Robber Baron’s Essay, Research Paper

Robert Allen

92845

Robber Barons

Then and Now

Robber Barons, a term used in the late 1800s and early 1900s to describe a businessman who made an enormous amount of money, today we would call them billionaires. It was not really the fact they made an extreme amount of wealth, it was more the way they made it. In all the cases the acquiring of wealth was done in what was considered a ruthless manor and unscrupulous ways. A robber baron was more interested in acquiring wealth than the safety of his employees, the amount of work hours performed in a week, or the amount of wage being paid for a days work.

For example Andrew Carnegie(the robber baron of the steel industry), he was instrumental in starting the 72 hour work week, paying out less than fair wages and having dangerous working conditions.

The robber barons were known for their business tactics that would enable them to amass a wealth by monopolies. They would corner the market on a product or service and make it almost impossible to get, accept through them.

One such person was James B. Duke (robber baron of the tobacco market).James Duke started marketing tobacco from his fathers tobacco farm at an early age. He developed a market for tobacco though advertising. When the market he developed, started growing he started buying up other tobacco companies in order to be the only supplier of the product. James Duke eventually formed The Great American Tobacco Co. which became the biggest supplier of cigarettes in the world.

One thing the Robber Barons of today and yesterday have in common is monopolies. If it at all possible, the Robber Baron or billionaires as we call them today, would try to corner the entire market on their product or service, making it difficult for competition in their particular industry.

James Duke did it by making a market for cigarettes and cigars and buying up his competition so he was the biggest company to supply the product.

Andrew Carnegie cornered the market on the steel industry and made the first high rise building. He was the only business in his field therefore he could set his prices and up his profits.

Other Robber Barons in various markets were William Vanderbilt, he monopolized the railroad business allowing him to set his own prices for freight and passage. John D. Rockefeller monopolized the oil industry with Standard Oil company.

Today AT&T, the phone company, before deregulation controlled the vast majority of the phone services, thereby monopolizing the phone services.

American Airlines, there unscrupulous business tactics would drive out competitors from areas they wished to control by having price wars until the opposition could no longer compete and would have to close their doors for business.

But the biggest and wealthiest of them all, Bill Gates owner of Microsoft Corporation created an operating system for computers to work with and the market to sell that system. Before Bill Gates came along computers were only an informational source. What ever was programed into them was retrievable but you could not add information to them. Basically they were just a big file cabinet. Bill Gates made it to where you can talk to the computer and add information to them. This made them more user friendly and a very usable tool for personal and business use. But just like the Robber Barons of yesterday Gates cornered the market for his software by orchestrating a marketing plan that would require computer companies to pay him X amount of dollars for every computer they sold, whether or not the computer had his software on it or not. Now if you think about it, the computer companies had no choice but to put his software on the computers they sold. Kind of sounds like a monopoly to me.

Philanthropy

The other side to the Robber Baron coin. For some unknown reason the Robber Barons felt it necessary to give back enormous amounts of their wealth to the society they took if from, or maybe a better way to put it is earned it from? It was done in a manner that for the most part immortalized the giver. For instance James Duke or the Duke Endowment gave money to several Universities. This in turn eventually got his name on one, Duke University in Washington, DC. Duke also gave money to hospitals, childcare institutions for blacks and whites and the Methodist church.

Andrew Carnegie felt so strongly about philanthropy that he was inspired to write the landmark essay “The Gospel of Wealth”. Some would say Carnegie was only out for self glorification because he would build and finance libraries but neglect to supply them with the much needed books. Carnegie was quoted as saying, “The man who dies thus rich dies disgraced”. Before it was all said and done through Carnegie’s philanthropist donations, he would give away nearly 350 million dollars or close to 90% of his lifelong acquired wealth.

Others considered philanthropist were, J.P. Morgan, he gave away a vast amount of his wealth to various institutions. Henry C. Frick, Andrew Carnegie’s right hand man runner of his companies. A millionaire by his own rights also a philanthropist who gave a lot of his money back to society.

Perhaps one of the most well known modern day philanthropist would be George Soros. Soros is accredited for giving away 1 billion dollars over a matter of days back in 1992. Soros made his fortune by investing, but not merely investing in the market as we know it but investing in entire countries and their misfortunate collapse of their economies. Soros made this billion dollars by currency speculation, betting correctly on the collapse of the British pound. Soros devoted most of his money back to Eastern Europe, where he has set up foundations in 25 separate countries.

Now if we were to take a look at Bill Gates who has been accredited as being the richest man in the world today, we would not see a lot of giving back to the community. Gates has had some bouts of giving but considering his wealth one might say it is trivial. And if you were to take a look at the reasoning behind his giving it would show up as still being to his favor. Such as giving a small amount of computers to the schools so as to allow the students access to the internet through his own proxy server, thereby realizing a profit.

Conclusion

It would seem that most of the Robber Barons of yesterday and today made their money by unscrupulous tactics, or monopolies. These monopolies were created by the Robber Barons themselves and by what ever means possible they made every effort to keep their strong hold in their business as long as possible. Now there is a downside to this although they were over bearing in their business tactics, stepping on who ever they had to make a profit there seem to be a certain amount of guilt involved. For unknown reasons they felt it necessary to give back a large amount of that profit to better society. Perhaps this could be looked at as more of them feeling like they could be in control of man kinds destiny, or by giving something back the guilt would be lifted for being so ruthless in the business world.

And as far as Bill Gates goes perhaps one day he will wake up and realize enough is enough and be more of a philanthropist himself.

Reference Sources

Biography.com

http://www.biography.com/cgi-bin/biomain.cgi

James B. Duke

http://www.duke.edu/web/Archives/history/jbduke.html

Andrew Carnegie

http://www.worth.com/articles/M9611F04.html

Andrew Carnegie

http://www.worth.com/articles/Z9611C01.html

Fighting Modern Day Robber Barons

http://www.amcity.com/denver/stories/1997/01/27/editorial3.html

Forward Thinking

http://www.worth.com/articles/Z9611R.html

Return of the Robber Barons

http://worldpolicy.org/americas/usa/fasttrack.html

Bill Gates, Robber Baron

http://www.businessweek.com/1998/03/b3561030.htm

Robber Barons

http://econ161.berkeley.edu/Econ\_Articles/carnegie/DeLong\_Moscow\_paper2.html