

Monopolies: A Sampling of Opinions

Part A.

Directions: Read the documents, and summarize their major points in your own words. Determine what business or labor problems these entrepreneurs might have faced because of their opinion about monopolies.

Document 1

Excerpt from Andrew Carnegie

This, then, is held to be the duty of the man of wealth: To set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial result for the community—the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they would or could do for themselves.¹

Document 2

Excerpt from John D. Rockefeller

It is too late to argue about advantages of industrial combinations. They are a necessity. And if Americans are to have the privilege of extending their business in all the States of the Union, and into foreign countries as well, they are a necessity on a large scale, and require the agency of more than one corporation. Their chief advantages are: (1) command of necessary capital; (2) extension of limits of business; (3) increase of number of persons interested in the business; (4) economy in the business; (5) improvements and economies which are derived from knowledge of many interested persons of wide experience; (6) power to give the public improved products at less prices and still make a profit for stockholders; (7) permanent work and good wages for laborers.²

Document 3

Excerpt from George Pullman

It was not the intention to sell workmen homes in Pullman, but to so limit the area of the town that they could buy homes, at convenient distances from the works, if they chose to do so. If any lots had been sold in Pullman it would have permitted the introduction of the very baneful elements which it was the chief purpose to exclude from the immediate neighborhood or the shops and from the homes to be erected about them.

The plan was to provide homes in the first place for all people who should desire to work in the shops, at reasonable rentals, with the expectation that as they became able, and should desire to do so, they would purchase lots and erect homes for themselves within convenient distances, or avail themselves of the opportunity to rent homes from other people who should build in that vicinity. As a matter of fact, at the time of the strike, 563¹ of the shop employees owned their homes, and 461 of that number are now employed in the shops; 560 others at the time of the strike lived

¹Andrew Carnegie, "The Gospel of Wealth," in *The Gospel of Wealth and Other Timely Essays* (New York: The Century Co., 1901), 15.

²U.S. Industrial Commission, *Preliminary Report on Trusts and Industrial Combinations* (Washington, D.C.: Government Printing Office, 1900), 796.

outside, and in addition an estimated number of from 200 to 300 others employed at Pullman were owners of their homes. The company neither planned nor could it exercise any municipal powers in Pullman. It was in fact within the boundaries of what was legally called the village of Hyde Park; was several miles distant from the actual village as settled at that time. The people lived there first under the ordinances of the village of Hyde Park, and now live under the ordinances of the city of Chicago, and not at any time under the regulations of the company. The relations of those employed in the shops are, as to the shops, the relations of employees to employer, and as to those of them and others living in the homes, the relations are simply and only the relations of tenant to landlord. The company has not now and never has had any interest whatever in the business of any of the stores or shops in the town; they are rented to and managed by outside parties, free of any control by the company. The people living in the town are entirely free to buy where they choose, and as a matter of fact the large disbursements in wages at Pullman, amounting to an average of \$2,360,000 a year from September, 1880, to July, 1894, has created a great competition for the trade of Pullman in the small surrounding towns, as well as in Chicago, the natural result of which would be to bring the prices of all merchandise down to a minimum.³

Document 4

Excerpt about George Westinghouse

In 1866 he perfected two inventions—a device for replacing derailed cars upon the track and a reversible steel railroad frog. His attempt to make steel castings brought him to Pittsburgh where he arranged with a steel firm to manufacture the articles while he sold them. He conceived the idea for the air brake before his arrival in Pittsburgh, and received his first air-brake patent on April 13, 1869. Westinghouse Air Brake Co. was organized the following July. He next invented an automatic telephone exchange system in 1877 though his patents expired before they were accepted. Westinghouse engaged William Stanley to assist him in electrical development in 1885 and organized the Westinghouse Electric Co. the next year after purchasing the Gaulard and Gibbs transformer patents for the distribution of electricity by alternating currents and began the manufacture of electric lighting apparatus.

After a decade of bitter controversy, the alternating current system was adopted and in that period, Westinghouse purchased and developed the inventions of Nicola Tesla that made practicable the use of alternating current to drive electric motors. He built the generators to supply the Chicago World's Fair and then furnished the first ten generators to the Niagara Falls Power Company for transmitting Niagara Falls power. . . .⁴

³*The Strike at Pullman: Statements of President Geo. M. Pullman and Second Vice-President T. H. Wickes before the U.S. Strike Commission* (n.p., 1894), 2–3.

⁴"George Westinghouse 1846–1914," *Carnegie Library of Pittsburgh*, <<http://www.carnegielibrary.org/research/pittsburgh/patentecs/westing.html>> (15 September 2010).

Document 5

Excerpt about Cornelius Vanderbilt

In the 1860s he became aware that the big growth in the future for the transportation industry was not by way of water but by way of rail. So he became interested in railroad transportation, which was then still in its infancy. But instead of building new railroads, he took the easier route of buying existing railroads. He acquired the Long Island Railroad followed by the New York and Harlem Railroad and the Hudson River Railroad. In 1867 he also acquired the Central Railroad and merged it with the other railroads he already owned. As he had done with his shipping ventures, he focused on improving service and on upgrading capital equipment while maintaining low fares. He eventually merged all his initial acquisitions into what became known as the New York Central Railroad. It is estimated that he made \$25 million in the first five years from his railroad ventures.⁵

Document 6

Excerpt about Jay Gould

In an age of scandal and corruption, Jay Gould was regarded as a master of bribery and insider stock manipulation. He paid off President Grant's brother-in-law to learn the president's intentions about government gold sales; he bribed members of New York's legislature; and he tried to corner the gold market. But Gould was much more than a robber baron. At a time when the rules of modern American business were just being written, he was one of the architects of a consolidated national railroad and communication system. One of his major achievements was to lead Western Union to a place of dominance in the telegraph industry.⁶

Part B.

Directions: Use the excerpts in part A to answer this question: In what ways was the development of monopolies in the late nineteenth century beneficial to the U.S. economy, and in what ways was it harmful? Structure your essay around the documents, and focus on developing main ideas. Be sure to assess the authors' biases, audiences, and purposes.

⁵"Vanderbilt, Cornelius [1794–1877]," *The New Netherland Institute*, <<http://www.nnp.org/nni/Publications/Dutch-American/vanderbiltc.html>> (15 September 2010).

⁶"The Rise of Big Business: Jay Gould," *Digital History*, <http://www.digitalhistory.uh.edu/database/article_display.cfm?HHID=203> (15 September 2010).

