



HoMMUNC

JCC: Captains of Industry

Chair: Michael Scherr

Moderator: Daria Balaeskoul

Dear Delegates,

My name is Michael Scherr and I am both honored and grateful to be the chair of this years JCC: Captains of Industry. I am a senior at Horace Mann School as well as Student Body President. I have been doing Model UN since freshman year and it has been an integral part of my high school experience.

As you can probably tell from the topic of this committee I am extremely interested in U.S. History. Model UN has taught how to be a better leader, a better speaker, and a better problem solver. Throughout the course of HoMMUNC I hope to be able to share my passion for Model UN with you. It is my wish that while struggling with complex historic issues you will also be able to make new friends as well as become a better delegate. That is what Model UN is really about.

I am looking forward to a day of pertinent discussions and heated debate. While this background guide may prove to be a wonderful resource for you, it is my hope that you will continue to explore and research your position and the topic in depth. If you have any further questions, comments, or simply wish to introduce yourself, feel free to e-mail me. I am very excited to meet all of you in October and wish you the best of luck.

Best Regards,

Michael Scherr

Chair, JCC: Captains of Industry

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Committee Overview

This committee is a Joint Crisis Committee. A JCC is comprised of two independently running subcommittees whose actions will impact each other. As a result members of this committee will not only have to respond to crises presented by the crisis staff, as in a traditional crisis committee, but also to those created as a result of the actions of their counterparts which will put an exiting twist on the flow of debate. Delegates will be faced with pressing issues and as a consequence the committee will run at a faster pace than a traditional General Assembly Committee. This JCC committee will function as a historical committee as well. Each of the delegates on this committee will have a position as one of the leading businessmen of the Gilded Age.

Introduction

The Gilded Age was an age of inequality. Before the Civil War, the United States had primarily been a rural nation, but with the emergence of new technologies and the demand for consumer goods, America experienced an industrial revolution. The Gilded Age was an age of dynamic economic opportunity for some, nonetheless it was also a time of harsh economic exploitation for others. The lucky few with a sharp business acumen that were able to prosper at the time were extremely well compensated. The captains of industry of the time possessed an unprecedented amount of wealth. Between 1850 and the 1880's the proportion of the nation's wealth held by the richest 4,000 families tripled. Yet, the conditions that wage workers labored in remained horrific by an standard. Discontent among workers was widespread and the successful businessmen of the Gilded Age gained the reputation of robber barons. This committee will begin in 1886, just months after the tumultuous riot at Haymarket Square. The public now stands divided. Many share an anti-labor sentiment, while a number believe that the men convicted as a result of the bomb explosion are martyrs and share a deep distrust of Big Business. Nonetheless, after this violent strike, working conditions remain terrible and workers are as unhappy as ever.

Map showing railroad lines as of 1880.

Railroads

The most important technological advancement of the 19th Century was by far the railroad. Railroads allowed for the transportation of consumer commodities, raw materials, and agricultural products at unprecedented speeds, effectively creating a unified national economy to replace the previously localized state based economies. In 1869, the first transcontinental

railroad was completed when the Union Pacific and Central Pacific lines met at Promontory Point in Utah. Railroads would go on to serve as a model for the big business corporations that emerged following the Civil War. Even the



construction and popularization of railroads fostered industries such as iron and steel. Yet, the railroad business was often marked by corruption. As early as 1867, the Credit Mobilier Scandal brought unwanted attention to the unbridled power of railroad companies. As the railroad industry grew, it became dominated by a few large companies, and railroad corporations became known for abusing their power by fixing prices and charging exorbitant fees that small-scale-farmers were unable to pay.

Big Business

Perhaps the biggest change to business following the civil war was one of scale. Companies were now faced by nationwide competition due to the development of the railroad and telegraph, and as a result adopted various new organizational methods including vertical and horizontal integration. A horizontal monopoly involved several companies in the same business combining to effectively control an

entire industry. Vertical integration occurred when a company vied for control of all aspects of an industrial process; for example Andrew Carnegie's steel company which both mined for steel ore and produced steel. Overall big business made a few individuals extremely wealthy and resulted in the extreme inequality that characterized the Gilded Age.

Labor Unions

Throughout the Gilded Age, workers were subjected to almost unbearable working conditions. They worked twelve or more hours a day, performed dangerous and often repetitive tasks, and were paid extremely low wages. With hopes of improving their lot, workers formed unions so that they could negotiate for better pay and conditions. One of the first successful large-scale unions, the Knights of Labor Union was founded in 1869, just as the transcontinental railroad was completed. The Knights of Labor was the first union that incorporated all workers regardless of which industry or trade they participated in and didn't limit membership to white males. In 1884, the Knights of Labor successfully struck against Jay Gould's southwestern railroad system and their membership grew significantly. By 1886 the Union had more than 700,000 members. In 1886 members of the Knights of Labor participated in a general strike that began on May 1st. On the fourth day of the strike a bomb explosion at a workers rally in Hay Market square triggered a wave of arrests and a nationwide repression of labor unions.



Rioters at Haymarket Square in Chicago

Questions to Consider

1. How will you appease workers to prevent future strikes while maintaining maximum profits? Keep in mind strikes are especially damaging to big business as in order to maximize profits, factories are constantly running and shutting a factory down can lead to immense losses.
2. Will you use the unfortunate events at Haymarket Square and your powerful connections to your advantage to pass anti-organized labor legislation?
3. How will you sway public opinion in favor of big business?

Committee Positions

Jay Gould

Jay Gould grew up in Delaware County, New York. A mathematician and surveyor by trade, Gould began his business career through speculation over small railroad companies. By 1863 Gould had become the manager of the Rensselaer and Saratoga Railway, and in 1867, he became the director of the Erie Railroad. Desperate to keep the railroad magnate, Cornelius Vanderbilt from seizing control of the Erie Railroad, Gould began selling fraudulent stocks and bribing New York machine politicians such as William “Boss” Tweed. After Gould was forced to give up control of the railroad, he began to look West and began to acquire control of the Union Pacific Railroad by buying becoming the majority share holder. By 1881, Gould controlled 15% of America’s railroad lines and had gained control of the Western Union Telegraph Company.

Amasa Leland Stanford

Leland Stanford was born and raised in New York and moved to California at the time of the Gold Rush. He became successful as a merchant and wholesaler. Stanford was one of the principal investors, along with Charles Crocker and Collis

Huntington, in the Central Pacific Railroad and was elected president of the

company. In 1851, Stanford successfully ran for Governor. After moving to San Francisco in 1874, Stanford became the president of the Occidental and Oriental Steamship Company, which operated between Japan and China. In 1885 Leland Stanford was elected Senator of the state of California.

Henry Clay Frick

The second child of an immigrant farmer, Henry Frick was born into a modest household in Southwestern Pennsylvania. In 1871, after saving up a parcel of money from various book keeping and accounting jobs, Frick in partnership with his cousin acquired low-priced coking fields and built fifty coke ovens. Through the span of the decade H.C. Frick Coke Company would grow rapidly and would produce almost eighty percent of the coke used by Pittsburgh's blossoming iron and steel industries. In 1882 Frick entered into a partnership with Andrew Carnegie, a steel manufacturing magnate. Frick continued dedicate himself to his coke company as well as the Carnegie Brothers Steel Company. He was strongly opposed to organized labor and did not allow workers that were part of a union to work in his mines.

Jay Cooke

Jay Cooke was born into a prominent family in Sandusky, Ohio. In 1836, Cooke moved to Philadelphia, where he began his banking career as a clerk at the banking house of E.W. Clark and Co. Cooke had astounding business acumen and excelled at the firm. In 1861, Cooke left the E.W. Clark and Co. to start his own banking house, Jay Cooke and Company. Months after Cooke opened his own banking house, the civil war broke out and the state of Pennsylvania promptly borrowed \$3,000,000 to fund the war effort. As a result of his connections and the his banking success, Cooke's firm got the principal right to sell war bonds and by the end of the war, Jay Cooke and Co. had made millions doing so. In 1870, Cooke's firm invested in the development of the Northern Pacific Railway. Despite all of Jay Cooke's success, the Panic of 1873 brought disaster, and Cooke was forced into bankruptcy. Yet by 1880, through a shrewd investment in a silver mine in Utah, Cooke became wealthy once again.

Thomas Alva Edison

The youngest of seven children, Thomas Edison grew up in Port Huron, Michigan. In 1862, Edison took a job as a telegraph operator and by 1869, Edison had organized Pope, Edison and Co., a company that was centered around improving the telegraph. In 1878 Edison began to focus on electrical light and with the backing of investors and financiers, formed the Edison Electric Light Co. and became a major shareholder in an immensely successful corporation. In 1881, Edison created an electric light factory in Newark, New Jersey and electric light became used all over the world from the Great Exhibition at the Crystal Palace in London to Moscow for the coronation of the Russian Tzar.

John Warne Gates

John Gates grew up in a poor family in West Chicago. At the age of 19, Gates was unhappily working at a hardware store and became fascinated with the possibilities of a new commodity called barbed wire. Gates quit his job and became a barbed wire salesman, traveling the texan countryside, convincing ranchers of the value of barbed wire. In 1880, Gates began the Southern Wire Company. The barbed wire business proved to be incredibly successful for Gates and by 1882, Gates merged with his biggest competitor and began the Braddock Wire Company.

Edward Henry Harriman

EH Harriman was born in 1846 in New Jersey to a religious protestant family. At the age of 14, Harriman dropped out of school to become a Wall Street message boy. He quickly moved up, becoming a managing clerk, and then finally in 1870, a stock broker. Harriman became involved involved in the Railroad business, he married into a railroad family and began investing his own money into railroad corporations. In 1881, Harriman bought his own railroad company and owned 34 miles of track in upstate New York. He was able to reorganize the company and make a large profit.

Joseph Seligman

Born in 1819 in Germany, Seligman Emigrated to the United States at the age of

17. Upon moving to the United States, Seligman founded a bank with his brothers

called J. & W. Seligman & Co. An instantaneous success, J. & W. Seligman & Co. opened branches in New York, San Francisco, New Orleans, Paris, London, and Frankfurt. The bank invested heavily in railroad finance and acted as the broker of transactions engineered by Jay Gould. In 1876 along with the Vanderbilt family, Seligman invested in New York's public utilities.

Charles Tyson Yerkes

Born into an upper class, Quaker family, Charles Yerkes began his business career as a clerk in a local grain brokerage. at the age of 17. Upon turning 22 Yerkes opened his own brokerage firm and joined the Philadelphia stock exchange. He excelled in banking and selling bonds and began to amassing an immense fortune. While serving as the assistant to the treasurer of the municipality of Philadelphia, Yerkes raised public money in an immense stock speculation that ended with a financial panic. Charged and convicted for larceny, Yerkes lost his fortune and served seven months in Prison. For the next 10 years, Charles Yerkes focused on rebuilding his estate. In 1881, Yerkes moved to Chicago where he opened a stock and grain brokerage and became involved in the city's public transportation system. By 1886 he controlled the majority of the city's street railway systems and substantially modernized Chicago's transportation system by replacing horse-cars with cable cars, connecting the city and suburbs with an additional 500 miles of transportation lines and constructing an elevated railroad to circle downtown Chicago. In order to acquire land and permits for extending his lines, Yerkes relied on bribing municipal and state officials, which led to widespread public disapproval of this transportation tycoon.

John Diedrich Spreckels

John D. Spreckels was born in Charleston, South Carolina and grew up in San Francisco. His father, was extremely wealthy and had made his money in the sugar business. In 1880, after living in Hawaii and working for his father's sugar company, Spreckels established his own shipping enterprise to establish trade between the mainland United States and the Hawaiian Islands. Spreckels company, J.D. Spreckels and Brothers also engaged in sugar refining and

became the agents for the largest sugar plantations in Hawaii.

Charles Crocker

Raised in a middle-class upstate New York household, Charles Crocker migrated west to Indiana with his family at the age of 14. When he was 23 years old, Crocker founded an independent iron forge, the earnings from which he later used to move to California and invest in the railroad business. In 1861, Crocker became one of the principal investors, along with Collis Huntington and Leland Stanford, in the Central Pacific Railroad Company which constructed the western most portion of the first transcontinental railroad. In 1869 Crocker became the controlling shareholder and president of Wells Fargo Bank and later went on to found the eponymous Crocker Bank.

Collis Potter Huntington

Collis Huntington was born and raised on a family farm in Harwinton Connecticut. Huntington worked tirelessly as a traveling goods-salesman and became a quite prosperous merchant before moving to California during the Gold Rush. Seizing the opportunity, he created a successful wholesale retail firm specializing in mining supplies. In the 1860's Collis Huntington became interested in linking California with the Eastern United States by rail, and joined forces with Mark Hopkins, Leland Stanford, and Charles Crocker to found the Central Pacific Railroad Corporation. During the construction of the railroad, Huntington served as a lobbyist for the company in the East, effectively securing financing and favorable legislation. In 1865 when the Big Four created the Southern Pacific Railroad Corporation, Huntington once again served as the lobbyist helping to expand the railroad into a 9,600 mile line that stretched from San Francisco to Virginia.

John Pierpoint Morgan

J.P. Morgan was born and raised in Hartford, Connecticut. His father, Junius Morgan, was a prosperous banker and J.P. received that best education possible. In 1857 Morgan went into banking at the London branch of a merchant banking firm Peabody, Morgan & Co. that had been founded in part by his father three years

earlier. In 1871, after working at various banks, Morgan started his own

Vanderbilt's Iconic Newport Mansion

private banking company, Drexel, Morgan & Company.

Cornelius Vanderbilt II

The favorite grandson of the infamous transportation tycoon, Cornelius Vanderbilt, and the son of the successful businessman and philanthropist William Vanderbilt, Cornelius Vanderbilt II was born and raised in New York City. After the death of his father and grandfather he



inherited an immense fortune and became the Chairman of the Board of the company his grandfather founded, the New York Central Railroad in 1885. He was known for his philanthropy and his interest in fine music, good paintings, and exquisite architecture.

John Davison Rockefeller

John D. Rockefeller was born in Richford, New York. At the age of 16 Rockefeller got his first job as a bookkeeper for a small produce commission firm. A short four years later, Rockefeller entered the produce commission business himself as one of the founders of a wholesale food corporation. In 1863, Rockefeller moved on from foodstuffs to oil and built an oil refinery in Cleveland. In 1867, Rockefeller entered into a partnership with Henry M. Flagler and established the firm Rockefeller, Andrew and Flagler, later renamed Standard Oil. Rockefeller continued to be extremely prosperous and when the oil business moved east to Pennsylvania, Rockefeller followed it. Through a number of business ventures, Rockefeller was able to dominate the oil business by the early 1880's. Standard Oil's dominance

stemmed from vertical integration, and Rockefeller controlled nearly all aspects of the business, from pipelines to train cars. In 1882, Rockefeller organized the Standard Oil Trust.

George Pullman

Born into a working class New York City family, George Pullman had to leave school at the age of 14 in order to support his family. Pullman eventually became an aspiring engineer and moved to Chicago just as the city was about to take on the engineering feat of building the nation's first comprehensive sewer system. In 1864 Pullman developed the first railroad sleeping car. Marketed as "luxury for the middle class" sleeping cars gained national attention and his new company thrived. In 1869 Pullman bought the Detroit Car and Manufacturing Company and the following year he bought out his biggest competitor, the Central Transportation Company. Then in the spring of 1871, Pullman along with Andrew Carnegie bailed out the Union Pacific Railroad Company and took a position of the board of directors. In 1880 Pullman relocated his manufacturing plant from Detroit to Chicago. Trying to solve the issue of labor unrest and troubled by the poor quality of housing available to his workers, Pullman built his own worker village, featuring housing, schools, churches and parks.



A row of houses in Pullman's Village

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Andrew Carnegie

Andrew Carnegie was born in Dunfermline, Scotland. At the age of 13, Carnegie moved to the United States with his family and settled in Allegheny, Pennsylvania. Carnegie began working right away and in a short five years had a job as an assistant to one of the Pennsylvania Railroad Company's top officials. In 1865 Carnegie left the railroad company to pursue his other business interests. Carnegie made his fortune in the steel industry. He used the latest technologies to maximize efficiency and employed vertical integration to maximize profits. By the 1880's Carnegie Steel was the largest manufacturer of pig iron, steel rails, and coke in the world.

Henry Morrison Flagler

Henry Flagler was born into a religious Presbyterian family in upstate New York. At the age of 14, Flagler moved to Ohio to work with his cousins at a grain store. By 1852, Flagler had become largely successful and became a partner at the newly organized D.M. Harkness and Company. In 1862 along with his brother in law, Flagler founded a salt mining company in Michigan, the Flagler and York Salt Company. Yet as the civil war drew to a close, salt was no longer a commodity that was in demand and the company failed. In debt, Flagler reentered the grain business where he became acquainted with John D. Rockefeller. A few years later Flagler and Rockefeller founded Rockefeller, Andrews and Flagler together the stock of which Flagler owned 25%. In 1870 the company was reorganized into a joint-stock corporation and was renamed Standard Oil. Flagler believed that Florida had the potential to attract large numbers of tourists but was lacking the hotel facilities and transportation systems to do so. In 1885, Flagler began the construction of a 540 room hotel in St. Augustine, Florida.

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