

Scene on Radio: Capitalism
Episode 5: A New Thing in Human History
Transcript

Ellen McGirt: John, the year 1776 has come up a couple of times in our series.

John Biewen: 1776. Yes, important stuff happened that year, capitalism-wise.

Ellen McGirt: I'll say. Adam Smith's big book came out. So did the new and improved James Watt steam engine. But there was one other event worth mentioning.

John Biewen: Yes, there was. And we've explored the American Revolution before on this show, most directly in Season 4, our series on democracy in the U.S. and why we don't have more of it.

Ellen McGirt: *The Land That Never Has Been Yet*. John, I love that series title, for a variety of reasons. It really speaks to me.

John Biewen: I like it too.

Ellen McGirt: And thank you, Langston Hughes. It's a line from his great poem, "Let America Be America Again"

John Biewen: You know, when Americans talk about our country's founding, we usually put all the emphasis on that *break* with the British Crown – the political separation.

Joe Biden, Jan. 5, 2024 speech: America made a vow: Never again would we bow down to a king.

John Biewen: This is President Biden giving a speech in Philadelphia in early 2024. He talked solemnly about the Continental Army and its march to Valley Forge in the icy winter of 1777.

Joe Biden, Jan. 5, 2024 speech: ...this ragtag army made up of ordinary people. Their mission, George Washington declared, was nothing less than a sacred cause. That was the phrase he used, "a sacred cause." Freedom, liberty, democracy. American democracy!

Music

John Biewen: But really, for Washington and his peers, was the sacred cause American democracy, or American capitalism?

Music

Ellen McGirt: In that Season 4 series, with Chenjerai Kumanyika, you pointed out that the United States was not founded as a functioning democracy. Only a small fraction of people, white men with property, were allowed to vote. We wouldn't become a democracy in any full sense for almost 200 years, until the passage of the Voting Rights Act in 1965. And you know that makes me wonder, what we would be like as a country today if we'd had those voting rights all along?

John Biewen: Hmm. A very different place. Even today, our democracy is hobbled and deeply flawed. We won't rehash all of that here, we did a whole season on it, please go listen to Season 4 if you haven't.

Ellen McGirt: The important thing to say here in Season 7 is that, when it comes to *economics*, the American revolutionaries were certainly *not* looking to head off in a new direction.

John Biewen: Yeah. The founders wanted to cut ties with the bosses back at Imperial headquarters in London. But they fully intended to continue the business ventures that the British Empire had instigated in North America.

Ellen McGirt: Including, taking ownership of lands from Indigenous people, and running agricultural plantations with enslaved African labor. The Revolution was not about shutting down any of that. The American founders basically wanted to take the baton from the Brits and run with it themselves.

John Biewen: There's been a century of scholarship now that looks at the American Revolution through an economic lens. Historians saying, essentially, if you want to know why those rich American colonists – and that's who they were: Washington, Franklin, Jefferson and the rest were some of the richest people in the colonies. If you want to understand why they revolted against the British Crown, look past the lofty language like “all men are created equal,” and follow the money.

Theme Music

John Biewen: From the Kenan Institute for Ethics at Duke University, this is Scene on Radio Season 7: *Capitalism*. Episode 5. I'm John Biewen.

Ellen McGirt: And I'm Ellen McGirt. We're telling the story of the world's dominant economic system and how people shaped it over time. Later in the season we'll explore ideas about how to remake the system to better serve people and other living things.

John Biewen: In this episode: How the United States became the world's leading capitalist power in the 19th century. And how the explosive growth of profits and wealth under galloping capitalism led to an epic struggle over the spoils – how they should be shared, or not.

Ellen McGirt: Of course, that struggle continues to this day. We ended the last episode talking about the fact that capitalism relies on government and an architecture of laws.

John Biewen: It's a political choice.

Ellen McGirt: So now it makes sense to look at the decisions the American revolutionaries made, and how those moves reflected their economic vision. John, for Season 4 you spoke with the historian Woody Holton, who's written several books on the Revolutionary period. He showed how the British government was stifling the

profit-making opportunities of people like Washington and Jefferson. And Holton said those frustrations were decisive in bringing about the big divorce.

John Biewen: Woody Holton of the University of South Carolina, author of *Forced Founders*, among other books. He points out that, in the 1760s, the British government started tightening its economic control in the American colonies.

Woody Holton: It's the British that are taking the initiative and trying to change the relationship between the colony and the Crown.

Ellen McGirt: Most people know about the new *taxes* that angered those British subjects in America – the Stamp Act of 1765, the tax on tea that led to the Boston Tea Party in 1773. But before all that, in 1763, the British Parliament issued a proclamation that seriously pissed off some of the American gentry.

John Biewen: The Royal Proclamation of 1763. It prevented land speculators from claiming ownership of Native lands west of the Appalachian Mountains. The Brits were essentially saying to their subjects in North America: Stay close to the coast. Don't start grabbing land and "settling" too far inland just yet.

Ellen McGirt: Which seems surprising, right? Because in this case the British government is blocking the theft – and the *enclosure* – remember that term? – of lands in the colonies. At the same time it's *supporting* the enclosure movement back home and doing plenty of colonization in India, America, and elsewhere.

John Biewen: Yes. But the Brits did not take this action in 1763 out of concern for the rights of Native people. They had just won the long and very costly French and Indian War in North America, and they wanted a break from expensive wars with Indigenous tribes. They wanted to pay off their debts from the last war.

Ellen McGirt: That's the same reason they were imposing new taxes in the colonies.

John Biewen: Yes. One member of the colonial elite who was infuriated by the Proclamation of 1763 was a young officer and aggressive land speculator named George Washington. He had plans to claim a big chunk of land in the Ohio Valley. The Proclamation froze Washington's effort to claim title to that land.

Ellen McGirt: Interesting I don't know this George Washington, John. Most of us hear the legend about the cherry tree but not stuff like this.

John Biewen: Yes.

Ellen McGirt: So, the American elites were getting frustrated with the British government. But still, Woody Holton said, up to about 1774, most of them were not talking revolution. They just wanted the Brits to stop reining in their money-making ventures.

John Biewen: Here's Woody Holton.

Woody Holton: At that point, the famous people that we know of from the Revolutionary era – Hancock, Franklin; in Virginia, Jefferson and Washington – they are protesting the British but they do not want independence. Really what they want is conservative. That is, they want to turn back the clock to how things had been in 1763 before Parliament tried to tax them and regulate their trade in ways that it hadn't before and limit their western expansion. All they want to do is get back to where they were before.

Music

John Biewen: No such luck. Not only did the Brits keep tightening the screws, they then stuck their noses into the colonial slaveholders' business one time too many, Woody says. When it looked like there might be war between the British and the

Americans, British loyalists made a move to get the support of enslaved Black people. The royal governor of the colony of Virginia, Lord Dunmore, promised freedom for Black people if they'd run away from their owners and enlist on the British side.

Ellen McGirt: And some did! One or two thousand Black men escaped from their plantations and joined British forces.

John Biewen: This enraged some slaveholding colonists – most importantly, Thomas Jefferson.

Ellen McGirt: See, I'm a little more familiar with this Thomas Jefferson. But it is still an interesting reframing of the Jefferson story. People like Jefferson became revolutionaries, not because they wanted to create a dramatically more democratic country or any such thing, Holton says. But because they wanted to carry on with – and let's just say it – their exploitative, colonial, white supremacist business ventures, without all that interference from across the pond.

Woody Holton: Trying to understand the mind of this paradoxical figure, the elite revolutionary. You know, if you really forced me, which I'd rather not be forced, to put the motives of the American Revolution into a single phrase, it

would be resistance to British meddling. General meddling, but meddling in those relationships, especially relationships between the gentry and the slaves, and earlier than that, the gentry relationship with Native Americans.

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John Biewen: It's not just the decision to declare independence. The choices the founders made *after* independence made an even louder statement about the kind of economic power they wanted to build.

Ellen McGirt: All right, John, you're our reporter. Take us through the first century-plus of American capitalism, and then we'll talk a bit more.

John Biewen: See you soon. As we said, historians have found it useful to follow the money as a way to understand the American Revolution, and not just this country's preferred story about a "young, scrappy and hungry" people demanding self-government. Experts make a parallel point about the U.S. Constitution, the nation's legal blueprint, and why the founders felt the need to create *that* document in the 1780s.

Woody Holton: You know, I like to torture my students sometimes by putting up, by asking them, what what are your favorite phrases in the Constitution. And all the blackboard says is, “United States Constitution, September 17, 1787.” What are your favorite phrases in that document?

John Biewen: It’s a trick question. Without fail, Woody Holton says, most of the students’ answers – if they don’t actually refer to the Declaration of Independence – refer to the Bill of Rights. Which was not part of the original Constitution that the framers hashed out in 1787. Those ten amendments were added later, under pressure, and not ratified until 1791. So if the fifty-five men at the Constitutional Convention didn’t spend that summer in Philadelphia discussing freedom of speech and the right to bear arms, what were they talking about – those rich merchants, lawyers, and slaveholding planters? A whole lot of the debate had economic ramifications. Echoing the Enlightenment thinker John Locke, framers like Gouverneur Morris, a wealthy landowner from New York, put the protection of private property at the center of the national project.

Gouverneur Morris, voiceover: An accurate view of the matter would prove that property is the main object of society.

John Biewen: For almost half of the Convention delegates, the slaveholders, property meant people. The framers infamously reached compromises to ensure that slavery would remain legal, and gave disproportionate power to the slave states so their delegates wouldn't stomp out of the convention. There was talk about class – and the fact that the wealthy, represented by the men in the room, would always be far outnumbered by the poor working classes. In those days, the vast majority were farmers.

Alexander Hamilton, voiceover: All communities divide themselves into the few and the many. The first are the rich and well-born, the other the mass of the people.

John Biewen: Those are the words of Alexander Hamilton. He and others said without blushing that the Constitution needed to protect the interests of the “rich and well-born,” and the national well-being, by throttling the power of the working-class majority. Which they did, by putting up a stiff series of hurdles that any law coming out of the House of Representatives, the “people’s house,” would have to clear: the Senate, the presidential veto, and the courts. The framers were making sure the new national government would not behave like the *state* governments under the country’s

first arrangement, the Articles of Confederation. Most states in the 1780s held elections every year and put few checks on their legislatures. This made state lawmakers highly responsive to the wishes of ordinary (white, male) people – taxpaying farmers. Elbridge Gerry of Massachusetts said this at the Constitutional Convention:

Elbridge Gerry, voiceover: The evils we experience flow from the excess of democracy.

John Biewen: So, it didn't include a Bill of Rights. But the first cut of the Constitution did have a section taking away the states' power to print money, and to pass laws that affect business contracts or international trade. It gave those powers to the federal government.

Music Woody

John Biewen: Woody Holton says, if you read the Constitution carefully, and the debate around it, the framers' number one priority comes through loud and clear: attracting, and facilitating the movement of, capital.

Woody Holton: The authors of the Constitution believed that in order to make America safe for investment, they had to make America less democratic. They really believed that there's a continuum or spectrum between, if you move the needle towards more democracy, you're gonna get less investment of capital, and if you move it towards less democracy, you're going to get more investment capital.

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John Biewen: The elite founders of this country were skeptical, at best, about the idea of a democratic United States, but they *knew* they wanted to outfit their new nation to step boldly into the surging capitalist order. In just a few generations, the U.S. would overtake its parent as the leader of that world system.

Music fades out

[BREAK]

John Biewen: Historians usually place the start of the Industrial Revolution at around 1760, in England, with the increasing use of machines powered by waterwheels and steam. The fledgling United States, a few decades later, had catching up to do.

Robin Alario: So, do you want to talk about pre-industrial life at all...?

John Biewen, in interview: Well I tell you what, yeah, let's, um....

John Biewen: In Pawtucket, Rhode Island a few years ago, for Season 4, I visited the Old Slater Mill historic site. Interpreter Robin Alario showed me around and described life along the Blackstone River *before* the mill opened.

Robin Alario: We had a shipbuilding industry, we had ironworks industry, and we had a rum brewing economy. Everyone else was pretty much a farmer.

John Biewen: That changed with the arrival of a man named Sam Slater, in 1790...

Robin Alario, over loud humming sound: We'll head into the textile mill....

John Biewen: ...who brought with him from England the design of a cutting-edge machine.

Robin Alario: So we have a wooden replica of one of the first cotton spinning machines, known as the Arkwright water frame. This is the whole reason we're here.

Music

John Biewen: Slater Mill started operating in 1793, turning bales of cotton into thread, its machines powered by the flow of the Blackstone River. Because of this mill, Pawtucket claims this title:

Robin Alario: The birthplace of the Industrial Revolution...

John Biewen: That is, in the U.S.

Robin Alario: Because this is the first successful water-powered cotton spinning wheel here in the United States. There were others....

John Biewen: Also in 1793, Eli Whitney patented the first cotton gin, which mechanized the labor intensive process of pulling seeds out of cotton bolls. Whitney's

machine made it much quicker and easier to prepare raw cotton for processing at a mill like this one.

Robin Alario: That same year he filed his patent was the same year this mill opened for business. Samuel Slater became very successful with that cotton mill and everybody realized this was the new big thing.

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John Biewen: These new technologies uncorked an industry, finally allowing the makers of cotton cloth to meet the global demand with ample supply. Textile mills sprouted across New England. Under British rule, the American colonies had been a source of raw commodities for the empire – like India. Cotton grown in the American South was shipped across the sea for processing in places like Manchester. Now, a lot of that cloth production could stay at home. This powered a new American manufacturing economy, and, with the money that people earned in those mills – mostly white immigrants – a budding consumer economy too. But let's not forget the foundation on which this industry stood: the unpaid labor of enslaved Black people.

Edward Baptist: Slavery, especially cotton slavery, and the expansion of cotton slavery, drove that sort of post-colonial economy from being something of a

backwater to being one of the most, and, by the end of the 19th century, the absolutely most important economy—something that is, at that point, new in world history: a global capitalist economy, a global capitalist industrial economy. And slavery in the U.S. south is central to all of that.

Music

John Biewen: Historian Edward Baptist of Cornell University, author of *The Half Has Never Been Told: Slavery and the Making of American Capitalism*. He says in the first half of the 19th century, cotton became the world's most traded and most valuable commodity – much like oil in today's world. It's easy to see why the United States had an advantage over its competitors across the Atlantic. The Europeans had mills but they had to import cotton. The U.S. now had its own mills *and* its own land for cotton fields. Which the new nation got busy expanding, and expanding. Americans hear a lot about the nation's westward expansion – those wagon trains rumbling across the prairie to Oregon and California. But before that, the United States pushed its frontier into the old southwest – what we now call the southeast. Of the original thirteen states, only South Carolina and Georgia were in prime cotton-growing territory. Seeing a chance to build a cotton empire, U.S. leaders moved aggressively into what would become Alabama, Mississippi, Louisiana, and eventually Texas.

John Biewen, in interview: Remind us of the steps that are needed. First of all, you've got to take the land.

Edward Baptist: Yep. First of all, you have to take the land, and....

John Biewen: That meant, for one thing, cutting deals with the European empires that still made claims to that land – France and Spain. The giant Louisiana Purchase of 1803, and the annexing of Mississippi Territory – the future states of Mississippi and Alabama – in 1804.

Edward Baptist: And, above all, you have the Native peoples themselves.

John Biewen: The Cherokee, Choctaw, Creek, Chickasaw, and Seminole peoples, who lived on their lands across what is now the southeastern United States.

Ed Baptist: The U.S. gradually defeats and pushes out all of them in a series of wars and, uh, forced treaties, let's say.

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Edward Baptist: The states of Tennessee and Georgia, Alabama, Florida, Mississippi, Texas and Louisiana are swarmed with a huge number of white settlers who bring, ultimately, what becomes a population of about two million enslaved African-Americans in those states by the 1850s.

John Biewen: Ed Baptist says the new, white owners of that Southern land first put Black people to work cutting down forests. Then, growing and picking cotton.

Ed Baptist: You have the transformation of a subcontinental-sized area from woods and subsistence production by Native peoples into a massive commercial agricultural complex. Of course there's still woods at the end of that process, but there's a lot less woods and there's a lot more cotton fields.

Music

John Biewen: By the time of the Civil War, the southern American states were not only producing plenty of cotton for the nation's mills in New England. They'd made the U.S. the *world's* dominant cotton producer.

Ed Baptist: Those states by the 1850s are producing something like 88- to 95-percent, depends on the year, of the cotton that is sold in Liverpool, which is the world's biggest cotton market.

John Biewen, in interview, whispers: Wow.

John Biewen: Between 1800 and 1860, cotton production in the U.S. multiplied 500-fold, from four million pounds a year to two billion. King Cotton, more than any other single industry, made the U.S. an important economic power just decades after independence.

Music

John Biewen: The country's even more explosive rise in the last half of the 19th century is more familiar. Told in a certain way, it's another cherished part of the national story.

"The Men Who Built America," History Channel. Dramatic music. Narrator:

America's growth following the Civil War is nothing short of epic. Train tracks link east to west as never before. Oil lights homes from coast to coast. And steel is remaking the landscape in a way never thought possible.

John Biewen: That's from the History Channel mini-series, "The Men Who Built America." The series, aired in 2012, tells stories of men like Vanderbilt, Morgan, Carnegie, Rockefeller, and Ford – and the industries they led: shipping, steel and railroads, oil, electricity, automobiles.

Donny Deutsch, "The Men Who Built America": They were the ones that set the standard for the American Dream. They owned a new frontier, literally and figuratively, of who we are as a culture.

John Biewen: The series lionizes these capitalists at the same time it demonstrates their ruthlessness.

Mark Cuban, "The Men Who Built America": The only rule was there were no rules. Whatever it took to put your competition out of business, they were gonna try to do it.

Actor as Cornelius Vanderbilt, "The Men Who Built America": If they want a war, I'll give them a war.

John Biewen: One episode shows how, in 1867, Cornelius Vanderbilt crushed his railroad competitors.

Narrator, “The Men Who Built America”: Vanderbilt owns the only rail bridge into New York City. It’s the gateway to the country’s largest port, supplying the entire continent. Vanderbilt knows this is the hammer he needs to beat his rivals into submission.

John Biewen: Vanderbilt closes his privately-owned bridge across the Hudson River to any trains that he doesn’t own, blocking access to New York and throwing his competitors into crisis. When their stock plunges, he buys it up.

Narrator, “The Men Who Built America”: In just days, Vanderbilt takes control of the rival railroad, creating the largest single rail company in America.
(Throbbing music)

John Biewen: There’s a reason these guys were called robber barons. The term came into regular use after 1870. Their aggressiveness extended to their treatment of the natural world – and their workers.

American Experience: “Gilded Age”, narrator: Like business owners all over the country, Carnegie did not like to be dictated to by his hired hands.

John Biewen: This is from another documentary, “Gilded Age,” from the PBS series *American Experience*. It tells the story of Carnegie’s move, in 1892, to break the union at Homestead, his flagship steel plant near Pittsburgh.

Narrator, “Gilded Age”: Carnegie had given his right hand man, Henry Clay Frick, clear instructions. Demand a sizable wage cut at Homestead, and refuse to negotiate. “We all approve of anything you do,” Carnegie wrote from three thousand miles away. “We are with you to the end.”

John Biewen: When Homestead’s workers went on strike, Frick brought in replacement workers – and the Pinkertons, a private security force.

“Gilded Age”: (Sound of gunfire.)

Narrator: At least sixteen people were killed and more than 150 injured in the battle that followed.

Music

John Biewen: The swiftly rising economic tide did lift many boats: average working class wages rose during the late 1800s. But the Gilded Age was known for extreme inequality and shameless consumption by the rich. Historians Steve Fraser and Nell Irvin Painter, in the PBS program.

Steve Fraser, “Gilded Age,” American Experience: It’s shocking for people to see a country developing before them that is increasingly clearly divided into the haves and have nots.

Nell Irvin Painter, “Gilded Age”: “Gilded” is not golden. Gilded has the sense of a patina covering something else. It’s the shiny exterior and the rot underneath.

Music

John Biewen: Mainstream American accounts of the late 19th century often embrace the Great Man theory of history. “The Men Who Built America,” the History Channel series, shows the titans of capitalism, like Vanderbilt and Rockefeller, as giants, in silhouette, striding in slow motion across the landscape. Here’s a certain – at the time – future president, featured in that series as an authority on American business.

Donald Trump, “The Men Who Built America”: These were great men with a vision that nobody else had. And that’s why in the last century, that 50-year period, we built the world!

John Biewen: But those 19th century tycoons were riding a historical wave: the convergence of forces that sparked the Second Industrial Revolution on both sides of the Atlantic. An age of rapid scientific discovery, invention, and mass production.

John Biewen, in interview: Hello, Brad.

Brad DeLong: Hello, how are you?

John Biewen: I spoke with economic historian Brad DeLong of the University of California, Berkeley. He makes a case that human history, after two or three hundred thousand years, entered an entirely new stage around 1870.

Brad DeLong: You try to guess at what the actual rate of improvement of technology is. And we look around us today and we see that since 1870, worldwide, you know, it's kind of two-percent per year. That every year we can make what we made last year two-percent more cheaply. And so we have, you

know, two-percent more resources per person available to make other things and to discover and invent other things.

John Biewen: Two percent doesn't sound like a big number – until you consider it's a two percent increase in material capacity *every year*. DeLong says that's about five times the rate of advancement in the century before 1870, ten times the rate during the several centuries before that, and maybe fifty times faster than humanity's progress before the year 1500.

Brad DeLong: That is, we get more technological progress in one year than they got in a generation back before 1500. And we get more progress in one year than they got in a decade, you know, between 1500 and 1770. And that's been more or less the rule since 1870.

John Biewen: Brad DeLong's big book, *Slouching Towards Utopia*, was published in 2022. It's an economic history of what he calls the long 20th century – from 1870 to 2010. He argues that period is the most consequential in human history – a sudden spurt in which humans made as much progress in collective wealth and technological prowess as in the previous *eight thousand years*. But DeLong's book is more of a lament than a celebration. We'll get to that in a minute. First, more on the claim he's making about that 140-year period.

John Biewen, in interview: So, um, how were things in 1870?

Brad DeLong: Well, you know, they were still pretty bad.

John Biewen: DeLong quotes the British philosopher John Stuart Mill, who wrote in the early 1870s that all the technological discoveries up to that moment had only allowed “a greater population to live the same life of drudgery and imprisonment.”

Brad DeLong: All the mechanical inventions of the Industrial Revolution, you know, all of the steam engines and the railroads and the automatic textile machinery and the forges and the furnaces and the kilns, that all of those had simply made the fortunes of plutocrats, and had enabled a middle class, a relatively small middle class, to be larger and live a life of more conveniences. But the overwhelming bulk of the people were still in the same life of drudgery and imprisonment. And note the word imprisonment, right? That John Stuart Mill does not see a real difference between being, you know, completely unfree, being in jail, and being so hag-ridden by necessity and in dire poverty that you have little time other than go to your job, work, consume your two thousand calories plus essential nutrients a day, and then go to sleep because you're exhausted and then start it all over again, right, on the following day.

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John Biewen: Ellen and I talked about this earlier in the series: that in the first three and a half centuries of its life on the main stage, capitalism created little if any improvement in the lives of most people, even in the richest commercial societies. DeLong says that's true not only because people in the ownership class hoarded the profits – though they did. But also because economic growth between the 1500s and 1870 was still too slow to outrun a growing population. It's that problem that the British thinker Thomas Malthus described at the end of the 18th century:

Brad DeLong: ... humans are naturally very, very fertile....

John Biewen: People made more children than the land could comfortably feed – even as farms did gradually get more productive. Malthus thought sexual abstinence was the only way out of this conundrum. He was wrong.

Brad DeLong: It's only after 1870 that productivity growth becomes fast enough that there's no way that human fecundity can keep up with it. There's no way the population explosion can keep living standards from rising.

John Biewen: DeLong shares a stunning statistic: In 1600, the average wage of a working man in London could buy just the bare necessity: two thousand calories a day for the worker and his family. By 1870, things were a little better: that worker could buy five thousand calories for everyone in his household – leaving a little left over after they'd fed themselves. By 2010? The average wage of a London worker could buy the

equivalent of 2.4 *million* calories a day. Meaning, of course, that after paying for the essentials, that family could also buy a car and a house full of gadgets, get tickets to the occasional soccer match or concert, take a *vacation* once a year, *and*, maybe, save something for retirement. What changed to put humanity, or some of humanity, on this path to abundance?

Brad DeLong: What you really need is, you need for 1870 to come, and for 1870 to bring with it the oceangoing screw propelled steamship, the full buildout of the railroad network, the full buildout of the telegraph network – globalization. You know, the creation of a global economy. And you need the industrial research lab. So it's not just individual inventors thinking of things and then trying to scramble to put together an organization, but rather you rationalize and routinize and so revolutionize the process of technological development.

John Biewen: It's because of the industrial research lab, he says, that guys like Thomas Edison and Nikola Tesla weren't just scientists tinkering in their own labs. Backed by corporate investors like J.P. Morgan and Westinghouse, they became *inventors* of world-changing technologies.

Brad DeLong: And you also, I think, really do need the modern corporation. You know, big corporations are good at taking some idea and putting it to work, not in one factory but in a hundred factories all over the world. And they're also very

good at looking at their neighboring corporations and saying, hmm, we should be doing that, too.

John Biewen: Put it all together: breakneck scientific progress, capital investment, mass production and fierce competition. And, suddenly, starting just 150 years ago, humanity's material capacity started doubling every generation. A new thing in human history.

Music

John Biewen: And yet. Here's Brad DeLong reading from the conclusion of his book, *Slouching Towards Utopia*.

Brad DeLong – turns page, reading: OK. Is there anybody in any previous century who would not be amazed and incredulous at seeing humanity's technological and organizational powers as of 2010? Yet they would then go on to ask the next question: Why, with such godlike powers to command nature and organize ourselves, have we done so little to build a truly human world, to approach within sight of any of our utopias?

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John Biewen: Ellen, we'll hear more about what Brad DeLong means over the next episode or two. But we kinda know what he's talking about, don't we?

Ellen McGirt: I think we do. He's saying that over the last century and a half, humanity took huge steps toward solving what seemed to be our greatest material challenge: How to build a big enough economic pie so everyone could live a decent life. But then we found we had another problem, and we have *not* solved it.

John Biewen: That is, how to share our collective wealth so that, as DeLong puts it – borrowing a phrase from the great British economist John Maynard Keynes – we could all live “wisely and well.”

Music

John Biewen: But, to back up a bit into the episode. Ellen, you're a longtime business reporter. We Americans do like to make heroes of our Captains of Industry, don't we?

Ellen McGirt: We do. And, you know, I'm pretty sure it hasn't served us very well. We love 'em, envy them, hate them, we put their names on important buildings and their faces on magazine covers. Back then it was Vanderbilt and Rockefeller; now it's Musk, Zuckerberg, Bezos, and of course, Steve Jobs. But I have some beef with that History Channel series, starting with its title.

John Biewen: “The Men Who Built America.”

Ellen McGirt: You know what I’m gonna say. Those men – the JP Morgans, Fords, and so on – they elbowed their way to the top, and I’ll give them this, they came up with winning strategies that created wealth and put lots of people to work. But they did not “build” the United States of America. Many millions of people did that, mostly with their bare hands. And most of those workers were paid paltry sums for their labor, and millions were paid nothing at all.

John Biewen: Yes. Now, this idea that you’ve just raised is pretty basic, or it should be, but I’m with you. I think it’s important to spell it out and dwell on it for just a minute. And I’d like to broaden the frame a little bit more and put the question this way: As capitalist societies ramped up the accumulation of wealth, especially with the Second Industrial Revolution, where did those mountains of wealth come from? Since, you know, nothing comes from nothing.

Ellen McGirt: When people say capitalism generates wealth, there’s this tendency to talk as if that money just spins up out of thin air. It just materializes because Henry Ford or Steve Jobs had a brilliant idea. That’s not how it works. The people who own businesses, and own capital, they gain – well, let’s use the word *extract* because it’s more accurate. They extract profit *from* somewhere.

John Biewen: Now, to be clear, we're not saying it's a zero-sum proposition, that there's a fixed amount of wealth and any money that one person makes is money subtracted from somebody else. That was the idea behind mercantilism 400 years ago: there's only so much wealth on the planet, let's go get as much of it as we can by any means necessary. That's not what we mean here.

Ellen McGirt: Right. New wealth *does* get introduced into the world through capitalist investment and production. But there's still a fundamental sense in which that wealth has to come from somewhere. And it's mainly from labor and from the earth. So let's go back to the ground you've just covered, the first century or so of U.S history – although really the story starts earlier.

John Biewen: Even earlier than 1619, and the beginning of slavery in what would become the United States. It starts before that with the land, and everything the land makes possible. There is no U.S.A. – no cotton empire, no agricultural powerhouse, no lumber, railroads, no oil fields – without this vast and abundant land.

Ellen McGirt: Which the colonizers took, by genocidal force and deception, from the people who belonged to this land for thousands of years. So, in an undeniable sense, the wealth that resulted from the exploitation of *this* land, in particular, was stolen.

John Biewen: A whole lot of the wealth that built this country was stolen in another way, too.

Ellen McGirt: Yes, yes. From the enslaved Black people who provided, against their will, absolutely pivotal labor in the construction of the U.S. as an economic power.

John Biewen: Researchers have [estimated](#) that a total of 10 million African people lived their lives as chattel in colonial America and the United States between 1619 and 1865. And those people contributed – are you ready? – over 400 billion hours of unpaid labor.

Ellen McGirt: I was not ready, John. I was not ready. You know, my last name is a slave name, which I bring up more often than I probably should. But some of those people were my ancestors.

John Biewen: This is a colossal fact that most of us – white – Americans have not begun to get our minds around. Or to acknowledge. Let alone getting serious about making good on that unpaid debt.

Ellen McGirt: But of course, the extraction of profit from labor isn't limited to enslaved labor. Business owners make money by selling their products for more than it costs to produce them. That's elementary economics. But to make that work, employers pay their workers less than the value of their labor.

John Biewen: That basic dynamic goes to the heart of battles between workers and their employers over centuries now. What's a "fair" wage? How much profit is enough? Who has any say in the matter? How can workers get leverage, for example, through collective bargaining, to demand a bigger share of the pie?

Music

John Biewen: But, back to the U.S. and its growing economic might in the 19th century, and where that wealth came from, besides the land: Think of *all* the workers.

Ellen McGirt: The construction of the railroads, which accelerated economic growth, required the labor of hundreds of thousands of people over decades. Those workers came from all over the world. In the Western U.S., the majority were Chinese immigrants, recruited to this country specifically to do that job because white men were not applying in big enough numbers.

John Biewen: I looked up their pay. Chinese rail workers in California in the 1860s, working six days a week, were paid an average of 26 dollars a month, according to an [estimate](#) from Stanford University. That's less than six thousand dollars a year in today's money.

Ellen McGirt: No wonder those rail companies had to go across the Pacific, to a much poorer country, to find workers. We could go on, through different industries. The

workers in those textile mills, in the shipyards, the mines, the steel mills, the oil fields, on farms all over the country, in garment factories. Come again? *Who* built the wealth of the United States?

John Biewen: I gotta add this footnote about the railroads – though it’s not really a footnote, it’s pretty dang important: The U.S. government, having taken land from Indigenous tribes, made land grants of millions and millions of acres to the railroad companies in the 1850s to 1870s, so they could build those rail lines.

Ellen McGirt: Oh, hang on. So it wasn’t just private enterprise all by itself? Government investment played a part? Just as the federal government also had something to do with the Internet and the iPhone? But there we go again, John, getting ahead of ourselves.

John Biewen: Yes. During the stretch we’ve covered in this episode, the 19th century, the class struggle we’re familiar with as a feature of a capitalist world, was ongoing, with quite a few bursts of conflict and violence. People also adopted a lot of the language we use today.

Ellen McGirt: In fact, the word “capitalism” itself finally came into regular use in the mid-1800s. The words “capital” and “capitalist” had been around for hundreds of years, but it wasn’t until 1850 that a Frenchman, Louis Blanc, introduced the “ism” - “*capitalism*.”

John Biewen: So, it wasn't Adam Smith and it wasn't Karl Marx. Though Louis Blanc, like Marx, was a socialist and a critic of capitalism. The word "socialism," by the way, was coined earlier – in the 1830s, in France.

****Ellen McGirt:** But more important than the words people used – to circle back to the point – the struggles between the classes in a capitalist system, the people who own businesses and the people who earn a wage working for them: those struggles were always there.

John Biewen: In the U.S., the battles intensified as the country moved through the Second Industrial Revolution and the Gilded Age. This was the time of sweatshops; twelve and even sixteen hour days, six days a week; child labor – that whole terrible Dickensian reality, here and across the pond.

Movie sound, "Oliver!" Oliver Twist: Please, sir, I want some ... more?

Overseer: *MORE?!*

John Biewen: There were hardly any laws to protect workers from grossly exploitative and dangerous working conditions. No laws against monopolies or corporate collusion. No taxes on inheritances, personal income, or corporate profits.

Music

Ellen McGirt: So, energy was building on the side of working people, directed against the people at the top who had most of the money and the power. We heard about the strike and the killings at the Homestead steel factory in 1892. That was just one of many battles between workers and their bosses.

John Biewen: To mention a couple more: The Great Railroad Strike of 1877, also called the Great Upheaval. Up to a hundred thousand workers went on strike, from New York to Missouri, to protest wages that were low and going lower. About a hundred people died in violence between strikers and, on the other side, federal and National Guard troops and private militias that the railroad companies hired.

Ellen McGirt: Here's one more. In 1886, labor groups planned a general strike for May 1st, to call for an eight-hour workday. Several hundred thousand workers across the country took part. In Chicago on May 4th, a peaceful demonstration at Haymarket Square turned violent. When police tried to disperse the protesters, someone tossed a bomb. Then police opened fire, starting a shootout. At least seven policemen and four demonstrators were killed.

John Biewen: Three years later, an international federation of socialist and labor groups designated May 1st as a day to honor workers. They referenced Haymarket in choosing the date. In 1894, with another major strike going on, involving workers with

the Pullman rail car company, Congress made Labor Day a national holiday – though in September, not May. President Grover Cleveland signed that bill. Historians say he felt he needed to placate a working class that was increasingly angry and active.

Music

Ellen McGirt: All of which brings us to the Progressive Era, the period from about 1890 to 1920. It was a time when growing pressure for economic, social, and political reform was having an effect. Real change did come. At least *some* change. And that's where we pick up the story in Episode Six.

John Biewen: Yep. Next time: the Twentieth Century, including the Thirty Glorious Years.

Theme music

Credits:

John Biewen: This episode was made by me with Ellen McGirt and our story editor, Loretta Williams. Music by Michelle Osis, Lili Haydn, Alex Symcox, and Goodnight, Lucas. Music consulting by Joe Augustine of Narrative Music. Voiceovers this time by Lawrence Baldine, Dan Partridge, and Bill Bamberger. Production help from Briana Breen. Our website is sceneonradio.org. We post transcripts there. This season is produced in partnership with Imperative 21. The show is distributed by our friends at

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