

## JIGSAW READINGS: AMERICAN INDUSTRIALISTS

### Andrew Carnegie

Generous and naïve, while often grasping and ruthless, Andrew Carnegie personally embodied the contradictions that divided America in the Gilded Age. At a time when America struggled—often violently—to sort out the competing claims of democracy and individual gain, Carnegie championed both. He saw himself as a hero of working people, yet he crushed their unions. The richest man in the world, he railed against privilege. A generous philanthropist, he slashed the wages of the workers who made him rich.

The roots of Carnegie's internal conflicts were planted in Dunfermline, Scotland, where he was born in 1835, the son of a weaver and political radical who instilled in young Andrew the values of political and economic equality. His family's poverty, however, taught Carnegie a different lesson. When the Carnegies emigrated to America in 1848, Carnegie was determined to bring prosperity to his family.

Carnegie's climb from the slums of Pittsburgh to the mansions of New York paralleled America's transformation from a sleepy agricultural nation into the world's foremost industrial power. By 1868 Carnegie, then 33, was worth \$400,000 (nearly \$5 million today); but his wealth troubled him, as did the ghosts of his radical past. He wrote himself a telling letter, promising that he would stop working in two years and pursue a life of good works: "To continue much longer overwhelmed by business cares . . . must degrade me beyond hope of permanent recovery."

Yet Carnegie's business cares held him in sway. For three decades, he dominated the steel industry, and although he allowed himself time for vacations in Scotland and for his troubled courtship of Louise Whitfield, his thoughts rarely strayed from his mills.

Carnegie did not forget his radical roots. In a period of turbulent labor unrest, Carnegie publicly supported the unions. In his own mills, though, his position was less clear. He usually avoided using strike breakers, but he drove a hard bargain and typically got his way, most notably during the bloody lockout at his Homestead works in 1892.

With his partner Henry Clay Frick, Carnegie broke the steel unions. His empire grew. By 1900, Carnegie Steel produced more steel than the entire British steel industry. When he sold the company to J.P. Morgan in 1901, Carnegie personally earned \$250 million (approximately \$4.5 billion today).

Carnegie then turned his enormous energies to philanthropy and the pursuit of world peace, hoping perhaps that donating his wealth to charitable causes would mitigate the grimy details

of its accumulation. In the public memory, he may have been correct. Today, he is most remembered for his generous gifts of music halls, educational grants, and nearly 3,000 public libraries. By the time of his death in 1919, he had given away over \$350 million (more than \$3 billion in 1996 dollars).

**Source**

PBS. (n.d.). *Meet Andrew Carnegie: The two Andrews*. [http://www.pbs.org/wgbh/amex/carnegie/sfeature/meet\\_andrews.html](http://www.pbs.org/wgbh/amex/carnegie/sfeature/meet_andrews.html)

## The Rockefellers

"Mr. Rockefeller, your fortune is rolling up like an avalanche! You must distribute it faster than it grows! If you do not, it will crush you and your children and your children's children!"  
—*Rev. Frederick Gates, hired by John D. Rockefeller to guide his philanthropy*

They feared the temptations of wealth, yet their estate was once described as the kind of place God would have built—if only he had the money. They amassed a fortune that outraged a democratic nation, then gave much of it away. They were the closest thing this country had to a royal family, but they shunned the public eye, retreating behind the walls of their palatial home at Pocantico Hills, New York.

"The Rockefellers" is the saga of four generations of a legendary American family whose name is synonymous with great wealth.

The story begins in the Christian revivalist fervor of the 1830s with a marriage of opposites: Eliza Davison, a pious young woman, and "Devil Bill" Rockefeller, swindler, snake-oil salesman, and eventually, bigamist. Their son, John D. Rockefeller, created an industrial empire—and a personal fortune—on a scale the world had never known. He ruthlessly crushed his competitors in the process, alienating the public and leaving a stain on the family name. His dutiful son, John D. Jr., was a self-sacrificing young man who devoted his life to redeeming his family's reputation. Junior's five sons scaled the heights of the American century. One, Nelson, reached highest, exposing the very private Rockefellers once again to the harsh judgment of public opinion. In the 1960s, a fourth generation of Rockefellers, "the Cousins," rebelled against their family, which had come to personify what was then known as "the establishment."

The world's first billionaire, John D. Rockefeller Sr. held 90 percent of the world's oil refineries, 90 percent of the marketing of oil, and a third of all the oil wells. Working methodically and secretly, he did more than transform a single industry. When he formed his feared monopoly, Standard Oil, in 1870 he changed forever the way America did business.

Because of the ruthless war he waged to crush his competitors, Rockefeller was, to many Americans, the embodiment of an unjust and cruel economic system. Yet he lived a quiet and virtuous life. "I believe the power to make money is a gift of God," Rockefeller once said. "It is my duty to make money and even more money and to use the money I make for the good of my fellow men." By the end of his life, he had given away half his fortune. But Rockefeller's vast philanthropy could not erase the memory of his predatory business practices. In 1902, when McClure's magazine published journalist Ida Tarbell's scathing exposé of Standard Oil, it unleashed a torrent of rage. In 1911, Standard Oil was declared in violation of antitrust laws and dissolved.

John D.'s only son, Junior, faced an almost impossible task, says biographer Ron Chernow: "He had to figure out a way to change the image of this family without openly repudiating the father he loved." The struggle took its toll. Junior suffered from incapacitating headaches and was forced to take rest cures to relieve the strain. In his quest for redemption and respectability, Junior would give away hundreds of millions of dollars, and would demand impeccable behavior from his six children. John D. III became a philanthropist and a valued expert on Asian affairs; Laurance, a leading venture capitalist and conservationist; Nelson was four times governor of New York and vice president of the United States; David, president of The Chase Manhattan Bank, was a leading figure in international finance; Winthrop was elected governor of Arkansas; Abby was deeply involved in cancer research.

The Rockefellers transformed America, helping build many of the institutions that defined the United States in the 20th century: the United Nations, Spelman College, Acadia National Park, Grand Teton National Park, the United Negro College Fund, Lincoln Center, Chase Manhattan Bank, Riverside Church, Pan American Airlines, Radio City Music Hall, The Cloisters, the University of Chicago, Rockefeller Center, Colonial Williamsburg, and the Department of Health, Education and Welfare to name just a few. Junior's wife, Abby, a leading patron of the arts, co-founded the Museum of Modern Art, known to the third generation of Rockefellers as "Mother's museum."

When he died at age 86, Junior left his six children and 22 grandchildren an invaluable inheritance: a name which stood not for corporate greed, but for "the well-being of mankind." Junior had lived to see his final vindication—the election of his son, Nelson, as governor of New York in 1958. "It was a sign that the people of the United States had in fact fully accepted the Rockefellers in spite of the early history of the family," says Nelson's son, Steven. "Nelson had done something that no other Rockefeller had ever done," says his biographer, Joseph Persico. "He had won the affirmation of the people."

*Source*

PBS. (n.d.). *Introduction: The Rockefellers*. <http://www.pbs.org/wgbh/americanexperience/features/introduction/rockefellers-introduction/>

## **J.P. Morgan**

One of the most powerful bankers of his era, J.P. (John Pierpont) Morgan (1837-1913) financed railroads and helped organize U.S. Steel, General Electric, and other major corporations. The Connecticut native followed his wealthy father into the banking business in the late 1850s and in 1871 formed a partnership with Philadelphia banker Anthony Drexel. In 1895, their firm was reorganized as J.P. Morgan & Company, a predecessor of the modern-day financial giant JPMorgan Chase. Morgan used his influence to help stabilize American financial markets during several economic crises, including the panic of 1907. However, he faced criticism that he had too much power and was accused of manipulating the nation's financial system for his own gain. The Gilded Age titan spent much of his wealth amassing a vast art collection.

### *J.P. Morgan: Early Years and Family*

John Pierpont Morgan was born into a distinguished New England family on April 17, 1837, in Hartford, Connecticut. One of his maternal relatives, James Pierpont (1659-1714), was a founder of Yale University; his paternal grandfather was a founder of the Aetna Insurance Company; and his father, Junius Spencer Morgan (1813-90), ran a successful Hartford dry-goods company before becoming a partner in a London-based merchant banking firm. After graduating from high school in Boston in 1854, Pierpont, as he was known, studied in Europe, where he learned French and German, then returned to New York in 1857 to begin his finance career.

In 1861, Morgan married Amelia Sturges, the daughter of a wealthy New York businessman. Amelia Morgan died of tuberculosis four months after the couple's wedding. In 1865, Morgan married Frances Louisa Tracy (1842-1924), the daughter of a New York lawyer, and the pair eventually had four children.

### *J.P. Morgan: Banking Titan*

During the late 19th century, a period when the U. S. railroad industry experienced rapid over-expansion and heated competition (the nation's first transcontinental rail line was completed in 1869), Morgan was heavily involved in reorganizing and consolidating a number of financially troubled railroads. In the process, he gained control of significant portions of these railroads' stock and eventually controlled an estimated one-sixth of America's rail lines.

### *J.P. Morgan: Congressional Investigation*

During Morgan's era, the United States had no central bank, so he used his influence to help save the nation from disaster during several economic crises. In 1895, Morgan assisted in rescuing America's gold standard when he headed a banking syndicate that loaned the federal government more than \$60 million. In another instance, the financial panic of 1907, Morgan held

a meeting of the country's top financiers at his New York City home and convinced them to bail out various faltering financial institutions in order to stabilize the markets.

Morgan initially was widely commended for leading Wall Street out of the 1907 financial crisis; however, in the ensuing years the portly banker with the handlebar mustache and gruff manner faced increasing criticism from muckraking journalists, progressive politicians and others that he had too much power and could manipulate the financial system for his own gain. In 1912, Morgan was called to testify before a congressional committee chaired by U. S. Representative Arsene Pujo (1861-1939) of Louisiana that was investigating the existence of a "money trust," a small cabal of elite Wall Street financiers, including Morgan, who allegedly colluded to control American banking and industry. The Pujo Committee hearings helped bring about the creation of the Federal Reserve System in December 1913 and spurred passage of the Clayton Antitrust Act of 1914.

**Source**

*History.com Staff. (2009). J. P. Morgan. <http://www.history.com/topics/john-pierpont-morgan>*

## Cornelius Vanderbilt

Shipping and railroad tycoon Cornelius Vanderbilt (1794-1877) was a self-made multi-millionaire who became one of the wealthiest Americans of the 19th century. As a boy, he worked with his father, who operated a boat that ferried cargo between Staten Island, New York, where they lived, and Manhattan. After working as a steamship captain, Vanderbilt went into business for himself in the late 1820s, and eventually became one of the country's largest steamship operators. In the process, the Commodore, as he was publicly nicknamed, gained a reputation for being fiercely competitive and ruthless. In the 1860s, he shifted his focus to the railroad industry, where he built another empire and helped make railroad transportation more efficient. When Vanderbilt died, he was worth more than \$100 million.

### *Cornelius Vanderbilt: Early Years*

A descendant of Dutch settlers who came to America in the mid-1600s, Cornelius Vanderbilt was born into humble circumstances on May 27, 1794, on Staten Island, New York. His parents were farmers and his father also made money by ferrying produce and merchandise between Staten Island and Manhattan in his two-masted sailing vessel, known as a periauger. As a boy, the younger Vanderbilt worked with his father on the water and attended school briefly. When Vanderbilt was a teen he transported cargo around the New York harbor in his own periauger. Eventually, he acquired a fleet of small boats and learned about ship design.

In 1813, Vanderbilt married his cousin Sophia Johnson, and the couple eventually had 13 children. (A year after his first wife died in 1868, Vanderbilt married another female cousin, Frank Armstrong Crawford, who was more than four decades his junior.)

### *Cornelius Vanderbilt: Steamships*

In 1817, Vanderbilt went to work as a ferry captain for a wealthy businessman who owned a commercial steamboat service that operated between New Jersey and New York. The job provided Vanderbilt the opportunity to learn about the burgeoning steamship industry. In the late 1820s, he went into business on his own, building steamships and operating ferry lines around the New York region. Shrewd and aggressive, he became a dominant force in the industry by engaging in fierce fare wars with his rivals. In some cases, his competitors paid him hefty sums not to compete with them. (Throughout his life, Vanderbilt's ruthless approach to business would earn him numerous enemies.)

In the 1840s, Vanderbilt constructed a large brick home for his family at Washington Place, in Manhattan's present-day Greenwich Village neighborhood. Despite his growing wealth, the city's elite residents were slow to accept Vanderbilt, considering him rough and uncultured.

In the early 1850s, during the California Gold Rush, a time before transcontinental railroads, Vanderbilt launched a steamship service that transported prospectors from New York to San Francisco via a route across Nicaragua. His route was faster than an established route across Panama, and much speedier than the other alternative, around Cape Horn at the southern tip of South America, which could take months. Vanderbilt's new line was an instant success, earning more than \$1 million (about \$26 million in today's money) a year.

### *Cornelius Vanderbilt: Railroads*

In the 1860s, Vanderbilt shifted his focus from shipping to the railroad industry, which was entering a period of great expansion. He gained control of several railway lines operating between Chicago and New York and established an interregional railroad system. According to author T.J. Styles: "This was a major transformation of the railroad network, which previously had been fragmented into numerous short railroads, each with its own procedures, timetables, and rolling stock. The creation of a coherent system spanning several states lowered costs, increased efficiency, and sped up travel and shipment times."

Vanderbilt was the driving force behind the construction of Manhattan's Grand Central Depot, which opened in 1871. The station eventually was torn down and replaced by present-day Grand Central Terminal, which opened in 1913.

### *Cornelius Vanderbilt: Final Years*

Unlike the Gilded Age titans who followed him, such as steel magnate Andrew Carnegie (1835-1919) and oil mogul John Rockefeller (1839-1937), Vanderbilt did not own grand homes or give away much of his vast wealth to charitable causes. In fact, the only substantial philanthropic donation he made was in 1873, toward the end of his life, when he gave \$1 million to build and endow Vanderbilt University in Nashville, Tennessee. (In a nod to its founder's nickname, the school's athletic teams are called the Commodores.)

The Vanderbilt mansions associated with the Gilded Age, including the Breakers in Newport, Rhode Island, and the Biltmore in Asheville, North Carolina, were built by Cornelius Vanderbilt's descendants. (The 250-room Biltmore estate, constructed in the late 19th century by one of Vanderbilt's grandsons, is the largest privately owned home in the U.S. today.)

Vanderbilt died at age 82 on January 4, 1877, at his Manhattan home, and was buried in the Moravian Cemetery in New Dorp, Staten Island. He left the bulk of his fortune, estimated at more than \$100 million, to his son William (1821-85).

#### *Source*

*History.com Staff. (2010). Cornelius Vanderbilt. <http://www.history.com/topics/cornelius-vanderbilt>*