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Captains of Industry? Or Robber Barons?

The thirty years plus, following the end of the Civil War, is often referred to as the “Gilded Age”. This was a term coined by Mark Twain, the most renowned American writer of the period. It refers to a superficial period of intense economic growth. During this time, businessmen created large business organizations known as trusts. The ingenuity of these entrepreneurs earned the titles of “Captains of Industry”. Yet, their ruthlessness in building wealth at the expense of their competitors, workers and consumers often earned them the title “Robber Baron”.

During the post-Civil War period, an era commonly referred to as the Gilded Age, the economy of the United States grew at a fantastic rate. With the exception of a recession during the mid-1870s, and another during the mid-1890s, the economic growth was unprecedented in United States history. Manufacturing output increased by 180 percent. Railroads, an important catalyst of growth, increased in miles by 113 percent. Steel production grew to over 10,000,000 tons per year by 1900. Every aspect of the American economy expanded from traditional activities to new enterprises brought about by the huge influx of cutting-edge technological inventions. The gross national product almost doubled during the period and the per capital GNP increased by 35 percent. Wages matured by 20 percent, and a new American middle class emerged for the first time in the history of the United States.

Cities grew during this period, as people moved from rural areas and immigrants arrived from around the world to work in the ever-expanding factories. The population of Chicago, for example, multiplied from 30,000 people in 1850, to over 1,700,000 by 1900. The population of New York City increased during the same period from just over 500,000 to over 3,000,000. Birmingham, Alabama emerged in 1871 as a new city built upon the thriving steel industry. Electricity began to light and power the industrial cities
with the patenting of the dynamo. Skyscrapers emerged to change the landscape of the American city.

Farsighted, shrewd, and enterprising businessmen are often credited with bringing about the economic prosperity of the period. The steelmaker Andrew Carnegie, the banker J. P. Morgan, the oilman John D. Rockefeller, and the railroad magnates Jay Gould and Cornelius Vanderbilt top the list of a group of industrialists often identified as the “captains of industry” who had the vision and invested the time and effort to grow the economy.

Not everyone at the time had a favorable view of these entrepreneurs. In an effort to create monopolies, corner markets, and increase profits, these men often resorted to rather unscrupulous tactics. These methods included manipulating the stock market, bribing politicians and officeholders, and ruining competitors. Consumer prices rose as the trusts held by these men came to control entire industries.

Workers were treated badly by the capitalists and their management organizations. Workers were often forbidden to strike, paid very low wages, and forced to work very long hours. Working conditions in both factories and mines were deplorable. Housing for the working class was crowded and substandard. Child labor made up over five percent of the national labor force. These tactics soon led to the businessment being labeled as “robber barons”.

By the early twentieth century, the richest nine percent of Americans controlled 75 percent of the national wealth. The number of millionaires increased from 390 to over 4,000. Yet, working families were forced to rely on two, three, and sometimes four incomes, just to make ends meet. To the poor, the working class, the reformers, and the consumers, the Gilded Age was not so golden.

Still, the businessmen of the period felt justified in their actions, as the United States became the world’s leading industrial power, with the U.S. producing as much as Germany, Great Britain, and France combined.