From the 1820s on, the United States industrialized at an impressive rate. But the real boost came during the Civil War, when the United States Congress created a national currency and banking system, enacted homestead legislation, and appropriated federal aid for a transcontinental railroad. Such measures, argues historian James M. McPherson, provided “the blueprint for modern America.” From the crucible of civil war emerged a new America of big business, heavy industry, and commercial farming that became by 1880 “the foremost industrial nation” in the world. The federal government played a crucial role in the postwar boom. One Republican administration after another not only maintained a protective tariff to minimize foreign competition but gave away millions of dollars’ worth of public land to railroad companies, adopted a hard-money policy that pleased big business, and—except for the Interstate Commerce and Sherman Antitrust Acts, both adopted because of popular unrest—cheerfully refused to regulate or restrict the consolidation of America’s new industrial order.

It was during the Gilded Age (as Mark Twain called it), an era between Robert E. Lee’s surrender at Appomattox and the turn of the century, that American capitalism, growing for decades now, produced mighty combinations that controlled most of the nation’s wealth. The leaders of the new industrial order comprised a complex gallery of individuals popularly known as the robber barons. There had, of course, been many rich Americans before the Gilded Age, people who made fortunes from traffic in lands and goods. But the post–Civil War robber barons were a different breed, for they controlled the essential tools of the booming industrial economy itself: railroads (the nation’s basic transportation system), banking, and manufacturing. They eliminated competition, set prices,
exploited workers, and commanded the awe or fear of an entire generation. Enough of them were rags-to-riches individuals, the kind celebrated in the novels of Horatio Alger, to encourage the notion of the American dream at work, a dream that in the United States all who were capable could rise to the top. Some of the tycoons were gaudy vulgarians such as one H. A. W. Tabor. Finding a portrait of Shakespeare hanging in a Denver opera house that he had built, Tabor demanded that the portrait be replaced with his own, storming, “What the hell has Shakespeare done for Denver?” Others were industrial pirates such as Jay Gould, a consumptive rascal who made his money by various nefarious means.

But other entrepreneurs fit a different pattern: like the rapacious capitalist played by Michael Douglas in the movie Wall Street, they were obsessed with the power that wealth brought them. An example was Cornelius “Commodore” Vanderbilt, who began his career as a ferryboatman, rose to ownership of riverboats (hence his nickname), and went on to become a railroad magnate who owned a transportation empire worth $80 million and lived in splendor in a Manhattan mansion. This rowdy, profane man loved to win in any way he could, once proclaiming, “Law? What do I care about the law. Hain’t I got the power?”

Then there was John D. Rockefeller, a quiet, penny-pinching millionaire whose Standard Oil Company became one of the nation’s most powerful monopolies. Indeed, Rockefeller’s business methods, stressing the virtues of order, organization, and planning, set the example of modern business organization. Unlike other Gilded Age entrepreneurs, however, Rockefeller had little interest in money for money’s sake. At the end of his life, through foundations named after him, he donated millions of dollars to religious activities, medical research, and higher education.

And then there was steel magnate Andrew Carnegie, the subject of the insightful portrait that follows. Another self-made man, Carnegie was at one time the richest person in the world. Perhaps more than any other tycoon, he embodied the spirit of the age, a man who not only created but advocated and celebrated industrial power. He defended democracy, capitalism, and the Anglo-Saxon race, and he even argued that evolution produced millionaires such as he, ignoring the fact that such folk enjoyed generous government benefits, not to mention the help of federal troops serving as strikebreakers. Yet Carnegie also acted on his own self-proclaimed sense of duty; having amassed a prodigious fortune, he proceeded to give almost all of it away during his lifetime. In him, Robert L. Heilbroner sees both the failures and the integrity of Gilded Age America.

GLOSSARY

**ALGER, HORATIO** Gilded Age author whose heroes rose from poverty to greatness and thus fulfilled the “American dream.”

**AMERICAN FEDERATION OF LABOR** Organized in 1886 with Samuel Gompers as president, the AFL was an association of trade unions whose membership consisted exclusively of skilled workers.

**CARNegie CORPORATION OF NEW YORK** After making his fortune, Andrew Carnegie established this “first great modern philanthropic foundation.

**CARNegie, McCANDLESS & COMPANY** Andrew Carnegie’s British-American steel company and the nucleus of his steel empire.

**FRICK, HENRY** Self-made millionaire who amalgamated his coke empire and Andrew Carnegie’s steelworks and assumed “the active management of the whole.” Frick, Captain William Jones, and Charles Schwab constituted “the vital energy” of the Carnegie empire.

**GOSPEL OF WEALTH** Andrew Carnegie’s philosophy (in a book of that title) that the millionaire has a duty to distribute
JONES, CAPTAIN WILLIAM One of a "brilliant assemblage" of men around Andrew Carnegie, "a kind of Paul Bunyan of steel," who was inventive in handling machinery and talented at dealing with people.

KNIGHTS OF LABOR America's first major labor union, founded in 1869. By 1886, its membership numbered more than 700,000.

MORGAN, J. P. Wealthy banker who purchased the Carnegie steel empire in 1901 for $492 million; it became the core of the United States Steel Company.

PULLMAN, GEORGE Developed the Pullman railroad sleeping car and joined forces with Andrew Carnegie to form the Pullman Palace Car Company.

SCHWAB, CHARLES Assistant manager of Andrew Carnegie's Braddock plant and another of the brilliant men surrounding Carnegie.

SCOTT, THOMAS A. Superintendent of the Pennsylvania Railroad and Andrew Carnegie's boss who first encouraged him to invest in stock.

UNITED STATES STEEL COMPANY J. P. Morgan merged the Carnegie empire with other interests to create this huge corporation, which controlled more than 60 percent of America's steel production.

WOODRUFF, T. T. When Andrew Carnegie bought a one-eighth interest in Woodruff's company, Woodruff began production of the first sleeping car for trains.

Toward the end of his days, at the close of World War I, Andrew Carnegie was already a kind of national legend. His meteoric rise, the scandals and successes of his industrial generalship—all this was blurred into nostalgic memory. What was left was a small, rather feeble man with a white beard and pale, penetrating eyes, who could occasionally be seen putting around his mansion on upper Fifth Avenue, a benevolent old gentleman who still rated an annual birthday interview but was even then a venerable relic of a fast-disappearing era. Carnegie himself looked back on his career with a certain savored incredulity. "How much did you say I had given away, Poynton?" he would inquire of his private secretary; "$324,657,399" was the answer. "Good Heaven!" Carnegie would exclaim. "Where did I ever get all that money?"

Where he had got all that money was indeed a legendary story, for even in an age known for its acquisitive triumphs, Carnegie's touch had been an extraordinary one. He had begun, in true Horatio Alger fashion, at the bottom; he had ended, in a manner that put the wildest of Alger's novels to shame, at the very pinnacle of success. At the close of his great deal with J. P. Morgan in 1901, when the Carnegie steel empire was sold to form the core of the new United States Steel Company, the banker had extended his hand and delivered the ultimate encomium of the times: "Mr. Carnegie," he said, "I want to congratulate you on being the richest man in the world."

It was certainly as "the richest man in the world" that Carnegie attracted the attention of his contemporaries. Yet this is hardly why we look back on him with interest today. As an enormous money-maker Carnegie was a flashy, but hardly a profound, hero of the times; and the attitudes of Earnestness and Self-Assurance, so engaging in the young immigrant, become irritating when they are concealed in the millionaire. But what lifts Carnegie's life above the rut of a one-dimensional success story is an aspect of which his contemporaries were relatively unaware.

Going through his papers after his death, Carnegie's executors came across a memorandum that he had written to himself fifty years before, carefully preserved in a little yellow box of keepsakes and mementos. It brings us back to December, 1868, when Carnegie, a young man flushed with the first taste of great success, retired to his suite in the opulent Hotel St. Nicholas in New York, to total up his profits for the year. It had been a

"The Master of Steel: Andrew Carnegie" by Robert L. Heilbroner. Reprinted from American Heritage, August 1960, pp. 4–9,
extremely pleasurable. Yet this is what he wrote as he reflected on the figures:

Thirty-three and an income of $50,000 per annum! By this time two in years I can so arrange all my business as to secure at least $50,000 per annum. Beyond this never earn—make no effort to increase fortune, but spend the surplus each year for benevolent purposes. Cast aside business forever, except for others.

Settle in Oxford and get a thorough education, making the acquaintance of literary men—this will take three years of active work—pay especial attention to speaking in public. Settle then in London and purchase a controlling interest in some newspaper or live review and give the general management of it attention, taking part in public matters, especially those connected with education and improvement of the poorer classes.

Man must have an idol—the amassing of wealth is one of the worst species of idolatry—no idol more debasing than the worship of money. Whatever I engage in I must push inordinately; therefore should I be careful to choose that life which will be the most elevating in its character. To continue much longer overwhelmed by business cares and with most of my thoughts wholly upon the way to make more money in the shortest time, must degrade me beyond hope of permanent recovery. I will resign business at thirty-five, but during the ensuing two years I wish to spend the afternoons in receiving instruction and in reading systematically.

It is a document which in more ways than one is Carnegie to the very life: brash, incredibly self-confident, chockablock with self-conscious virtue—and more than a little hypocritical. For the program so nobly outlined went largely unrealized. Instead of retiring in two years, Carnegie went on for thirty-three more; even then it was with considerable difficulty that he was persuaded to quit. Far from shunning further money-making, he proceeded to roll up his fortune with an uninhibited drive that led one unfriendly biographer to characterize him as “the greediest little gentleman ever created.” Certainly he was one of the most aggressive profit seekers of his time. Typically, when an associate jubilantly cabled: “No. 8 furnace broke all records today,” Carnegie coldly replied, “What were the other furnaces doing?”

It is this contrast between his hopes and his performance that makes Carnegie interesting. For when we review his life, what we see is more than the career of another nineteenth-century acquisitor. We see the unequal struggle between a man who loved money—loved making it, having it, spending it—and a man who, at bottom, was ashamed of himself for his acquisitive desires. All during his lifetime, the moneymaker seemed to win. But what lifts Carnegie’s story out of the ordinary is that the other Carnegie ultimately triumphed. At his death public speculation placed the size of his estate at about five hundred million dollars. In fact it came to $22,881,575. Carnegie had become the richest man in the world—but something had also driven him to give away ninety per cent of his wealth.

Actually, his contemporaries knew of Carnegie’s inquietude about money. In 1889, before he was world-famous, he had written an article for the North American Review entitled “The Gospel of Wealth”—an article that contained the startling phrase: “The man who dies thus rich dies disgraced.” It was hardly surprising, however, if the world took these sentiments at a liberal discount: homiletic millionaires who preached the virtues of austerity were no novelty; Carnegie himself, returning in 1879 from a trip to the miseries of India, had been able to write with perfect sincerity, “How very little the millionaire has beyond the peasant, and how very often his additions tend not to happiness but to misery.”

What the world may well have underestimated, however, was a concern more deeply rooted than these pieties revealed. For, unlike so many of his self-made peers, who also rose from poverty, Carnegie was the product of a radical environment. The village of Dunfermline, Scotland, where he was born there in 1835, was renowned as a center of revolutionary ferment, and Carnegie’s family was itself caught up in the radical movement of the times. His father was a regular speaker at the Chartist rallies, which were an almost daily occurrence in Dunfermline in the 1840’s, and his uncle was an impassioned orator for the rights of
Andrew Carnegie, in his mid-twenties when photographed here in 1861, was the son of Scottish working-class radicals and the product of a stern religious upbringing. In his younger days, he thought that the amassing of wealth was "one of the worst species of idolatry." However, he abandoned his plans to retire at thirty-five in order to devote his energies to self-improvement and benevolent enterprises. Instead, he became one of the richest men the world had ever known. (Courtesy, Carnegie Corporation of New York)

From another uncle, George Lauder, Carnegie absorbed a second passion that was also to reveal itself in his later career. This was his love of poetry, first that of the poet Burns, with its overtones of romantic egalitarianism, and then later, of Shakespeare. Immense quantities of both were not only committed to memory, but made into an integral—indeed, sometimes an embarrassingly evident—part of his life: on first visiting the Doge’s palace in Venice he thrust a companion in the ducal throne and held him pinned there while he orated the appropriate speeches from Othello. Once, seeing Vanderbilt walking on Fifth Avenue, Carnegie smugly remarked, “I would not exchange his millions for my knowledge of Shakespeare.”

But it was more than just a love of poetry that remained with Carnegie. Virtually alone among his fellow acquirors, he was driven by a genuine respect for the power of thought to seek answers for questions that never even occurred to them. Later, when he “discovered” Herbert Spencer, the English sociologist, Carnegie wrote to him, addressing him as “Master,” and it was as “Master” that Spencer remained, even after Carnegie’s lavishness had left Spencer very much in his debt.

But Carnegie’s early life was shaped by currents more material than intellectual. The grinding process of industrial change had begun slowly but ineluctably to undermine the cottage weaving that was the traditional means of employment in Dunfermline. The Industrial Revolution, in the shape of new steam mills, was forcing out the hand weavers, and one by one the looms which constituted the entire capital of the Carnegie family had to be sold. Carnegie never forgot the shock of his father returning home to tell him, in despair, “Andra, I can get nae mair work.”

A family council of war was held, and it was decided that there was only one possible course—they must try their luck in America, to which two sisters of Carnegie’s mother, Margaret, had already emigrated. With the aid of a few friends the money for the crossing was scraped together, and at thirteen Andrew found himself transported to the only country in which his career would have been possible.
It hardly got off to an auspicious start, however. The family made their way to Allegheny, Pennsylvania, a raw and bustling town where Carnegie’s father again sought work as an independent weaver. But it was as hopeless to compete against the great mills in America as in Scotland, and soon father and son were forced to seek work in the local cotton mills. There Andrew worked from six in the morning until six at night, making $1.20 as a bobbins boy.

After a while his father quit—factory work was impossible for the traditional small enterpriser—and Andrew got a “better” job with a new firm, tending an engine deep in a dungeon cellar and dipping newly made cotton spools in a vat of oil. Even the raise to $3 a week . . . could not overcome the horrors of that lonely and foul-smelling basement. It was perhaps the only time in Carnegie’s life when his self-assurance deserted him: to the end of his days he merest whiff of oil could make him deathly sick.

Yet he was certain, as he wrote home at sixteen, that “anyone could get along in this Country,” and the rags-to-riches saga shortly began. The telegraph had just come to Pittsburgh, and one evening over a game of checkers, the manager of the local office informed Andrew’s uncle that he was looking for a messenger. Andy got the job and, in true Alger fashion, set out to excel in it. Within a few weeks he had carefully memorized the names and the locations, not only of the main streets in Pittsburgh, but of the main firms, so that he was the quickest of all the messenger boys.

He came early and stayed late, watched the telegraphers at work, and at home at night learned the Morse code. As a result he was soon the head of the rowing messenger service, and a skilled telegrapher himself. One day he dazzled the office by taking a message “by ear” instead of by the commonly used printer, and since he was then only the third perator in the country able to turn the trick, citizens used to drop into the office to watch Andy take own the words “hot from the wire.”

One such citizen who was especially impressed with young Carnegie’s determination was Thomas A. Scott, a time to become one of the colorful railway magnates of the West, but then the local superintendent of the Pennsylvania Railroad. Soon thereafter Carnegie became “Scott’s Andy”—telegrapher, secretary, and general factotum—at thirty-five dollars a month. In his Autobiography Carnegie recalls an instance which enabled him to begin the next stage of his career.

One morning I reached the office and found that a serious accident on the Eastern Division had delayed the express passenger train westward, and that the passenger train eastward was proceeding with a flagman in advance at every curve. The freight trains in both directions were standing on the sidings. Mr. Scott was not to be found. Finally I could not resist the temptation to plunge in, take the responsibility, give “train orders” and set matters going. “Death or Westminster Abbey” flashed across my mind. I knew it was dismissal, disgrace, perhaps criminal punishment for me if I erred. On the other hand, I could bring in the wearied freight train men who had lain out all night. I knew I could. I knew just what to do, and so I began.

Signing Scott’s name to the orders, Carnegie flashed out the necessary instructions to bring order out of the tangle. The trains moved; there were no mishaps. When Scott reached the office Carnegie told him what he had done. Scott said not a word but looked carefully over all that had taken place. After a little he moved away from Carnegie’s desk to his own, and that was the end of it. “But I noticed,” Carnegie concluded good-humoredly, “that he came in very regularly and in good time for some mornings after that.”

It is hardly to be wondered at that Carnegie became Scott’s favorite, his “white-haired Scotch devil.” Impetuous but not rash, full of enthusiasm and good-natured charm, the small lad with his blunt, open features and his slight Scottish burr was every executive’s dream of an assistant. Soon Scott repaid Andy for his services by introducing him to a new and very different kind of opportunity. He gave Carnegie the chance to subscribe to five hundred dollars’ worth of Adams Express stock, a company which Scott assured Andy would prosper mightily.
Carnegie had not fifty dollars saved, much less five hundred, but it was a chance he could ill afford to miss. He reported the offer to his mother, and that pillar of the family unhesitatingly mortgaged their home to raise the necessary money. When the first dividend check came in, with its ornate Spencerian flourishes, Carnegie had something like a revelation. "I shall remember that check as long as I live," he subsequently wrote. "It gave me the first penny of revenue from capital—something that I had not worked for with the sweat of my brow. 'Eureka!' I cried, 'Here's the goose that lays the golden eggs.'" He was right; within a few years his investment in the Adams Express Company was paying annual dividends of $1,400.

It was not long thereafter that an even more propitious chance presented itself. Carnegie was riding on the Pennsylvania line one day when he was approached by a "farmer-looking" man carrying a small green bag in his hand. The other introduced himself as T. T. Woodruff and quite frankly said that he wanted a chance to talk with someone connected with the railroad. Whereupon he opened his bag and took out a small model of the first sleeping car.

Carnegie was immediately impressed with its possibilities, and he quickly arranged for Woodruff to meet Scott. When the latter agreed to give the cars a trial, Woodruff in appreciation offered Carnegie a chance to subscribe to a one-eighth interest in the new company. A local banker agreed to lend Andy the few hundred dollars needed for the initial payment—the rest being financed from dividends. Once again Andy had made a shrewd investment: within two years the Woodruff Palace Car Company was paying him a return of more than $5,000 a year.

Investments now began to play an increasingly important role in Carnegie's career. Through his railroad contacts he came to recognize the possibilities in manufacturing the heavy equipment needed by the rapidly expanding lines, and soon he was instrumental in organizing companies to meet these needs. One of them, the Keystone Bridge Company, was the first successful manufacturer of iron railway bridges. Another, the Pittsburgh Locomotive Works, made engines. And most important of all, an interest in a local iron works run by an irascible German named Andrew Kloman brought Carnegie into actual contact with the manufacture of iron itself.

None of these new ventures required any substantial outlay of cash. His interest in the Keystone Bridge Company, for instance, which was to earn him $15,000 in 1868, came to him "in return for services rendered in its promotion"—services which Carnegie, as a young railroad executive, was then in a highly strategic position to deliver. Similarly the interest in the Kloman works reflected no contribution on Carnegie's part except that of being the human catalyst and buffer between some highly excitable participants.

By 1865 his "side" activities had become so important that he decided to leave the Pennsylvania Railroad. He was by then superintendent, Scott having moved up to a vice presidency, but his salary of $2,400 was already vastly overshadowed by his income from various ventures. One purchase alone—the Storey farm in Pennsylvania oil country, which Carnegie and a few associates picked up for $40,000—was eventually to pay the group a million dollars in dividends in one year. About this time a friend dropped in on Carnegie and asked him how he was doing. "Oh, I'm rich, I'm rich!" he exclaimed.

He was indeed embarked on the road to riches, and determined, as he later wrote in his Autobiography, that "nothing could be allowed to interfere for a moment with my business career." Hence it comes as a surprise to note that it was at this very point that Carnegie retired to his suite to write his curiously introspective and troubled thoughts about the pursuit of wealth. But the momentum of events was to prove far too strong for these moralistic doubts. Moving his headquarters to New York to promote his various interests, he soon found himself swept along by a succession of irresistible opportunities for money-making.

One of these took place quite by chance. Carnegie was trying to sell the Woodruff sleeping car at the same time that a formidable rival named George
Pullman was also seeking to land contracts for his sleeping car, and the railroads were naturally taking advantage of the competitive situation. One summer evening in 1869 Carnegie found himself mounting the resplendent marble stairway of the St. Nicholas Hotel side by side with his competitor.

"Good evening, Mr. Pullman," said Carnegie in his ebullient manner. Pullman was barely cordial.

"How strange we should meet here," Carnegie went on, to which the other replied nothing at all.

"Mr. Pullman," said Carnegie, after an embarrassing pause, "don't you think we are making nice fools of ourselves?" At this Pullman evinced a glimmer of interest: "What do you mean?" he inquired. Carnegie quickly pointed out that competition between the two companies was helping no one but the railroads. "Well," said Pullman, "what do you suggest we do?"

"Unite!" said Carnegie. "Let's make a joint proposition to the Union Pacific, your company and mine. Why not organize a new company to do it?" "What would you call it?" asked Pullman suspiciously. "The Pullman Palace Car Company," said Carnegie and with this shrewd psychological stroke won his point. A new company was formed, and in time Carnegie became its largest stockholder.

Meanwhile, events pushed Carnegie into yet another lucrative field. To finance the proliferating railway systems of America, British capital was badly needed, and with his Scottish ancestry, his verve, and his excellent railroad connections Carnegie was the natural choice for a go-between. His brief case stuffed with bonds and prospectuses, Carnegie became a transatlantic commuter, soon developing intimate relations both with great bankers like Junius Morgan (the father of J. P. Morgan), and with the heads of most of the great American roads. These trips earned him not only large commissions—exceeding on occasion $100,000 for a single turn—but even more important, established connections that were later to be of immense value. He himself later testified candidly on their benefits before a group of respectfully awed senators:

For instance, I want a great contract for rails. Sidney Dillon of the Union Pacific was a personal friend of mine. Huntington was a friend. Dear Butler Duncan, that called on me the other day, was a friend. Those and other men were presidents of railroads ... Take Huntington; you know C. P. Huntington. He was hard up very often. He was a great man, but he had a great deal of paper out. I knew his things were good. When he wanted credit I gave it to him. If you help a man that way, what chance has any paid agent going to these men? It was absurd.

But his trips to England brought Carnegie something still more valuable. They gave him steel. It is fair to say that as late as 1872 Carnegie did not see the future that awaited him as the Steel King of the world. The still modest conglomeration of foundries and mills he was gradually assembling in the Allegheny and Monongahela valleys was but one of many business interests, and not one for which he envisioned any extraordinary future. Indeed, to repeated pleas that he lead the way in developing a steel industry for America by substituting steel for iron rails, his reply was succinct: "Pioneering don't pay."

What made him change his mind? The story goes that he was awe-struck by the volcanic, spectacular eruption of a Bessemer converter, which he saw for the first time during a visit to a British mill. It was precisely the sort of display that would have appealed to Carnegie's mind—a wild, demonic, physical process miraculously contained and controlled by the dwarfed figures of the steel men themselves. At any rate, overnight Carnegie became the fervid prophet of steel. Jumping on the first available steamer, he rushed home with the cry, "The day of iron has passed!" To the consternation of his colleagues, the hitherto reluctant pioneer became an advocate of the most daring technological and business expansion; he joined them enthusiastically in forming Carnegie, McCandless & Company, which was the nucleus of the empire that the next thirty years would bring forth.

The actual process of growth involved every aspect of successful business enterprise of the times: acquisition and merger, pools and commercial piracy, and even, on one occasion, an outright fraud in
selling the United States government overpriced and
undone steel armor plate. But it would be as fool-

ish to maintain that the Carnegie empire grew by
trickery as to deny that sharp practice had its place.
Essentially what lay behind the spectacular expansion
were three facts.

The first of these was the sheer economic expan-
sion of the industry in the first days of burgeoning
steel use. Everywhere steel replaced iron or found
new uses—and not only in railroads but in ships,
buildings, bridges, machinery of all sorts. As Henry
Frick himself once remarked, if the Carnegie group
had not filled the need for steel another would have.
But it must be admitted that Carnegie’s company did
its job superlatively well. In 1885 Great Britain led
the world in the production of steel. Fourteen years
later her total output was 695,000 tons less than the
output of the Carnegie Steel Company alone.

Second was the brilliant assemblage of personal tal-
ent with which Carnegie surrounded himself. Among
them, three in particular stood out. One was Captain
William Jones, a Homeric figure who lumbered
through the glowing fires and clanging machinery of
the works like a kind of Paul Bunyan of steel, skilled at
handling men, inventive in handling equipment, and
enough of a natural artist to produce papers for the
British Iron and Steel Institute that earned him a liter-
ary as well as a technical reputation. Then there was
Henry Frick, himself a self-made millionaire, whose
coke empire naturally complemented Carnegie’s steel-
works. When the two were amalgamated, Frick took
over the active management of the whole, and under
his forceful hand the annual output of the Carnegie
works rose tenfold. Yet another was Charles Schwab,
who came out of the tiny monastic town of Loretto,
Pennsylvania, to take a job as a stoke driver. Six months
later he had been promoted by Jones into the assistant
managership of the Braddock plant.

These men, and a score like them, constituted the
vital energy of the Carnegie works. As Carnegie
himself said, “Take away all our money, our great
works, ore mines and coke ovens, but leave our or-
ganization, and in four years I shall have re-established
myself.”

But the third factor in the growth of the empire
was Carnegie himself. A master salesman and a skilled
diplomat of business at its highest levels, Carnegie
was also a ruthless driver of his men. He pitted his
associates and subordinates in competition with one
another until a feverish atmosphere pervaded the
whole organization. “You cannot imagine the
abounding sense of freedom and relief I experience
as soon as I get on board a steamer and sail past
Sandy Hook,” he once said to Captain Jones. “My
God!” replied Jones. “Think of the relief to us!”

But Carnegie could win loyalties as well. All his
promising young men were given gratis ownership
participations—minuscule fractions of one per cent,
which were enough, however, to make them mil-
lionaires in their own right. Deeply grateful to
Jones, Carnegie once offered him a similar partici-
pation. Jones hemmed and hawed and finally re-
 fused; he would be unable to work effectively with
the men, he said, once he was a partner. Carnegie
insisted that his contribution be recognized and
asked Jones what he wanted. “Well,” said the latter,
“you might pay me a hell of a big salary.” “We’ll
do it!” said Carnegie. “From this time forth you
shall receive the same salary as the President of the
United States.” “Ah, Andy, that’s the kind of talk,”
said Captain Bill.

Within three decades, on the flood tide of eco-
nomic expansion, propelled by brilliant executive
work and relentless pressure from Carnegie, the
company made immense strides. “Such a magnifi-
cent aggregation of industrial power has never before
been under the domination of a single man,” re-
ported a biographer in 1902, describing the Gargan-
tuan structure of steel and coke and ore and transport.
Had the writer known of the profits earned by this
aggregation he might have been even more im-
pressed: three and a half million dollars in 1889,
seven million in 1897, twenty-one million in 1899,
and an immense forty million in 1900. “Where is
there such a business!” Carnegie had exulted, and no
wonder—the majority share of all these earnings,
without hindrance of income tax, went directly into
his pockets.
Nevertheless, with enormous success came problems. One of these was the restiveness of certain partners, under the “Iron-Clad” agreement, which prevented any of them from selling their shares to anyone but the company itself—an arrangement which meant, of course, that the far higher valuation of an outside purchaser could not be realized. Particularly chagrined was Frick, when, as the culmination of other disagreements between them, Carnegie sought to buy him out “at the value appearing on the books.” Another problem was a looming competitive struggle in the steel industry itself that presaged a period of bitter industrial warfare ahead. And last was Carnegie’s own growing desire to “get out.”

Already he was spending half of each year abroad, first traveling, and then, after his late marriage, in residence in the great Skibo Castle he built for his wife on Dornoch Firth, Scotland. There he ran his business enterprises with one hand while he courted the literary and creative world with the other, entertaining Kipling and Matthew Arnold, Paderewski and Lloyd George, Woodrow Wilson and Theodore Roosevelt, Gladstone, and of course, Herbert Spencer, the Master. But even his career as “Laird” of Skibo could not remove him from the worries—and triumphs—of his business: a steady flow of cables and correspondence intruded on the “serious” side of life.

It was Schwab who cut the knot. Having risen to the very summit of the Carnegie concern he was invited in December, 1900, to give a speech on the future of the steel industry at the University Club in New York. There, before eighty of the nation’s top business leaders he painted a glowing picture of what could be done if a super-company of steel were formed, integrated from top to bottom, self-sufficient with regard to its raw materials, balanced in its array of final products. One of the guests was the imperious J. P. Morgan, and as the speech progressed it was noticed that his concentration grew more and more intense. After dinner Morgan rose and took the young steel man by the elbow and engaged him in private conversation for half an hour while he plied him with rapid and penetrating questions; then a few weeks later he invited him to a private meeting in the great library of his home. They talked from nine o’clock in the evening until dawn. As the sun began to stream in through the library windows, the banker finally rose. “Well,” he said to Schwab, “if Andy wants to sell, I’ll buy. Go and find his price.”

Carnegie at first did not wish to sell. Faced with the actual prospect of a withdrawal from the business he had built into the mightiest single industrial empire in the world, he was frightened and dismayed. He sat silent before Schwab’s report, brooding, loath to inquire into details. But soon his enthusiasm returned. No such opportunity was likely to present itself again. In short order a figure of $492,000,000

In his late years, Carnegie turned again toward the idealism of his youth. Declaring that his riches had come to him as a “sacred trust” to administer for the good of humanity, he endowed numerous philanthropies and managed to give away 90 percent of his wealth before he died. (Carnegie Corporation of New York)
was agreed on for the entire enterprise, of which Carnegie himself was to receive $300,000,000 in five per cent gold bonds and preferred stock. Carnegie jotted down the terms of the transaction on a slip of paper and told Schwab to bring it to Morgan. The banker glanced only briefly at the paper. “I accept,” he said.

After the formalities were in due course completed, Carnegie was in a euphoric mood. “Now, Pierpont, I am the happiest man in the world,” he said. Morgan was by no means unhappy himself: his own banking company had made a direct profit of $12,500,000 in the underwriting transaction, and this was but a prelude to a stream of lucrative financings under Morgan’s aegis, by which the total capitalization was rapidly raised to $1,400,000,000. A few years later, Morgan and Carnegie found themselves aboard the same steamer en route to Europe. They fell into talk and Carnegie confessed, “I made one mistake, Pierpont, when I sold out to you.”

“What was that?” asked the banker.

“I should have asked you for $100,000,000 more than I did.”

Morgan grinned. “Well,” he said, “you would have got it if you had.”

Thus was written finis to one stage of Carnegie’s career. Now it would be seen to what extent his “radical pronouncements” were serious. For in the Gospel of Wealth—the famous article combined with others in book form—Carnegie had proclaimed the duty of the millionaire to administer and distribute his wealth during his lifetime. Though he might have “proved” his worth by his fortune, his heirs had shown no such evidence of their fitness. Carnegie bluntly concluded: “By taxing estates heavily at his death, the State marks its condemnation of the selfish millionaire’s unworthy life.”

Coming from the leading millionaire of the day, these had been startling sentiments. So also were his views on the “labor question” which, if patronizing, were nonetheless humane and advanced for their day. The trouble was, of course, that the sentiments were somewhat difficult to credit. As one commentator of the day remarked, “His vision of what might be done with wealth had beauty and breadth and thus serenely overlooked the means by which wealth had been acquired.”

For example, the novelist Hamlin Garland visited the steel towns from which the Carnegie millions came and bore away a description of work that was ugly, brutal, and exhausting: he contrasted the lavish care expended on the plants with the callous disregard of the pigsty homes: “the streets were horrible; the buildings poor; the sidewalks sunken and full of holes. . . . Everywhere the yellow mud of the streets lay kneaded into sticky masses through which groups of pale, lean men slouched in faded garments. . . .” When the famous Homestead strike erupted in 1892, with its private army of Pinkerton detectives virtually at war with the workers, the Carnegie benevolence seemed revealed as shabby fakery. At Skibo Carnegie stood firmly behind the company’s iron determination to break the strike. As a result, public sentiment swung sharply and suddenly against him; the St. Louis Post-Dispatch wrote: “Three months ago Andrew Carnegie was a man to be envied. Today he is an object of mingled pity and contempt. In the estimation of nine-tenths of the thinking people on both sides of the ocean he has . . . confessed himself a moral coward.”

In an important sense the newspaper was right. For though Carnegie continued to fight against “privilege,” he saw privilege only in its fading aristocratic vestments and not in the new hierarchies of wealth and power to which he himself belonged. In Skibo Castle he now played the role of the benign autocrat, awakening to the skirling of his private bagpiper and proceeding to breakfast to the sonorous accompaniment of the castle organ.

Meanwhile there had also come fame and honors in which Carnegie wallowed unashamedly. He counted the “freedoms” bestowed on him by grateful or hopeful cities and crowed, “I have fifty-two and Gladstone has only seventeen.” He entertained the King of England and told him that democracy was better than monarchy, and met the German Kaiser: “Oh, yes, yes,” said the latter worthy on being
introduced. "I have read your books. You do not like kings." But Mark Twain, on hearing of this, was not fooled. "He says he is a scoerer of kings and emperors and dukes," he wrote, "whereas he is like the rest of the human race: a slight attention from one of these can make him drunk for a week. . . ."

And yet it is not enough to conclude that Carnegie was in fact a smaller man than he conceived himself. For this judgment overlooks one immense and irrefutable fact. He did, in the end, abide by his self-imposed duty. He did give nearly all of his gigantic fortune away.

As one would suspect, the quality of the philanthropy reflected the man himself. There was, for example, a huge and sentimentally administered private pension fund to which access was to be had on the most trivial as well as the most worthy grounds: if it included a number of writers, statesmen, scientists, it also made room for two maiden ladies with whom Carnegie had once danced as a young man, a boyhood acquaintance who had once held Carnegie's books while he ran a race, a merchant to whom he had once delivered a telegram and who had subsequently fallen on hard times. And then, as one would expect, there was a benevolent autocracy in the administration of the larger philanthropies as well. "Now everybody vote Aye," was the way Carnegie typically determined the policies of the philanthropic "foundations" he established.

Yet if these flaws bore the stamp of one side of Carnegie's personality, there was also the other side—the side that, however crudely, asked important questions and however piously, concerned itself with great ideals. Of this the range and purpose of the main philanthropies gave unimpeachable testimony. There were the famous libraries—three thousand of them costing nearly sixty million dollars; there were the Carnegie institutes in Pittsburgh and Washington, Carnegie Hall in New York, the Hague Peace Palace, the Carnegie Endowment for International Peace, and the precedent-making Carnegie Corporation of New York, with its original enormous endowment of $125,000,000. In his instructions to the trustees of this first great modern foundation, couched in the simplified spelling of which he was an ardent advocate, we see Carnegie at his very best:

Conditions on earth [sic] inevitably change; hence, no wise man will bind Trustees forever to certain paths, causes, or institutions. I disclaim any intention of doing so . . . My chief happiness, as I write these lines lies in the thought [sic] that, even after I pass away, the wealth [sic] that came to me to administer as a sacred trust for the good of my fellow men is to continue to benefit humanity . . .

If these sentiments move us—if Carnegie himself in retrospect moves us at last to grudging respect—it is not because his was the triumph of a saint or a philosopher. It is because it was the much more difficult triumph of a very human and fallible man struggling to retain his convictions in an age, and in the face of a career, which subjected them to impossible temptations. Carnegie is something of America writ large; his is the story of the Horatio Alger hero after he has made his million dollars. In the failures of Andrew Carnegie we see many of the failures of America itself. In his curious triumph, we see what we hope is our own steadfast core of integrity.

QUESTIONS TO CONSIDER

1 Robert L. Heilbroner suggests that Andrew Carnegie was interesting because of the contrasts in his character: the conflict between his Calvinist simplicity and his overpowering urge to accumulate wealth. What are the sources of Carnegie's contradictory character?

2 Describe Carnegie's personal "gospel of wealth." Did he live up to his own ideals? Why do you think he was attracted to the teachings of his "master," evolutionist Herbert Spencer?

3 All his life, Carnegie insisted upon his hatred of aristocratic privilege, yet he lived a life of magnificence in his Scottish castle, and he courted the acquaintance of famous politicians, scholars, and royal personages. How did he justify his actions? Did he
see himself as a different sort of aristocrat? Why did he go back to Britain to live?
4 Carnegie left a rich legacy of philanthropies, most notably the vast network of libraries that has developed into our present public library system. How was the money to fund these philanthropies obtained in the first place? Why do you think Carnegie—and many others—failed to see the contrast between the good money could do and the way it was made? How might wealthy people in the Gilded Age have viewed the lives of the working poor?
5 How does what Heilbroner calls the “failure” of Andrew Carnegie reflect the failure of America in the Gilded Age? What were the social and economic consequences of the Gospel of Wealth and of huge concentrations of capital in late nineteenth-century America?

6 The Brooklyn Bridge: A Monument to American Ingenuity and Daring

DAVID MCCULLOUGH

Imagine the wide-eyed wonder of European immigrants, approaching New York City by ship, when they first glimpsed the towering Brooklyn Bridge across the East River. As David McCullough says in the following selection: “Its enormous granite towers loomed higher than anything anyone had ever seen, higher than the topgallant sails of the square-riggers coursing the river, higher than any building in New York, or any structure then on the North American continent.”

This marvelous technological achievement was not only “the proudest symbol of America’s greatest city,” but also “much that is best about America.” The late nineteenth century had produced many wonders, such as Thomas Edison’s phonograph, George Eastman’s Kodak camera, and Alexander Graham Bell’s telephone. But nothing symbolized America’s technological genius more than the enormous suspension bridge that stretched a mile across New York’s East River. The bridge was all the more remarkable because it was free of the corruption, exploitation, and unfair business practices most often associated with the Gilded Age.

The story of the Brooklyn Bridge is also a tale of familial love and dedication. John A. Roebling, who had perfected the suspension bridge, designed the structure but died of “a freak accident” while surveying the Brooklyn shore. His son, Washington Roebling, a Civil War veteran on the Union side, took over his father’s work, and it was this indomitable man and his persevering wife, Emily Warren Roebling, who saw the bridge through to its completion in 1883. The building of this magnificent structure involved more than steel and granite; it is a testament to a family’s love and dedication to a common goal.

On another level, McCullough’s portrait of the bridge and its builders represents urban history at its best. The labor force was remarkably diverse, including “men of every color and kind, from every corner of the globe.” There were blacks up from the South, farm boys in from the countryside, and immigrants from across the sea. Such folk helped make New York the largest, most diverse, and most vibrant city in America.

In sum, the Brooklyn Bridge was a tremendous technological achievement, a family story, and a symbol of America’s changing urban landscape. As you read the trilogy of essays in this section of Portrait of America, think about how they are interrelated. It was the powerful steel industry of Andrew Carnegie, the subject of the previous selection, that furnished the steel for the bridge’s cables. And it was the immigrants, treated in selection 7, who provided part of the manpower that built this American phenomenon.