

**THE ECONOMIC
CAUSES OF
GREAT FORTUNES**

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The Economic Causes of Great Fortunes by Anna Youngman

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ANNA YOUNGMAN

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GREAT FORTUNES**

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BY

Anna Youngman, Ph. D.



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CHAPTER I.

INTRODUCTION.

AN examination of the causes of great fortunes may be undertaken in either one of two ways. The analysis may be (1) impersonally theoretical, seeking only occasional corroboration by an appeal to the facts, or it may be based (2) upon a detailed examination of particular fortunes, conclusions being strictly deduced from a consideration of the facts presented.

The first method of procedure is apt to give rise to grave errors. Mistakes are likely to occur frequently, because of a failure to recognize the operation of certain factors, which, in the absence of a detailed study, are either unknown or else appear unworthy of notice. Furthermore, a theoretical analysis which makes an appeal to the facts for confirmation, instead of being based, in the first place, upon the facts furnished by a specific inquiry, presupposes an *à priori* judgment of what aspects of the question under discussion are worthy of consideration. This judgment once formed, the facts are apt to be coerced, however unconsciously, to support the position taken.

The second method of investigation is conceived to be the more legitimate, although it has some obvious limitations. The most patent objection is, of course, the difficulty of disentangling from a heterogeneous mass of material only such facts as appear to be of a causally relevant nature. There is always a danger that undue emphasis may be given to circumstances, which, although important in the single instance, have less significance for the general question bearing on the causes of the growth of large fortunes. However, by examining in detail a number of fortunes differing in respect to the time and the manner of acquisition, and by subsequently subjecting them to an unbiased analysis, any general results that may be deduced will have a degree of validity unattainable by the more impersonal method. In brief, a basis for theorizing will be afforded, which will be sound, just in so far as the preceding studies have been accurate, exhaustive, and well selected.

It must, of course, be conceded that the question of selection calls for the exercise of considerable judgment; and if the fortunes examined do not represent sufficiently diverse types of activity, then the facts are likely to support a distorted theoretical conclusion of but limited application. The fortunes which have been selected

for examination in the following study, although few in number, represent a highly diversified range of economic activity, and they cover a period sufficiently lengthy to include the several phases of commercial and industrial development through which the United States has passed since the Revolutionary War.

The fortune of John Jacob Astor, gained from trade and from land-speculations, is the typical American fortune of the pre-corporate régime.¹

The Gould fortune is a product of the period that intervened between the close of Astor's career and the distinctively industrial era of the present day. It was made chiefly by means of speculative investments in the securities of various railroads, and it is one of a number of fortunes similarly acquired, at a time when the railroads of the country were practically the only great public-service corporations in existence. It is not only representative of its time, however, but it offers certain unique and picturesque features incident to "high finance," which call for explanation in any study of great fortunes. Finally, the fortunes of the "Standard Oil" and the "Morgan" men, although originating generally

¹To be sure, Astor's Fur Company was incorporated, but merely as a matter of form, since Astor owned the business entirely, with the exception of a few shares granted to his subordinates.