

## BOOK REVIEW

### *THE PROGRESSIVE ERA*

MURRAY N. ROTHBARD

EDITED BY PATRICK NEWMAN

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I have heard people say that Murray Rothbard has been more productive after his death than many academics during their lives. His newest posthumously published book *The Progressive Era* certainly adds weight to this claim. Edited by Patrick Newman, and with a foreword by Judge Andrew Napolitano, this comprehensive history brings forgotten elements of the growth of the government-business partnership back to the forefront of the historical narrative, offers a detailed analysis of the transition to a state-centric party-system, and dismantles the legend of Teddy Roosevelt—and this is just from the previously unpublished chapters that make up the first half of the book! As with any of Rothbard's histories, *The Progressive Era* is packed with details

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that one cannot find elsewhere, and he pulls from his expertise as a professional economist to offer an interpretation that no other historian of the Progressive Era is able to provide.

The book is primarily divided between the unpublished chapters (1–9) and the republished journal articles (chapters 10–15). The first nine chapters of the book can be further divided into three sections: the first three chapters, covering the emergence of railroads and other monopolies, chapters 4 through 6, analyzing the changing voter patterns and the death of the third party-system, and chapters 7 through 9, covering Theodore Roosevelt, and the relationship between government, business, intellectuals, and unions. The previously published chapters take us through the significant social movements (chapter 10), the emergence of a welfare and warfare state (chapter 11 through 13), the Federal Reserve (chapter 14), and Herbert Hoover (chapter 15). The bulk of this review will focus on the unpublished chapters.

Historians typically date the Progressive Era from 1890—overlapping with the last decade of the Gilded Age—until 1920, but Rothbard contends that to truly understand the Progressive Era, we should start earlier. For those interested in the Gilded Age, *The Progressive Era* is a must-read, as Rothbard covers both periods in this work. He does this to highlight the central importance in the railroad industry in American progressivism.

The second half of the nineteenth century was certainly the era of big business in the United States, but no industry was as important—politically and economically—as railroads. Rothbard shows us how the government got involved in the railroad industry early on, first arguing for subsidies, which led to a backlash of “anti-monopoly” sentiment that would define much of the Gilded and Progressive ages. The railroad companies attempted to cartelize, and the government used this as justification for ever-increasing regulations, as well as the establishment of the Interstate Commerce Commission. These interventions established precedents that would come to affect every major industry.

After telling the story of the railroads, Rothbard turns to the other major industries that defined the era: oil, steel, mechanized agriculture, and sugar. Each of these industries would attempt monopoly, and although the market stymied the ambitions of

the industry leaders, the federal government was able justify its increasing involvement in the economy.

Among the most important contributions Rothbard makes in these chapters is to upset the competing narratives on the so-called “Robber Barons” found in histories by the anti-market historians, who often treat these figures as villains, and pro-market historians, who present these figures as heroic innovators. It is worth comparing Rothbard’s analysis to two more typical examples of histories on these figures. Sean Dennis Cashman, author of a standard history of the Gilded Age, uses John D. Rockefeller as an example of a “typical” monopolist (though Cashman refers to Standard Oil, at various times, as a “trust,” a “cartel,” and a “monopoly,” without ever making a distinction in terms). Cashman writes: “Rockefeller prevailed upon railroads in the 1870s to offer him rebates—lower fares—for oil shipped at bulk over long distance. While this was justifiable in purely economic terms... it was unfair to smaller, independent oil producers.” (1993, p. 47) In this typical (and value-laden) representation of Rockefeller, the tycoon was both a nefarious, self-serving businessman and a *successful* predatory monopolist. By contrast, Burton Fulsom, Jr. offers a kinder interpretation of Rockefeller, writing that “[b]igness was not Rockefeller’s real goal. It was just a means of cutting costs” and “Rockefeller never wanted to oust all of his rivals.” (1991, p. 89) Rockefeller was thus a benevolent businessman who *wanted* competition and was working for the poor.

Rothbard takes neither approach in his narrative. He concedes Cashman’s narrative about Rockefeller and other industry leaders in their desire “to seek monopoly... restrict production and raise prices.” (p. 93) Rockefeller did try “to achieve [railroad rebates] by buying out all of his competitors.” However, contrary to the common predatory-pricing narrative, “Rockefeller did *not* attempt to achieve his dominance in the oil industry by the costly and dangerous process of driving them out of business by cutting prices sharply. Instead, Rockefeller simply bought out his competitors, and paid handsome prices to boot.” And although Rockefeller did attempt to monopolize the industry, he was never successful:

Standard Oil was never to retain the dominance it had achieved in 1870—a dominance, by the way, that never even threatened to extend to

marketing or to crude oil production... [because] shrewd entrepreneurs began to realize that if Rockefeller were foolish enough to stand ready to purchase any oil refineries offered to him, well they would go heavily into a new, profitable business: the building of oil refineries solely for the purpose of "forcing" Rockefeller to buy them. (p. 95)

Rothbard does not feel the need to pretend altruistic motivations for the robber barons; he merely shows that even if they did have the monopolistic ambitions attributed to them by historians like Cashman, the market—rather than the government—was the mechanism that kept them in competitive check.

Chapters 4 through 6 are at the same time among the most important contributions to the book and the most tedious to read. In these chapters, Rothbard goes into incredible detail about the changing national demographics and voting patterns that led to the demise of the third-party system and the subsequent emergence of a government-centered two-party system that simply competed for different forms of control and intervention. Rothbard ties the political change to the social movements that were gaining steam at the time. Chapter 4 focuses on the religious demographics and how they affected voting patterns, as well as the religiously motivated prohibition movement. Chapter 5 incorporates women's suffrage and immigration into the analysis to demonstrate what led to the Democratic victory in 1892.

Chapter 6 brings this all together into Rothbard's original insight about the fall of the third-party system and, more importantly, the emergence of a Democratic Party that was no longer in favor of small government, but rather a populist party that favored regulations and inflation. This change did not begin with Woodrow Wilson, Rothbard makes clear; rather, it is the change that paved the road to Wilson. Chapter 6 concludes with an overview of the change in the parties, which Rothbard argues came predominantly in 1896. "The forces of hopped-up pietistic [William Jennings] Bryanism had captured the Democratic Party and changed its character forever from its ancient *laissez-faire* principles." Concurrently, "[William] McKinleyite pragmatism had transformed the Republican Party from the home of statist pietism... to a moderate statist organization cleaving only to the protective tariff, and dumping any emphasis on such emotional and pietistic issues as prohibition or Sunday blue laws." (p. 178)

The new party system was one in which both parties advocated a more involved federal government.

Rothbard spends two full chapters on Teddy Roosevelt. His focus in Chapter 7 is the “trust-busting” endeavors and Roosevelt’s war on the oil industry. Rothbard emphasizes the double-standard and personal interests that drove Roosevelt’s choice of which trusts were “good” and which were “bad.” Chapter 8 is devoted to Roosevelt’s involvement in the meat-packing industry, destroying the extant myth about the meat industry that has survived ever since Upton Sinclair’s publication of *The Jungle* in 1906. Contrary to standard assumptions, the large meat-packing firms welcomed and even lobbied for industrial regulation, which gave them a competitive advantage over small competitors.

The final unpublished chapter builds on the government-business marriage to the similar marriage between government, businesses, and intellectuals, the result of which was yet more monopolization (e.g., public utilities) and economic regulation. While historians today typically applaud the Sherman Anti-Trust Act and other “pro-competition” legislation, Rothbard makes it clear that the regulations that supposedly curtailed monopoly practices actually helped to create monopolies, and industry leaders actively pursued such legislation for precisely this purpose.

The previously published chapters of the book still stand as a great collection that places Rothbard’s historical research on this era in chronological order and provides a complete narrative that ties together all the complex factors that contributed to such significant events as the creation of the Federal Reserve and World War I. For those who have read these articles already, *The Progressive Era* will provide background and context that was not previously available.

A short note is also worth devoting to the editorial efforts of Patrick Newman. When Rothbard died in 1995, he left behind a mountain of unpublished manuscripts, some more complete than others. *The Progressive Era* sat in the archives of the Ludwig von Mises Institute for more than two decades because it was so far from a finished product that preparing it for publication was an enormous task. Evidence of the unfinished manuscript can be seen in the book, such as Chapter 10.3.A “Women’s Suffrage,” which contain paragraphs copied verbatim from the original draft

of Chapter 5.2.C, “Pietism and Women’s Suffrage.” However, because both Chapters 5 and 10 contain original and important material, no clean editorial cuts could be made without sacrificing clarity, and we are left to speculate as to what Chapter 5—or any chapter—might have looked like if Rothbard had survived to complete the manuscript. Additionally, Rothbard did not include all of his citations in the rough manuscript—something that was unnecessarily time-consuming for a man with such a prodigious memory. Dr. Newman has done a great service by tediously hunting and providing the individual citations from Rothbard’s personal library so readers can actually trace the sources for various claims. Such an effort is understandably uncommon in posthumously published works, but this greatly increases the value that *The Progressive Era* can offer to scholars.

Rothbard’s intellectual body of work is vast and interdisciplinary. With the exception, perhaps, of *Man, Economy, and State*, it is difficult to rank them in order of importance. However, I believe that *The Progressive Era* will find itself very near the top of Rothbard’s great works. More than twenty years after his death, Rothbard is proving that he still has much to teach us.

## REFERENCES

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