

# Rise of Big Business Radio Interview Role-Play

## Directions:

For those with **Big Business Roles**: With your group members, read the biographical sketch on your assigned figure who contributed to the rise of big business. Prepare to answer questions from the interviewer and audience members.

For those with **Interviewer Roles**: With your group members, prepare a list of questions for the figures who contributed to the rise of big business. After asking your own questions, invite audience participants to contribute their own questions.

For the **audience**: Prepare your own questions for the figures who contributed to the rise of big business. Suggested topics:

- The character of the business figure
- The contribution of the business figure to the rise of big business
- General economic and social questions from the time period

## Rise of Big Business Role-Play Nametags

Cyrus McCormick & Western Agriculture

Thomas Alva Edison &  
Technological Inventions

**James J. Hill & the Railroads**

**Andrew Carnegie & the Steel Industry**

**John D. Rockefeller & the Oil Industry**

**Jay Gould & American Finance**

**J.P. Morgan & American Finance**

**Interviewer**

## Cyrus McCormick & Western Agriculture

“In the open spaces of the American Midwest, old Northwest, and Great Plains lay a potential wealth equal to that of the cotton fields in the South. Three keys were needed to unlock this bonanza: people, transportation, and machines. Immigration supplied the first, railroads and canals the second, American manufacturing the last. The mechanical harvester, the machine that most facilitated the transformation of these open spaces into a cornucopia, emerged from a farm workshop in the Shenandoah valley....

Cyrus [McCormick], who often helped his father in the shop and early demonstrated an inventive knack of his own, took up the task. He fashioned a reaper that operated successfully on a neighboring farm during the harvest of 1831....[and] Cyrus McCormick returned to the workshop to improve his reaper. In 1834, satisfied that he had perfected it to a point of marketability, McCormick received a patent for his machine....McCormick sold two machines in 1840, but his claims of perfection proved premature when both failed. Consequently, he withdrew from the market in 1841 to spend a year in the workshop, getting the bugs out of the mechanism. In 1842 he reentered the market and sold six; in 1843, twenty-nine....Since reaper marketing demanded extensive personal contact, McCormick gradually relied more on a far-flung network of salesmen, on the company's reputation....

Production rose from 1,500 in 1849 to 4,500 in 1858 to 8,000 in 1868....By 1858 Cyrus McCormick was a millionaire; when he died in 1882 he was a millionaire ten times over.... Cyrus McCormick was born into a world where farmers harvested their grain crops as they had since time immemorial; when he died in 1882

the mechanical reaper was in use around the world...He and his competitors had converted the American prairies from open space to the breadbasket that fed the United States and much of Europe. In some ways his firm, which did so much to modernize the American agricultural economy, remained an anachronism at his death, stranded half-way between traditional family management and modern bureaucratic control.”

**Harold C. Livesay, *American Made: Men Who Shaped the American Economy* (Boston: Little, Brown, 1979), 53-84.**

## Thomas Alva Edison & Technological Inventions

“As technological advancements broke the shackles that had limited transportation and communication to the velocity of wind and water and accelerated them to the speed of sound and light, most Americans rejoiced and called it progress. Fundamental to this change and to the expansion of manufacturing capacity, was a two-stage revolution in the ways by which man converted potential energy to power... in the second, electricity and the internal combustion engine took over....Spending all of his pocket money on chemicals, bottles, and other apparatus, Edison [carried out experiments].Soon mastering the rudiments of the craft, Edison...began an eight-year career as a ‘boomer,’ an itinerant [telegraph operator].... Edison devised an apparatus to record [voices] instantaneously....

By 1876, Edison's combined labors as inventor and manufacturer brought him solvency and modest wealth....When he first began to manufacture light bulbs, for example, they cost \$1.40 each to produce, but Edison priced them at 40 cents, knowing that volume production would soon bring costs down....

Edison moved his equipment and his staff to the hamlet of Menlo Park, New Jersey...At the Menlo Park laboratory, Edison institutionalized his role as creative inventor, establishing what amounted to an invention factory....The phonograph, which Edison and his helpers constructed late in 1877, exemplified Edison's dedication to the profit motive. The talking machine excited the public imagination....The invention of the incandescent electric light, which brought Edison enduring, worldwide fame, resulted from his belief that electricity could be harnessed to tasks other than communication.... During Edison's lifetime, and partially because of his work, applied science became a permanent component of American manufacturing."

**Harold C. Livesay, *American Made: Men Who Shaped the American Economy* (Boston: Little, Brown, 1979), 127-156.**

## James J. Hill & the Railroads

"James J. Hill was building a transcontinental [railroad] from St. Paul to Seattle with no federal aid whatsoever. Also, Hill's road was the best built, the least corrupt, the most popular, and the only transcontinental never to go bankrupt. It took longer to build than the others, but Hill used this time to get the shortest route on the best grade with the least curvature. In doing so, he attracted settlement and trade by cutting costs for passengers and freight....

To Hill, the Northwest was an opportunity to develop America's last frontier. Where some saw deserts and mountains, Hill had a vision of farms and cities. [Others] might build a few swanky hotels and health spas, but Hill wanted to settle the land and develop the resources....Hill wanted to build a railroad to develop the region, and then to prosper with it....

As Hill built his railroad across the Northwest, he followed a consistent strategy. First, he always built slowly and developed the export of the area before he moved farther west. In the Great Plains this export was wheat....He knew that if farmers prospered, their freight would give him steady returns every year. The key was to get people to come to the Northwest....Hill would tell the immigrants, "but we are in the same boat with you, and we have got to prosper with you or we have got to be poor with you."....

With the *E.C. Knight* case the law of the land, Hill saw no problem when he created the Northern Security Company in 1901....Hill was therefore disappointed when President Theodore Roosevelt urged the Supreme Court to strike down the Northern Securities under the Sherman Act. [Roosevelt] called the Northern Securities a 'very arrogant corporation' and Hill a 'trust magnate, who attempts to do what the law forbids.'....In 1904, in a landmark case, the Supreme Court decided five to four against the Northern Securities. It had to be dissolved. [Justice] Harlan continued with a devastating statement: 'The mere existence of such a combination...constitutes a menace to, and a restraint upon, that freedom of commerce which Congress [in the 1890 Sherman Antitrust Act] intended to recognize and protect, and which the public is entitled to have protected.'"

**Burton W. Folsom, Jr., *The Myth of the Robber Barons: A New Look at the Rise of Big Business in America, Seventh Edition* (Herndon, VA: Young America's Foundation, 2013), 17-39.**

## Andrew Carnegie & the Steel Industry

"At the bobbin factory, young Carnegie demonstrated many of the qualities that would

carry him to the top: reliability, a willingness to work hard, an ability to perceive opportunities and to make the most of them....The telegraph office thus served as an informal but effective schools of commerce and business methods.... Distinguishing himself by coming early, staying late, and sweeping out the office when he had no messages to deliver, Andy soon garnered the rewards of virtue. His salary rose from \$2.50 to \$3.00 a week. The company promoted him.... Carnegie spent twelve years on the Pennsylvania Railroad...His railroad service shaped the rest of his business life: on the railroad he assimilated the managerial skills, grasped the economic principles, and cemented the personal relationships to become successively manager, capitalist, and entrepreneur....

Steel also offered a unique opportunity to utilize his manifold talents and connections. Always in touch with developments in the railroad industry, Carnegie knew that railroads would soon replace iron rails with steel.... Once costs were known, Carnegie set about mercilessly beating them down while getting production up....When new technology appeared, Carnegie scrapped his existing equipment, striving always for machinery that could handle bigger batches and handle them faster, regardless of initial cost....He hired a chemist to determine which ores to feed to which furnaces; he built open-hearth furnaces; he bought mines and quarries and coke smelters to supply raw material, and railroads to haul them to the mills; he refused to fix prices, meanwhile undercutting his competitors, and buying many of them out; when the railroad market declined, he shifted some of his capacity to the rolling of structural beams and angles such as those used in the Brooklyn Bridge....

As volume rose, costs fell, and profits soared. The first ton of Carnegie steel cost \$56 to produce; by 1900 the cost was down to \$11.50. In 1888 the firm made 2 million dollars; in 1894, 4 million dollars; in 1900, 40 million dollars.... So Carnegie retired to a life of philanthropy and promotion of peace. Looking back on his career, he could savor many triumphs: his rise to wealth through hard work and shrewd investment.”

**Harold C. Livesay, *American Made: Men Who Shaped the American Economy* (Boston: Little, Brown, 1979), 87-125.**

## John D. Rockefeller & the Oil Industry

“[Rockefeller] began to work at age sixteen as an assistant bookkeeper for 50 cents per day. On the job Rockefeller had a fixation for honest business....it won him the confidence of many Cleveland businessmen; at age nineteen Rockefeller went into the grain shipping business on Lake Erie and soon began dealing in thousands of dollars....The discovery of large quantities of crude oil in northwest Pennsylvania soon changed the lives of millions of Americans....Cleveland was a mere hundred miles from the oil region, and Rockefeller was fascinated with the prospects of refining oil into kerosene....

By 1863 he was talking oil with Samuel Andrews and two years later they built a refinery together. Two things about the oil industry, however, bother Rockefeller right from the start: the appalling waste and the fluctuating prices....He believed the path to success was to cut waste and produce the best product at the lowest price. Sam Andrews, his partner, worked on getting more kerosene per barrel of crude. Both men searched for uses for the by-products:

they used the gasoline for fuel, some of the tars for paving, and shipping the naphtha to gas plants. They also sold lubricating oil, Vaseline, and paraffin for making candles....Another area of savings came from rebates from railroads.....all wanted to ship oil and were willing to give discounts, or rebates to large shippers....As the larger oil refiner in America, Rockefeller was in a good position to save money for himself and for the railroad as well. He promised to ship 60 carloads of oil daily....Many of Rockefeller's competitors condemned him for receiving such large rebates....

From 1865 to 1870, the price of kerosene dropped from 58 to 26 cents per gallon. Rockefeller made profits during every one of these years, but most of Cleveland's refiners disappeared....By the 1870s, with the drop in the price of kerosene, middle and working class people all over the nation could afford the one cent an hour that it cost to light their homes at night....He tried to integrate Standard Oil vertically and horizontally by getting dozens of other refiners to join him. Rockefeller bought their plants and talent; he gave the owners cash or stock in Standard Oil....During the 1870s, the price of kerosene dropped from 26 to eight cents a gallon and Rockefeller captured about 90 percent of the American market...Rockefeller never wanted to oust all of his rivals, just the ones who were wasteful....The Supreme Court struck [his trust] down in 1911 and forced Standard Oil to break up into separate state companies with separate boards of directors.

Before he died, he had given away about \$550,000,000."

**Burton W. Folsom, Jr., *The Myth of the Robber Barons: A New Look at the Rise of Big Business in America, Seventh Edition* (Herndon, VA: Young America's Foundation, 2013), 83-100.**

## Jay Gould & American Finance

"Jay talked a blacksmith into boarding him in exchange for keeping the man's books....With many others of that era he gravitated to New York City as the epicenter of industrializing America....after the founding in 1817 of what became the New York Stock Exchange, the cockpit of the American economy shifted to Manhattan....[Gould engaged in a] fight with Vanderbilt for control of the Erie Railroad... during that battle [Gould] gained a national reputation as one of the most audacious, and least principled, speculators in the land....

In 1869 he attempted the most breathtaking speculative operation in the history of American finance: a corner of the gold market....'The gold on the indicator [rose] to 160. Just a moment later, and before the echoes died away, gold fell to 138'....Gould had managed to unload most of his gold, but the stock plunge that the gold gyrations had set in motion left him illiquid [lacking ready cash]....Many people were certain that Gould owed them money, but at the close of business on that Black Friday, and for weeks thereafter, no one could sort out all the intricacies of who owed what to whom....

Gould entered a period of comparatively constructive activities. He invested heavily in stock of the Union Pacific Railroad, the first transcontinental line but one that suffered from poor management and flimsy financing... His administrative economies, investments in improvements to track and rolling stock, and well-timed takeovers of feeder and competing lines pushed the price of Union Pacific shares up by one hundred percent....Even while expanding his railroad interests—eventually he controlled nearly 9,000 miles of road centered on the Missouri Pacific, as well as Manhattan Elevated Railway—Gould diversified. He purchased the



New York World and a majority share in Western Union Telegraph Company.”

**H.W. Brands, *Masters of Enterprise: Giants of American Business from John Jacob Astor and J.P. Morgan to Bill Gates and Oprah Winfrey* (New York: Free Press, 1999), 37-49.**

## J.P. Morgan & American Finance

“In 1857, [Morgan] joined the Wall Street house of Duncan, Sherman & Company, the American agents of the Peabody firm of which his father was a partner....As soon as the Civil War broke out Morgan recognized the immense, if risky, opportunities that awaited businessmen of dash and daring...J. Pierpont Morgan & Company, which opened its doors for business in 1862, ascended [quickly]...

in 1864 the twenty-seven-year-old Morgan made more than \$50,000....In 1871 he joined forces with the Drexel firm of Philadelphia, created the financial house of Drexel, Morgan & Company, headquartered at the corner of Wall and Broad streets in New York. Almost immediately Morgan became recognized as the leading light in one of the most influential financial firms in the country. His income matched his influence: During the 1870s he regularly earned more than half a million dollars per year. Much of Morgan’s income derived from his efforts on behalf of the nation’s principal railroads....In 1879, when he organized a successful stock offering of \$18 million for William Vanderbilt’s New York Central Railroad, his commission constituted a sizable part of his income that year....

With many other businessmen of his day Morgan found excessive competition distressing. It entailed duplication of effort, he believed,

undermined economies of scale and wasted resources that might be more profitably employed....In 1893 British investors, spooked by political uncertainties in various parts of the world, began pulling their funds out of the American market; the exodus of sterling provoked a panic on Wall Street. Stock prices plunged; banks collapsed; businesses of all sorts foundered.....[Morgan went to Washington to strike a deal with President Cleveland.] As soon as the news broke of the Morgan-Cleveland deal, pressure on the dollar diminished. Gold stopped pouring out of the treasury and began flowing back in as investors once more preferred interest-paying bonds.....

With the help of Louise Carnegie and Charlie Schwab he bought Carnegie out. The mega-corporation that resulted, U.S. Steel, was the largest combine in the world, capitalized at \$1.4 billion.....[In 1901] he brokered a peace accord [between Andrew Carnegie and Charles Schwab] by means of the creation of the Northern Securities Corporation, a huge firm that promised to do for the rail industry in the northwestern quadrant of the United States what the steel trust was doing for the steel industry—namely, subordinate competition for stability and profits....

[In 1907] another panic gripped Wall Street, conjuring up the grim specter of a depression like that of the previous decade. Ruin was ultimately averted—but only after a temporarily chastened Roosevelt did what Cleveland had done in the 1890s: turn to Morgan for relief.”

**H.W. Brands, *Masters of Enterprise: Giants of American Business from John Jacob Astor and J.P. Morgan to Bill Gates and Oprah Winfrey* (New York: Free Press, 1999), 64-79.**