



The Industrial Age

OUTCOME: THE FAT CATS

THE FAT CATS

1. Setting the Stage:

- a. Also known as “[Captains of Industry](#),” “[Industrial Giants](#),” & “[Robber Barons](#)”
- b. Wealth fell into the hands of a few
- c. By 1890 ---> [4,000](#) millionaires
- d. Approx [90%](#) of \$ (wealth & assets) controlled by [10%](#) of the population
- e. 1900 = [20 million](#) Americans lived in poverty (very small [middle](#) class)

JOHN D. ROCKEFELLER



STANDARD OIL BECAME AMOCO OIL



THE FAT CATS

2. Who were they?

a. J.D. Rockefeller

- i. Founded Standard Oil Company in 1870
- ii. By 1880 ---> 90% monopoly; nation's first billionaire
- iii. Drove out competitors by selling oil at a lower price than it cost to produce
- iv. Raised prices once he controlled the market
- v. Gave away \$500 million dollars

ROCKEFELLER CENTER IN NYC



30 ROCK



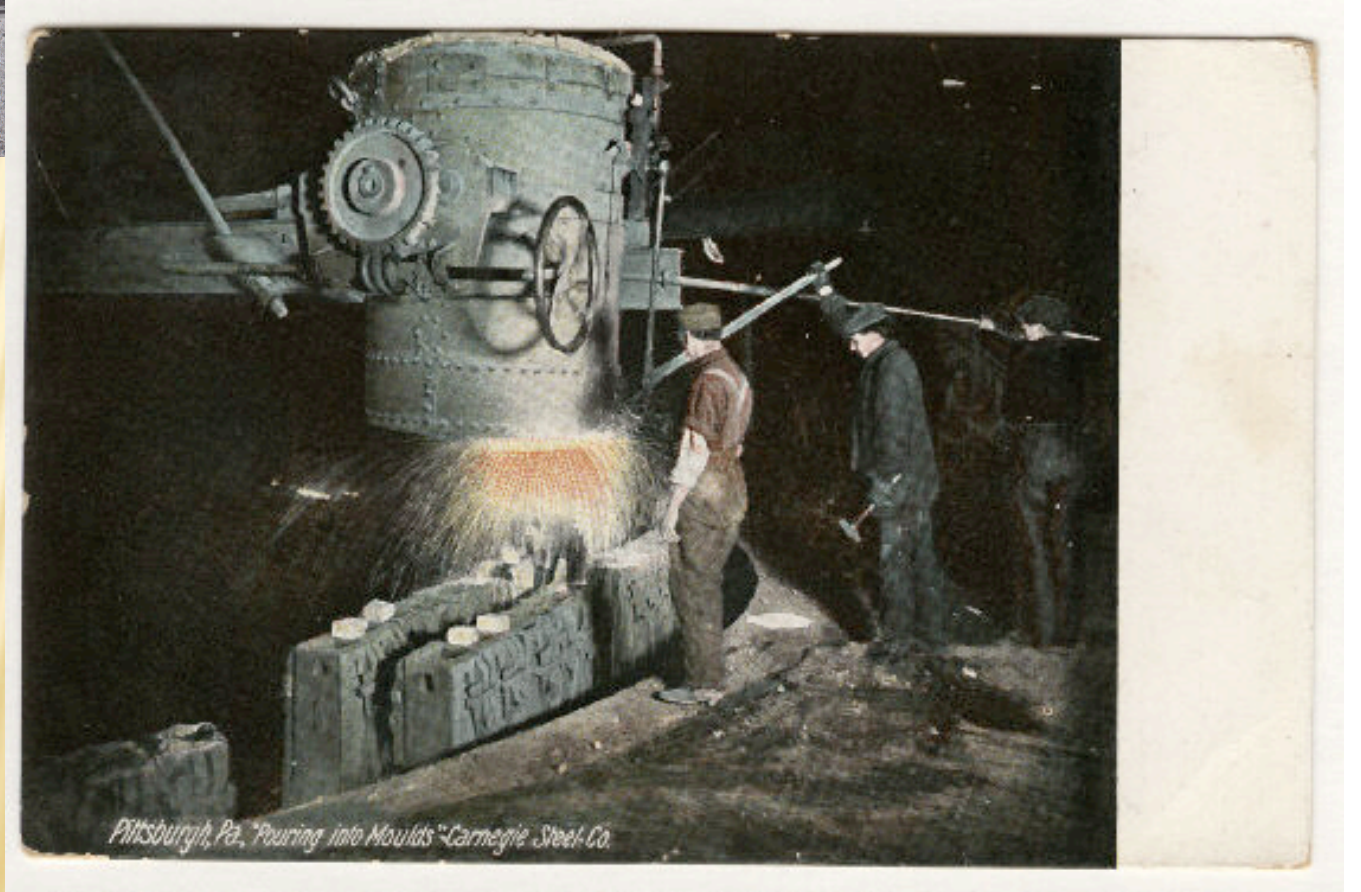
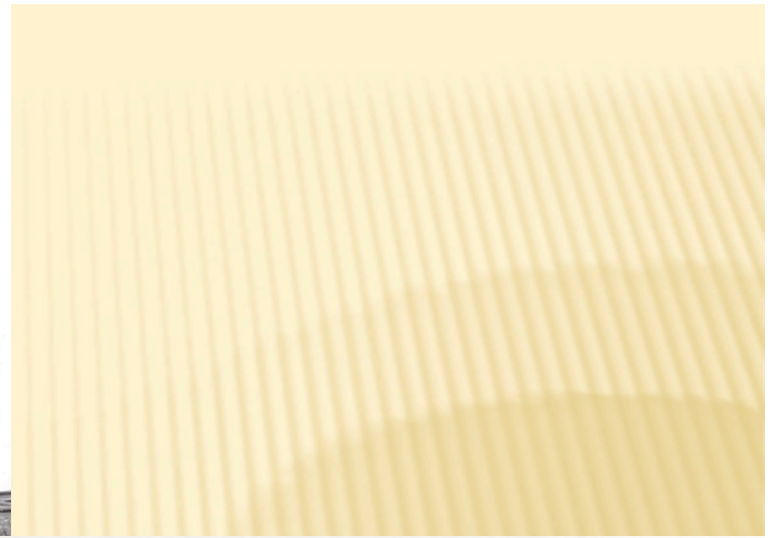
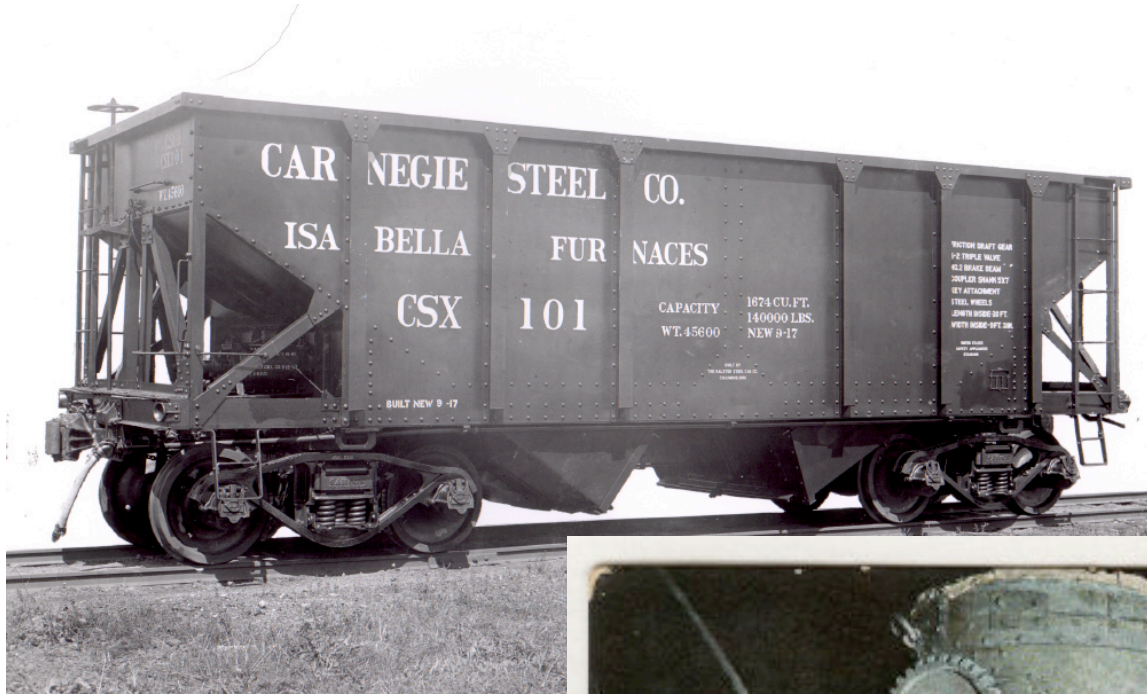
ANDREW CARNEGIE



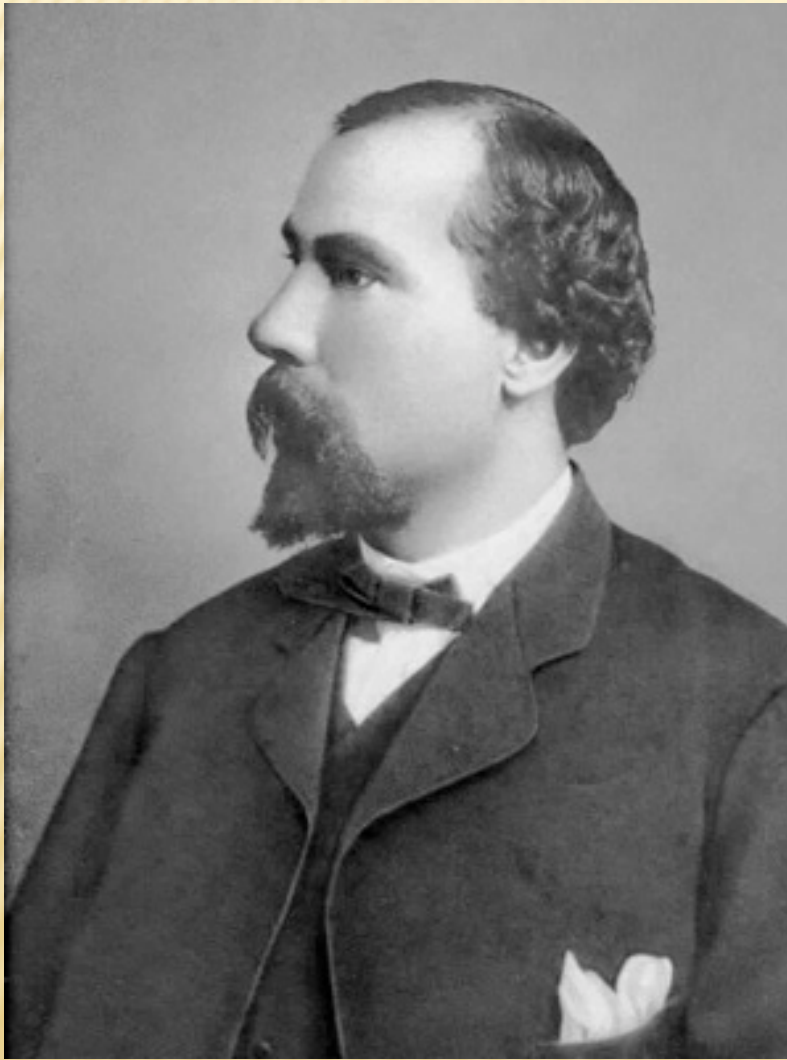
THE FAT CATS

b. Andrew Carnegie

- i. Rags to riches: born to poor Scottish family who immigrated to U.S.
- ii. Worked his way to become private secretary to the local superintendent of the Pennsylvania Railroad
- iii. Entered the Steel business in 1873
- iv. Controlled 25% of U.S. steel production
- v. Sold his steel business to J.P. Morgan in 1901



JAMES J. HILL



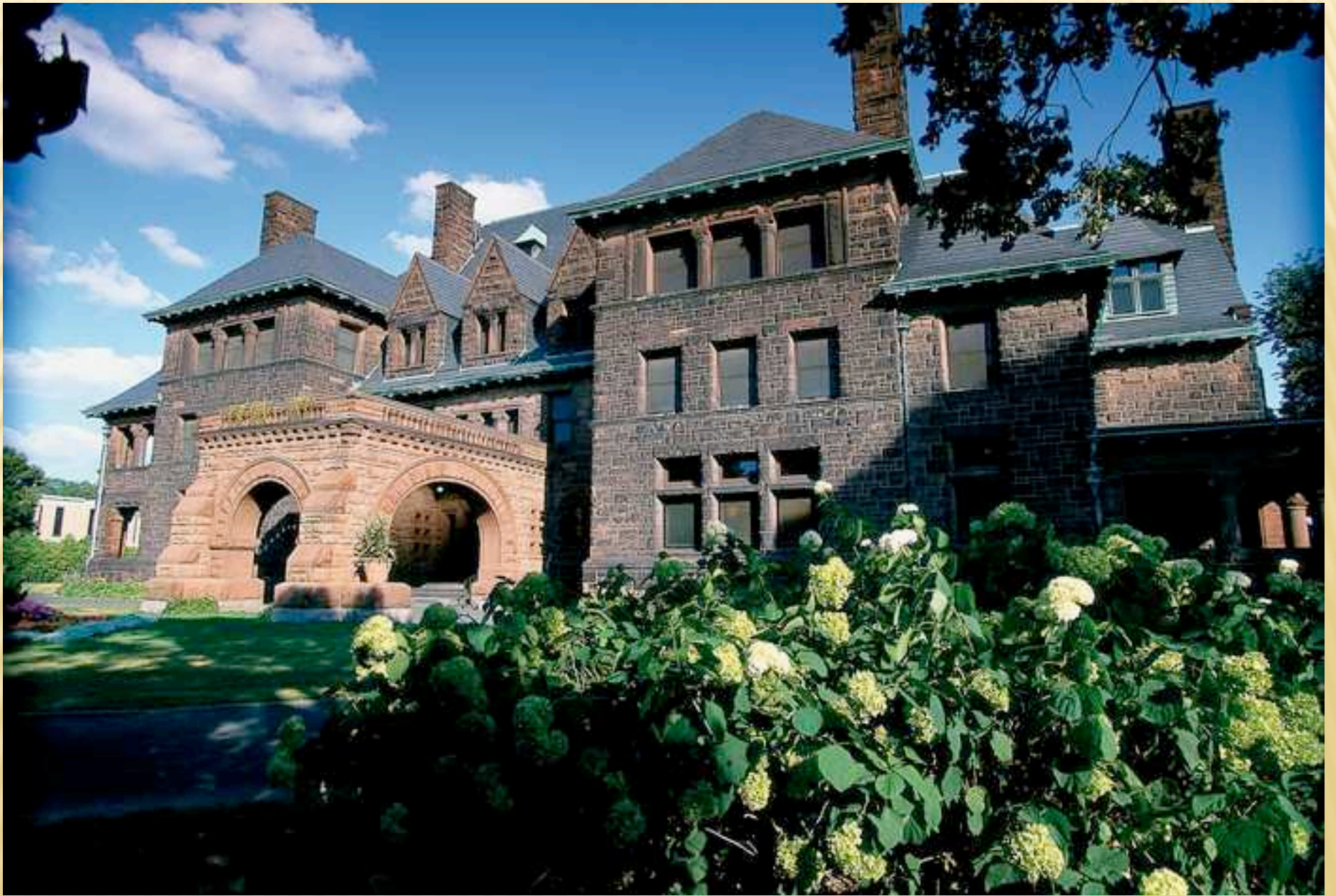
THE FAT CATS

c. James J. Hill

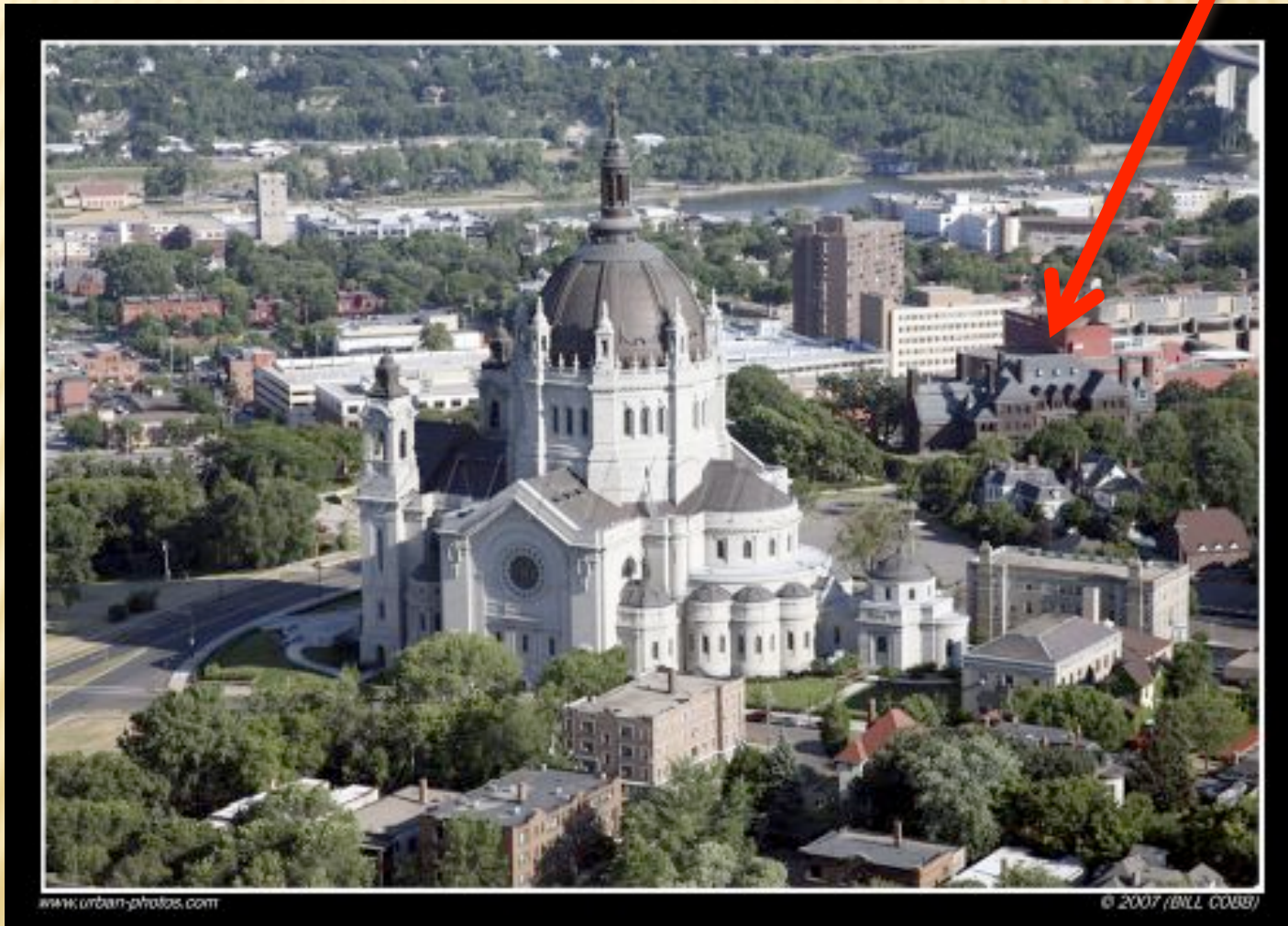
- i. Canadian born but settled in St. Paul
- ii. “Empire Builder” used no government land grants
- iii. Built Great Northern Railroad from Duluth to Puget Sound, WA
- iv. Home in St. Paul belongs to MN Historical Society

JAMES J. HILL HOUSE IN ST. PAUL

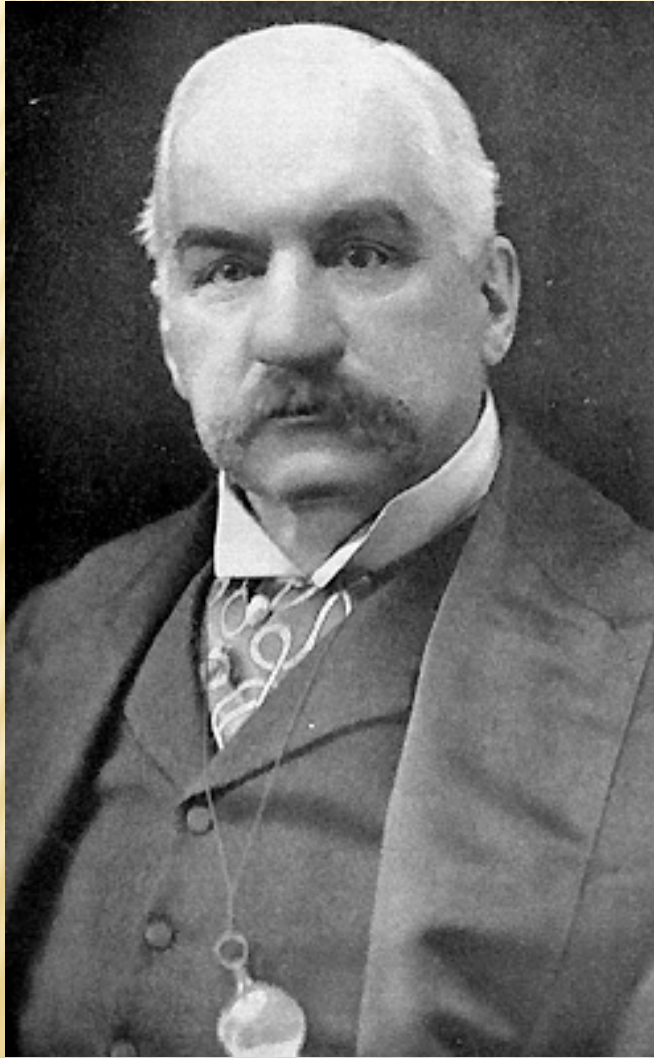




ST. PAUL CATHEDRAL



JOHN P. MORGAN



THE FAT CATS

d. J.P. Morgan

- i. Was known as the “[Giant of Finance](#)”
- ii. Began his career as an [accountant](#)
- iii. Was a [banker](#) and a great organizer of companies like [GE](#) & [AT&T](#)
- iv. Bought [Carnegie Steel](#) in 1901; renamed it U.S. Steel

THE FAT CATS

3. How did they become rich?

- a. Opportunity → a pure capitalist system allows for unlimited economic opportunity, but no guarantees

- b. Laissez-Faire government meant unchecked free enterprise
 - i. Hands off attitude toward business/industry/economy
 - ii. No income tax (not made law until 1913, 16th amendment)

THE FAT CATS

3. How did they become rich? (Continued...)

c. Labor abuses were permitted

- i. No [safety codes](#), No [minimum wage](#)
- ii. Unions were [rare](#), even [illegal](#)

d. Monopolies formed (goal: to rid [competition](#) and control [prices](#))

i. Integration tactics

- 1. [Vertical](#) integration: buying up resources, transportation, etc
- 2. [Horizontal](#) integration: merging like companies together



ii. Bribery & Corruption

- 1. Rockefeller forced RR's to pay him [rebates](#) on shipping
- 2. [Political](#) (bribing U.S. Senate = [millionaire's club](#))

THE FAT CATS

3. How did they become rich? (Continued...)

e. Improved Technology meant increased efficiency in:

- i. Farming (McCormick's [Reaper](#) & John Deere's [steel plow](#))
 - 1. By 1880, 1 farmhand could harvest [135](#) acres a day on average
 - 2. Young men migrated to cities adding to the industrial [labor](#) supply

- ii. Business & Industry
 - 1. Edison ---> [light bulb](#), stock [ticker](#), etc
 - 2. Bell ---> [telephone](#), Sholes ---> [typewriter](#)



f. Corporations (Publically held companies) were formed.

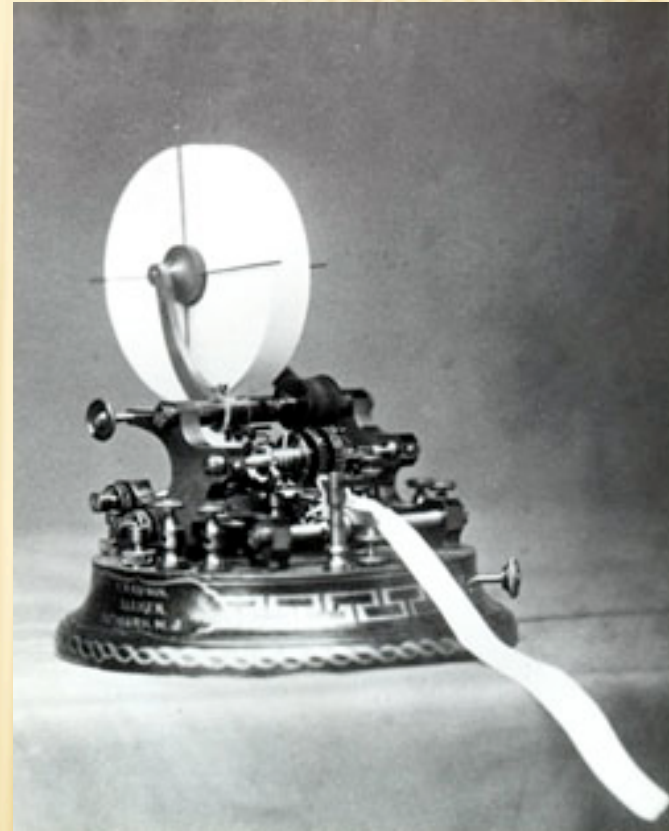
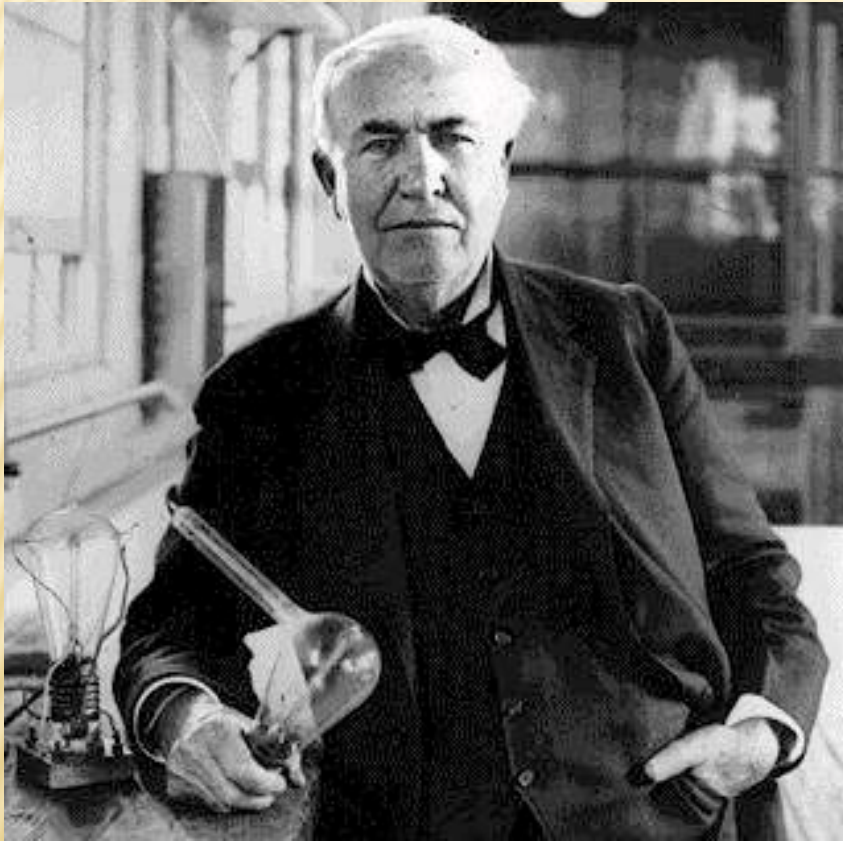
- i. Quick method of raising [capital](#) (\$) for growth and expansion
- ii. Reduced [risk](#) (spread out among [stockholders](#))
- iii. Ensures the [longevity](#) (life) of the company

MCCORMICK'S REAPER



STATE HISTORICAL SOCIETY OF WISCONSIN

THOMAS EDISON



SHOLES' TYPEWRITER



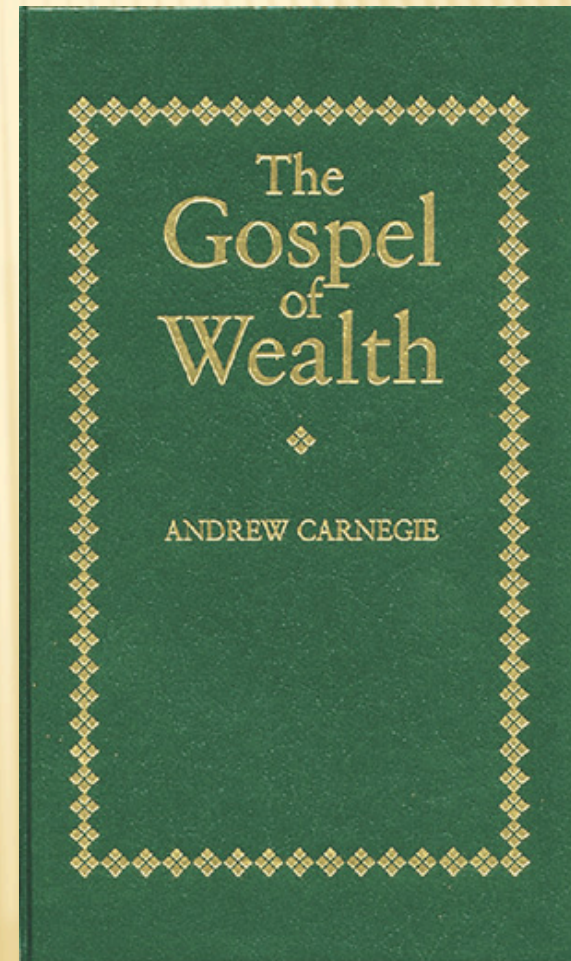
THE FAT CATS

3. How did they become rich? (Continued...)

- g. Social Darwinism → “rich were meant to be rich”
 - i. Life is a struggle and the poor are just weak &/or lazy
 - ii. Justified a “hunt & kill” method to acquire wealth and power

- h. **Government Actions**
 - i. Land Grants were used to encourage railroad construction and settlements
 - ii. Protective Tariffs placed a tax on imported goods at compete with US goods

PHILANTHROPY AND THE GOSPEL OF WEALTH



THE FAT CATS

4. Some became believers in Carnegie's "Gospel of Wealth"
 - a. Rich have an obligation to improve society with their fortunes
 - b. Philanthropy: an active effort to improve society through contributions of one's own wealth
 - c. Examples:
 - i. Carnegie: built many libraries & Carnegie Hall in NYC
 - ii. Rockefeller: Donated \$550 million dollars to many universities
 - iii. Morgan: Donated \$20M to University of the South, \$10M to Harvard