hill.

The four-year depression that struck America in 1893 spurred a revolution in corporate organization and redrew the U.S. railroad map around increasingly larger systems. Hill survived the crisis by working with other industries to stave off panic among his customers while simultaneously reducing his company's expenses and increasing efficiency.

Hill had always been able to vanquish his competition. But the Union Pacific's E. H. Harriman proved his equal. Harriman upstaged Hill in implementing a central business philosophy of high volume and low rates. Like Hill, Harriman built, maintained, and managed his railroads to a high standard. As consolidation became king at the turn of the century, the rivalry ignited. Hill entered into an alliance with financier J. P. Morgan that by 1900 gave him control of the Northern Pacific in addition to the Great Northern. The following year, Harriman added to his Union Pacific holdings the Southern Pacific, which was then, with its Pacific ship lines, the largest transportation system in the world.

With consolidation going at full force, Hill and Harriman went to battle over the Chicago, Burlington & Quincy, the strongest independent Iowa railroad. Hill wanted the Burlington's extensive network of Midwestern lines, which would create routes between the Missouri River and his Northern Pacific. If he acquired the Burlington, Hill would be able to compete head-to-head with the Union Pacific in the region. Charles Perkins, the head of the Burlington, knew that his railroad couldn't survive independently; eventually the Burlington would merge with either Hill's or Harriman's system. Hill triumphed, and the Burlington was ultimately sold to his Northern Pacific. But Harriman's near-coup, in which he tried to gain control of the Northern Pacific by buying up its stock, created a stock market panic in 1901. Following the panic, Hill and Harriman jointly formed Northern Securities, a holding company; under this arrangement, Hill and his allies still managed to retain control of the company. Northern Securities controlled the Hill Lines and the Burlington, but it was dissolved in 1904 under the Sherman Antitrust Act of 1890, in a controversial 5-4 Supreme Court decision.

In 1907 Hill passed the presidency of the Great Northern on to his son, but he remained active in strengthening the system, acquiring the Colorado & Southern, linking his lines to the Gulf of Mexico, and building the Spokane, Portland & Seattle. Improvements to all of his roads continued unabated.

Until the week before he died in 1916, the man known as the Empire Builder reported to the office for work every day. During his life, his far-flung influence was felt in farming, education, and the arts. Upon his death, the governor of Minnesota honored him as "the greatest constructive genius of the Northwest."

http://www.pbs.org/wgbh/amex/streamliners/peopleevents/p_hill.html

John Pierpont (J.P.) Morgan

Born: April 17, 1837

Place: Hartford, Connecticut

Died: March 31, 1913



John Pierpont (J.P.) Morgan was born in Hartford, Connecticut on April 17, 1837. His father, Junius Spencer Morgan, was a prosperous financier, with holdings in America and Europe, who taught his son from an early age how to manage the family assets that he (J.P.) would someday inherit. J.P. was a willing student. J.P. was educated at Boston's English High School, and then he enrolled in Germany's prestigious University of Gottingen. By the time he was 15, J.P. had traveled throughout much of Europe, and had already begun collecting art, which would remain a passion throughout his life. When he was 20, he graduated from Gottingen, and returned to New York to begin his career in finance.

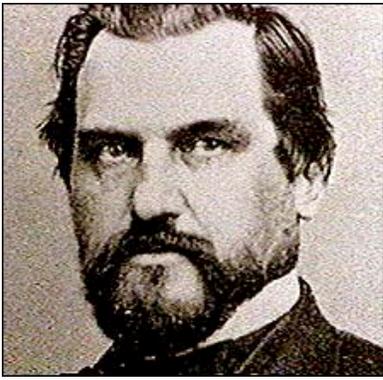
He started as an accountant for Duncan, Sherman & Co. in New York City. This position provided a good base for J.P. Morgan's introduction into the world of banking and finance, especially because of its ties to the powerful London firm of George Peabody & Co. As the Civil War broke out, Morgan joined his father's financial ventures, and operated out of both New York and London, all the time increasing his personal holdings. From 1864 to 1871 he was an increasingly influential member of the firm Dabney, Morgan & Co., and in 1871 he became a partner in Drexel, Morgan & Co. In 1895, this firm became J.P. Morgan & Co., and was recognized here and abroad as one of the most powerful financial institutions in the world.

As J.P. Morgan's fortune grew, he continued to make investments and acquisitions. He funded Thomas Edison throughout the 1870's and 1880's, and laid the financial foundation for Edison Electric Company. When many small companies and railroads ran into tough times after the Civil War, Morgan saw opportunities and acquired those with potential. By the mid 1880's, he had significant railroad holdings, and owned some 5,000 miles of rail by 1900. He consolidated and restructured many of his rail companies, bringing his own regulations and standards to an industry that the government had failed to regulate. Morgan's rail holdings included the New York Central, New Haven and Hartford, Lehigh Valley, Pennsylvania, Reading, Erie, Southern, Chesapeake and Ohio, and the Northern Pacific systems. The rails and trains, of course, required huge quantities of steel. Knowing this, Morgan founded and acquired huge steel-making operations, in effect owning the steel operations that supplied his rail companies with their steel. In 1901 he established the U.S. Steel Company by merging Carnegie Steel Works and several other steel companies into the dominant steel producer in the country.

Morgan's realm expanded into many other areas in the financial and industrial worlds. He acquired and/or financed shipping interests, coal mines, insurance, and communications industries, and he provided financial backing for the U.S. government itself. He backed an 1895 government bond issue of \$62 million dollars, and in 1901 he secured a \$50 million dollar American issue for the British war loan. In the early 1900's he provided backing that assisted the U.S. Treasury in stemming a stock market panic. And, of course, anyone with as much power and influence as J.P. Morgan is bound to attract his share of detractors. He was investigated by the U.S. House of Representatives, and he testified in his own defense, denying charges of undue influence in his control of the country's industries and financial institutions. In spite of the allegations of reform-minded crusaders and muckrakers, J.P. Morgan continued to be America's foremost financier throughout his life.

Morgan's personal wealth was enormous, and during his life he used substantial portions of his wealth in philanthropic endeavors. He donated to charities, churches, hospitals, and schools. He also accumulated a huge collection of art. When he died in 1913, much of his collection went to the Metropolitan Museum of Art.

http://www.netstate.com/states/peop/people/ct_jpm.htm



Leland Stanford

(1824-1893)

One of the "Big Four" who built California's Central Pacific railroad, Leland Stanford brought a sweeping political influence to the partnership that insured this privately financed project all the advantages of public funding.

Stanford was born into a well-off farming family in Watervliet, New York. After a superb secondary education and several years of higher education, Stanford entered an elite law office to prepare for a career as an attorney, passing his bar exam in 1848. He soon moved to Wisconsin, where he began to practice his profession.

After three years in Wisconsin, Stanford and his new wife decided to move to California, where several of his brothers had already found success as merchants. Stanford joined them in 1852 and soon began making enormous sums of money by selling equipment to miners in northern California. He also became involved in politics, first as a justice of the peace, then as the unsuccessful 1857 Republican candidate for state treasurer, and in 1859 as the unsuccessful Republican gubernatorial candidate. Stanford was finally elected governor in 1861, when the Civil War split the Democratic vote, and he played a part in keeping California loyal to the Union.

During his tenure, Stanford made no attempt to separate his political office from his private business interests. With Mark Hopkins, Collis Huntington and [Charles Crocker](#), Stanford was one of the "Big Four" planning to build the eastbound section of the transcontinental railroad, and his contribution to the partnership was to come in the form of political influence. As governor, Stanford kept this pledge, despite his responsibilities to the public, by helping to secure massive state investment and land grants for the railroad project.

When his term ended in 1863, Stanford declined to run for governor again, choosing instead to become president of the Central Pacific, a post he held until his death. He was also a major stakeholder in and longtime president of the Southern Pacific, as well as owner of many of the construction companies that did most of the actual railroad building. Later in the century, as public pressure mounted for government regulation of such monopolies, Stanford's political connections in California continued to keep his railroad business interests on track.

The immense wealth Stanford acquired from railroad building enabled him to live a lavish life. He maintained enormous vineyards and owned a large horse-raising ranch near Palo Alto. In 1884, the death of their fifteen-year-old son prompted the Stanfords to found and endow Stanford University in his memory. In 1885, Stanford arranged for the California legislature to appoint him to the United States Senate, where he served without distinction but with pleasure until his death in 1893.

http://www.pbs.org/weta/thewest/people/s_z/stanford.htm