

The Tycoons by Charles Morris (2005)

By 1895 USA became the world economic leader, especially in steel, oil, wheat & cotton. Andrew Carnegie (steel), John D. Rockefeller (oil), Jay Gould (railroads & telegraph) [some might say William Vanderbilt was the railroad man] & J.P. Morgan (banking) led the way. These tycoons were also known as the robber barrens.

The homestead Act of 1862, the 1862 land-grant college act & the 1862 pacific railroad act expanded growth westward. For \$18 anyone could build a house and farm 160-acres, live there for 5- years and it was theirs. The second paid for colleges and educated farmers. And the last gave the railroads incentives to connect the two coasts, which was done in May 1869 near Salt Lake with the "golden spike".

67% of the time from 1776-1860 we had slaveholding presidents with a southern domination in congress and the Supreme Court. Carnegie & Rockefeller saved expenses by controlling all aspects of their business (raw material, manufacturing, transportation, distribution). Economic crashes of the time were: 1873, 1883, 1893, 1907. France paid \$1 billion in gold to Prussia in 1873 disrupting cash flow world wide.

Prior to 1873 railroads accounted for 80% of the stock market. US population increased 26% while wholesale price index fell 25% from 1870-1880. Exports doubled in this time as well. By 1880 Americans were better fed, clothed & educated. Railroads made all the difference by 1880 when 80% of the population was east of the Mississippi & 60% of the cattle in the west.

"A man who has money during a panic is a wise and valuable citizen." (Andrew Carnegie). Rockefeller was known for his takeovers of small refineries to create the Standard Oil monopoly and using pipelines to save transportation costs. After the civil war, more Americans were living in the cities and became the new middle class. The surplus income created a desire for more material things. The Dow Jones Industrial Index was created in 1895.

Upon Carnegie's retirement he set up a foundation to build 10,000 public libraries across the country. In 1911 Standard Oil monopoly was broke up and Rockefeller profited mightily as the shares of the separate companies soared. The Federal Reserve was created in 1913. Only 5% of the factories had electricity in 1900 and it became common in homes by the 1920's.

"I did not come here to sell. I understand you wished to buy." (Rockefeller to Morgan). US Steel became the largest company (at \$1.4 billion) until Nabisco in 1987. In 1915, America was sitting on the world's largest gold reserve. An important factor to the 1929 crash was the banks routinely bundling bad loans into mutual funds that were sold to retail investors.