

# Chapter 25: Robber Barons

## 1. Corruption

### Political Control

Businesses wanted to make as much money as possible. Frequently, corporations bribed politicians and whole legislatures to get favors. Often that meant states passing laws that helped one company at the expense of the **competition**.

Some of these men had so much money and power, they believed laws applied to everyone but themselves. Railroad owner Cornelius Vanderbilt once said: "Law! What do I care about the law?" Hence, some people called the leaders of industry robber barons.

### Philosophy

In the late 1800s, English philosopher Herbert Spencer wrote that better people became successful and lesser people became failures. This theory of natural selection applied to human society became known as **Social Darwinism**.

Most industrialists agreed with Spencer. Those at the top of society became rich and successful because they were better than everyone else. They deserved their riches. For some industrialists, this theory became a way to justify the ruthless business practices often used to get ahead.

## 2. Unions

### Working Conditions

Usually the largest expense that businesses could control was the payroll. In order to raise profits, businesses paid their employees as little as possible. In a

time that lacked laws to protect laborers, poor working conditions in factories often resulted in workers being injured or killed on the job.

In response, workers banded together to create **unions**. A union worked toward getting better pay and better working conditions from the employer. Often, unions and employers clashed in violent confrontations.

### The Haymarket Riot

On May 3, 1886, workers for the McCormick Harvesting Machine Company in Chicago went on strike to get an 8-hour workday. When police arrived to protect workers hired to replace the strikers, violence broke out and police shot and killed one striker.

The following day, workers gathered peacefully at Haymarket Square to protest police brutality. However, when police showed up and ordered the assembly to leave, someone threw a bomb at the police. The police open fired on the crowd. Seven police officers and up to eight civilians died. Dozens of people were injured.

### The Homestead Strike

Andrew Carnegie hated unions and wanted to break them. When his plant manager Henry Frick fired several union workers on July 2, 1892, from the Homestead steel mill, all the steel workers went on strike. Frick hired the Pinkerton Detective Agency to come in and break up the strike.

On July 6, three hundred armed Pinkertons met ten thousand strikers. Fighting broke out that lasted for hours. Nine strikers and seven Pinkertons died and scores of others were injured. The

strike destroyed the union and many of the steel workers went back to work for less pay and longer working hours than before.

### 3. Reform

#### Legislation

By the late 1800s, trusts and monopolies controlled several industries. Without many companies competing with each other, prices of products increased while the quality of products decreased. Several states tried to stop these monopolies but they could only control business practices within their own borders.

In 1890, Senator John Sherman of Ohio pushed through Congress the Sherman Antitrust Act. It made trusts and monopolies illegal in the United States. The federal government could use the courts to break up any company that prevented competition and fair trade.

#### The Muckrakers

Many people began to question the business practices of some corporations. This gave rise to a group of reporters that became known as the muckrakers. They were among the first investigative reporters. They sought to correct the problems of society by exposing **corruption**.

Beginning in 1902, Ida Tarbell began writing a series of articles that appeared in *McClure's Magazine* discussing the ruthless business practices of the Standard Oil Trust. Her articles caught the attention of the federal government. On May 15, 1911, the Supreme Court declared the Standard Oil Company violated the Sherman Antitrust Act. As a result, Standard Oil was broken

up into several smaller companies including Chevron, Exxon, and Mobile.

Over the years, the federal government broke up companies in other industries such as tobacco, farming equipment, and telephone.



Ida Tarbell's work against the Standard Oil Company created a new style of investigative reporting. Source: *Ida Tarbell*. 1904. Photo. Library of Congress.

### 4. Philanthropy

#### Giving

While some industrialists engaged in ruthless and immoral behavior to make money, some became **philanthropists** to make society better.

After selling his steel company, Andrew Carnegie began to give away his \$350 million (billions today) fortune. He built 2500 libraries to encourage learning. He gave to education, medicine, science, and organizations that supported world peace. His donations funded the building of Carnegie Hall in New York. He believed that a man who died rich, died disgraced.

John D. Rockefeller gave away huge portions of his wealth to charitable causes. He supported churches, schools, and science. The Rockefeller Foundation continues to do good works today.