Captains of Industry: Leaders in American Economic Growth in the late 1800's

As the United States emerged as a world economic power there were a number of influential people who emerged as symbols of this era. The purpose of this activity is to familiarize you with these Americans and develop a better understanding of the business environment of the late 1800's.

<u>Directions</u>: Read the assigned reading and complete the table(s) below:

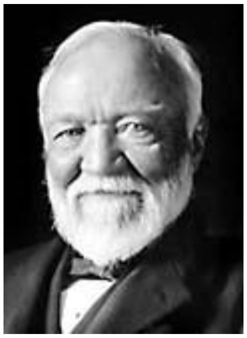
Andrew Carnegie	*Steel Production* – Why was this important to American economic growth?
Formative Events/Experiences - What type of life experiences shaped attitude or strategies for doing business?	
Attitudes towards Labor - What kind of relationship did this person have with the people who made their products?	
Government Involvement - In what ways did the government and this business person interact?	
Define and explain how each term below applies to this Captain of Industry Bessemer Process- Vertical Integration- "Gospel of Wealth"-	

John D. Rockefeller	*Oil Refineries* – Why was this important to American economic growth?
Formative Events/Experiences - What type of life experiences shaped attitude or strategies for doing business?	
Attitudes towards Labor - What kind of relationship did this person have with the people who made their products?	
Government Involvement - In what ways did the government and this business person interact?	
Define and explain how each term below applies to this Captain of Industry Vertical Integration - Monopoly – Trusts -	

Henry Ford	*Auto Manufacturing* – Why was this important to American economic growth?
Formative Events/Experiences - What type of life experiences shaped attitude or strategies for doing business?	
Attitudes towards Labor - What kind of relationship did this person have with the people who made their products?	
Government Involvement - In what ways did the government and this business person interact?	
Define and explain how each term below applies to this Captain of Industry Model T - Assembly Line Prodcution – Minimum Wage -	

J. P. Morgan	*Banking & Railroads* – Why was this important to American economic growth?
Formative Events/Experiences - What type of life experiences shaped attitude or strategies for doing business?	
Attitudes towards Labor - What kind of relationship did this person have with the people who made their products?	
Government Involvement - In what ways did the government and this business person interact?	
Define and explain how each term below applies to this Captain of Industry Consolidation - Mergers - Public Finance -	

Andrew Carnegie



Andrew Carnegie rose from poverty to become one of the richest men in the world by gaining virtual control of the U.S. steel industry. He was also notable as a philanthropist, who gave millions of dollars to advance education, establish public libraries, and promote world peace.

Carnegie was born on November 25, 1835 in Dunfermline, Scotland. His father, a handloom weaver, was impoverished by the introduction of power looms. In 1848, the destitute family emigrated to the United States. They settled in Pittsburgh, Pennsylvania, where Carnegie found work as a bobbin boy in a textile mill at a salary of $1.20 a week. A year later, he got a job as a messenger in a telegraph office and began his rise from "rags to riches," earning a salary of $2.50 a week. In these early days of telegraphy, instruments were needed to translate the sound emanating from the telegraph wires into letters of the alphabet. Amazingly, Carnegie learned to distinguish the wire sounds without using the instruments and thus became one of the first operators in the country to be able to take messages "by sound." His astonished employers promoted him from delivery boy to operator and raised his salary to $4 a week.

Carnegie also impressed Thomas A. Scott of the Pennsylvania Railroad, a businessman whom Carnegie saw frequently in the telegraph offices. Scott hired him in 1853 to be his personal clerk and telegraph operator, at a salary of $35 a month. Again, Carnegie did such a good job that six years after joining the railroad, he was named superintendent of the Pittsburgh division. When Scott was appointed assistant secretary of war in 1861, Carnegie became superintendent of the eastern military and telegraph lines. During the Civil War, he helped coordinate rail transportation for the Union Army and organized the army's telegraphic system.

During the early 1860s, Carnegie, with advice and loans from Scott, had begun to invest in telegraph, oil, iron, bridge, and railroad companies. In 1865, though offered the post of assistant general superintendent on the Pennsylvania Railroad, he resigned and devoted himself to his other business interests. Within a few years, he had an annual income of $50,000 and was considering retiring and taking up a scholarly life. Ultimately deciding against retirement, Carnegie nevertheless frequented intellectual as well as business circles in New York City, where he lived after 1867. He also traveled extensively throughout Europe, becoming the best read and traveled American businessman of his time.

In the early 1870s, Carnegie threw himself wholeheartedly into a new venture: steel manufacturing. The steel production industry in the United States was struggling under the shadow of its international competitors, led by Great Britain. The need for steel during the Civil War had boosted production in the United States, but Great Britain continued to produce more steel of a higher quality and dominate the world market. In 1873, while the rest of the United States was mired in a deep financial depression, Carnegie invested the vast majority of his fortune in steel production. He described the first incarnation of his famous investment policy as "putting all my eggs in one basket, and then watching the basket."

Drawing on his extensive business ties with Europe, Carnegie cultivated relationships with the leaders of Great Britain's steel industry, particularly Sir Henry Bessemer. Bessemer instructed Carnegie in a revolutionary process that allowed a higher quality of steel to be manufactured at relatively low cost. Bessemer had introduced this process to British steel manufacturers in 1856, but Carnegie brought it to the United States. In addition, Carnegie hired the best people in steel technology and plant management and introduced several other innovations to his American steel company, the J. Edgar Thomson Steel Mills. In this way, he was able to produce a higher quality steel at a lower price than his American competitors. He also kept production costs, wages, and salaries down and maintained complete control over his enterprise, in order to plow profits back into it.

During the next 30 years, U.S. steel production increased until the nation surpassed Great Britain as the foremost steel producer in the world, thanks largely to Carnegie. He steadily expanded his holdings by lease or purchase, in 1888 acquiring the important steel works at Homestead, Pennsylvania. Four years later, however, Carnegie's reputation as an employer was damaged by the bloody Homestead strike at the plant. The strike, which began on June 29, 1892, revealed Carnegie's plans to destroy the iron and steel workers' union, and the event raised a public outcry.

Otherwise, the decade of the 1890s was a time of even greater growth for Carnegie steel. Already, Carnegie had begun the process of vertical integration, by which he came to control raw materials, transportation, and distribution within the steel industry, managing every stage of the production process from beginning to end. From 1893 to 1897, he took advantage of a nationwide financial depression to acquire the rich iron deposits of the Mesabi Range in Minnesota and to purchase the Pittsburgh, Shenango, & Lake Erie Railroad connecting the steel-producing center with the Northwest water routes.

Carnegie's success was secured by the well-run organization of his company. He believed in rewarding talent and frequently promoted exceptional workers into the ranks of management. He made his senior executives partners, thus providing them with greater incentives to work hard and make the company profitable. Carnegie himself remained actively involved in the business and perhaps the hardest worker in the company, despite his enormous wealth and capable associates. His daring and business acumen repeatedly foiled his competitors, and he was famous for expanding his company during times of financial depression, when other companies were paring down their operations.

As in the depression of 1873, Carnegie used the depression of the 1890s to acquire new property and interests. His willingness to expand during these times was based on two reasons: first, he could buy resources at low cost because of the depression, and second, he had unbounded optimism regarding the fate of the United States. Convinced that America would recover from its economic woes, Carnegie wanted to be ready to meet rising demand for steel when prosperity returned. By 1900, the Carnegie Steel Company—organized a year earlier with a capital of $350 million—controlled the bulk of U.S. steel production, making Carnegie the second richest man in the world.

In 1901, Carnegie sold the Carnegie Steel Company to J.P. Morgan, who incorporated it into the newly formed United States Steel Corporation. Upon turning his steel empire over to Morgan, Carnegie remarked, "Well, Pierpont, I am now handing the burden over to you." Having made a fortune, Carnegie could now dedicate his life to other interests, mainly philanthropy and scholarship.

As early as 1868, Carnegie had written himself a memorandum declaring that "the amassing of wealth is one of the worst species of idolatry—no idol more debasing than the worship of money." A few years later, he made his first gift—public baths given to his birthplace of Dunfermline, Scotland. At the same time that Carnegie was building his steel empire, he was also indulging in his other interests, writing articles for several well-known journals and newspapers and making periodic bequests to various organizations and individuals. In 1889, Carnegie published an article entitled "Wealth" in the *North American Review*. In this article, which became known as "The Gospel of Wealth" in Great Britain and the United States, Carnegie stated his belief that every man's life should have two periods: the accumulation of wealth and then the distribution of that wealth back to the community. He maintained that rich men had a moral obligation to distribute their money for the public good with the same energy and systematic thoughtfulness they had used to acquire it. This idea was revolutionary for the time and prompted much discussion among the upper classes.

Putting into practice his own gospel of wealth, Carnegie and his wife, the former Louise Whitfield (whom he had married in 1887), made benefactions totaling about $350 million. This money provided for thousands of public libraries and church organs and helped advance both higher education and the cause of peace. One of his earlier philanthropic measures was the establishment of a large pension and benefit fund for the workers of the former Carnegie Company. Carnegie endowed the Carnegie Institute of Pittsburgh (1895), the Carnegie Trust for the Universities of Scotland (1901), and the Carnegie Institute of Washington (1902), as well as dozens of other institutions. He also helped establish the schools that are now part of Carnegie Mellon University and contributed generously to such African-American schools as Hampton and Tuskegee institutes. In 1905, he started the first pension fund for college and university professors. In 1911, the Carnegie Corporation of New York was created to handle the distribution of Carnegie's money for educational and research purposes. In recognition of his beneficence, Carnegie received many honors, but he declined an aristocratic title offered by England's King Edward VII in 1908, no doubt feeling that he was too strong an advocate of democracy to accept.

In the interests of world peace, Carnegie established the Carnegie Endowment for International Peace in 1910 and gave money for the construction of three "temples of peace": the Hague Peace Palace in the Netherlands, a Central American Court of Justice in Costa Rica, and the Pan American Union Building in Washington, D.C. The outbreak of World War I in 1914 shattered his optimism, and he never fully recovered, physically or emotionally, from the blow. Carnegie died from pneumonia five years later, on August 11, 1919, at the age of 83.

In addition to "Wealth," Carnegie wrote numerous articles on business and public affairs. His best-known books include *Democracy Triumphant* (1886), *The Empire of Business* (1902), and his *Autobiography* (1920), published posthumously.

McGuire, William, and Leslie Wheeler. "Andrew Carnegie." *American History*. ABC-CLIO, 2012. Web. 28 Sept. 2012.

John D. Rockefeller

As the moving force behind the Standard Oil Company, John D. Rockefeller helped create the American petroleum industry. Reform journalist Ida Tarbell pilloried him; others called him, as many still do, the greatest business leader in American history. Early in his career, he said prophetically to a banker, "Some day I'll be the richest man in the world." He also pioneered in large-scale, systematic philanthropy, giving away millions of dollars for the advancement of education, medicine, and science.

Born on July 8, 1839 in Richford, New York, John grew up under the influence of his strict Baptist mother, Eliza Davison Rockefeller, and his shrewd businessman father, William Avery Rockefeller. He attended school in Monrovia, New York, where his father owned a farm. In 1850, he moved with his family to Oswego, New York and three years later, to Cleveland, Ohio. After graduating from Cleveland High School, he had hopes of going to college, but his father insisted that he embark on a career in business, and the serious, reserved young man took courses for three months at a commercial school.

Securing employment as a clerk, Rockefeller joined a commission merchant firm, where he received important training and made contacts with Cleveland businessmen. In 1859, he formed a partnership with Maurice B. Clark, and with $4,000 in capital, the two entrepreneurs traded in grain, hay, and meats. During the Civil War, Clark & Rockefeller made a considerable sum provisioning the Union Army; in fact, the early 1860s brought Rockefeller the capital he needed to expand into other businesses. He did not serve in the war, opting instead to pay $300 to hire a substitute, which the government allowed and many wealthy young men did.

While the war raged, Rockefeller surveyed the developing oil frenzy in northwestern Pennsylvania. The first oil well had been drilled in 1859 in Titusville, Pennsylvania, and new opportunities appeared with the rapid growth of petroleum refining and with the building of a railroad between Cleveland and the oil fields. As the oil arrived in Cleveland, refineries sprang up to process it, and Rockefeller decided this would be the endeavor to earn him fame and fortune. After all, it cost little to enter the new technology—a person could build a small refinery for as little as $1,000. In 1863, he and several partners constructed the Excelsior refinery near the Cuyahoga River. The following year, in September 1864, he married Laura Celestia Spelman, daughter of a Cleveland businessman. The couple subsequently had four children.

Putting his future prospects in oil, Rockefeller quit the merchant business and in February 1865, bought out all his partners except Samuel Andrews, a move he later referred to as having "determined my career." Before the end of the year, the firm of Rockefeller & Andrews was operating the largest of Cleveland's 30 refineries. He then brought his brother, William Rockefeller, into the business and built a second refinery.

A postwar drop in the oil market in 1867 wiped out several refineries, but Rockefeller's remained strong, a credit to his efficiency and commitment. He always saw himself as engaged in a high calling; the oil deposits, he said, "were the gifts of the great Creator, the bountiful gifts of the great Creator." That year, Rockefeller took in another talented businessman, Henry Flagler, as a partner. Flagler entered the partnership with capital, an ability to negotiate lower shipping rates with the railroads, and an austere, puritanical attitude that complemented Rockefeller's. The firm became known as Rockefeller, Andrews, & Flagler. Despite chaotic conditions in an oil industry that was subject to sharp price fluctuations and unrestrained competition, Rockefeller and his associates prospered.

To provide a more flexible organization, in 1870, the partners founded the Standard Oil Company of Ohio. Throughout the 1870s, the Standard Oil Company continued to grow and expand. It did so by keeping production costs down, obtaining favorable rates from the railroads in the form of rebates, engaging in occasional price slashing, and buying out competitors. By the mid-1870s, the company had either absorbed or forced out of business the majority of its rivals. Under Rockefeller's skilled leadership, the company also pioneered in vertical integration within the oil industry, acquiring or building its own pipelines, controlling local distributors, and using its own tank cars. Thus, by 1880, Standard Oil had managed to secure a virtual monopoly over oil refining and transportation and had become one of the largest corporations in the United States.

Although Rockefeller's ruthless and cutthroat business practices brought him tremendous wealth, his reputation with the public became severely damaged. With the public resoundingly convinced that everything Rockefeller did was motivated by greed, all of his ventures became tainted by public mistrust. In addition to becoming one of the wealthiest men in America, he entered the export market as well, shipping oil and kerosene to Asia, Africa, and South America. Throughout his career and amidst widespread public disapproval, Rockefeller insisted his drive was to bring order to the chaotic oil industry, known for its boom and bust cycles. He intended to provide the nation with a reliable energy source, and although he made money, accrued power, and crushed competitors, he allegedly saw these as secondary to his greater service.

In 1882, a Rockefeller attorney devised a new organization for the company called the trust, which placed Standard Oil stock, and that of its subsidiaries, in the hands of nine trustees. Since the trustees rather than the company held the stock, this allowed Standard Oil to circumvent laws that curtailed its right to own property outside Ohio. Within a short time, "trust" came to mean any big business combination—a recognition of the drive toward mammoth corporations accelerated by Rockefeller.

Newspapers, politicians, and the public increasingly attacked trusts, especially Standard Oil. Many suspected that Rockefeller and his associates had used illegal tactics and immoral business practices. Although Rockefeller paid fair market value for many companies he acquired, he drove others into submission through cutthroat attacks, such as selling oil at a loss and then, after the competitor collapsed, driving up prices. He was also directly involved in bribing politicians—one observer commented that Standard Oil had done everything with the Pennsylvania legislature except refine it.

Antitrust legislation by Congress and a decision by the Ohio Supreme Court forced Rockefeller to disband his trust in 1892. He maintained centralized control, however, by simply transferring properties to subsidiary companies in several different states. In 1899, he placed Standard Oil in a New Jersey holding company, with himself as president and Flagler as vice president, in an effort to subvert new federal laws against trusts.

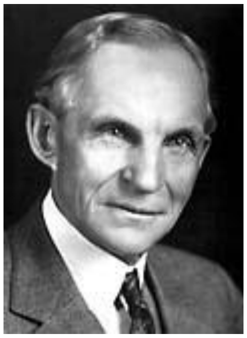
While the public criticized and even condemned Rockefeller, he quietly gave much of his money away to charities and educational institutions, often under the guidance of the Baptist church in which he had long been a lay leader. He gave money to Spelman College in Georgia to educate African-American women and founded the University of Chicago (ultimately giving it $80 million). He spent a good deal of his time establishing philanthropic institutions, most prominently the Rockefeller Institute for Medical Research, founded in 1901, and the Rockefeller Foundation, chartered in 1913 "to promote the well-being of mankind and the world." The latter helped eliminate yellow fever, gave money to hospitals overseas, and provided relief after World War I.

Rockefeller's wealth peaked at about $900 million—a considerable sum at the turn of the century, more than the entire federal budget. As more than 2% of the gross national product, his fortune qualifies him as the wealthiest man in America's history. He gave away more than $500 million.

Rockefeller had little to do with the corporation by the time Standard Oil suffered the widely read attacks from Tarbell in her *History of the Standard Oil Company* in 1904, and the U.S. Supreme Court ordered the breakup of Standard Oil in 1911 as a company in restraint of trade. Rockefeller died on May 23, 1937, an enigmatic business leader who denied a desire for great wealth, but obtained it; who praised competition, but crushed it; who shunned the public that scorned him, but contributed lavishly to help it.

McGuire, William, and Leslie Wheeler. "John D. Rockefeller." *American History*. ABC-CLIO, 2012. Web. 28 Sept. 2012.

Henry Ford



Henry Ford revolutionized the automobile industry, life in the United States, and possibly Western culture with the Model T. His assembly-line production method enabled cars to be made in quantity at a cost that brought them within reach of the average person. His career was stained, however, by his bigotry and antilabor bias.

Ford was born on July 30, 1863 on a farm in Greenfield Township, Michigan, now in the city of Dearborn, adjoining Detroit. He was one of eight children of William Ford, of Protestant Irish ancestry, and Mary Litogot, of a Dutch or Flemish family, who died in childbirth when Ford was 12. Ford went to country schools and early on showed a remarkable mechanical aptitude. At age 15, he was an expert watchmaker. The next year, he left school and worked days as an apprentice in a Detroit machine shop and nights repairing watches to make ends meet. He went on to other mechanical work, becoming familiar with steam engines and early power plants. Young Ford helped occasionally on his father's farm but was determined to leave farming and work with machines.

In 1896, drawing on inventions by automotive engineers in Europe and America, Ford constructed his first "horseless carriage," powered by a gasoline motor, in his own workshop. Meanwhile, a job as an engineer for the Edison Illuminating Company supported him as he continued experimenting. In 1899, Ford left the Edison Company and became chief engineer of the Detroit Automobile Company, backed by a group of businessmen. The company did not survive; when another, organized in 1901 as the Henry Ford Company, met with dissension, Ford left and the firm became the Cadillac Motor Car Company. His chief interest at the time was in producing a fast racing car; he was determined, however, to make a car that could be sold at a low price.

The Ford Motor Company was founded in 1903 to produce a car that would compete with the Oldsmobile. Ford was vice president in charge of design and production. As the company prospered, Ford bought out most of the other shareholders, and by 1906, he was president and the major shareholder. Two years later, when the company was capitalized at $2 million, Ford introduced his Model T, which was light, durable, cheap, and efficient to run; it sold for $800 to $1,000. By 1916, when 730,000 cars were being turned out, assembly-line production had brought the price down to as low as $345. During the first years, the Model Ts came in a variety of colors, but after 1914, all were black. The ideal car for rough country roads, farms, and small towns, the Model T took the automobile out of the luxury class and made it an affordable necessity for the ordinary family. It also speeded up the urbanization of the United States and stimulated a transportation revolution the world over.

The assembly-line method meant tedious monotony for the worker, who typically repeated a certain movement many times as the belt went past. Labor discontent and turnover were an inevitable consequence. The year 1914 saw Ford's introduction of a remedy: a minimum wage of $5 for the eight-hour shift, contrasted with an average daily wage of around $2 at other Detroit auto factories. This seemingly revolutionary policy made Ford world famous as a humanitarian, though less attention was paid to the reality that numerous Ford workers did not qualify for the $5 rate. Ford candidly said that he wanted his employees to be able to afford the price of a Model T.

With the outbreak of World War I, Ford displayed another aspect of his humanitarianism—his conviction that the war was started by a ring of international financiers. In 1915, he sponsored a "peace ship" that carried him and pacifist delegates to Europe. The American public, increasingly pro-Allied, was hostile to Ford's expedition, and nothing came of it. When the United States entered the war in 1917, Ford's factories filled numerous government contracts for trucks, tanks, airplane motors, submarine chasers, and armaments, and he declared he would operate without profit. In fact, no profits were turned over to the government.

Though nominally a rather unpolitical Republican, Ford (after the fiasco of the peace ship) had supported President Woodrow Wilson's reelection in 1916 and his internationalist policies. Wilson persuaded him to run for the U.S. Senate on the Democratic ticket. He lost by a thin margin and blamed it on the international financiers and the Jews. When the *Chicago Tribune* called him an "ignorant idealist," he sued the newspaper. At the trial, cross-examination exposed his ignorance of general knowledge. The jury found the newspaper guilty of libel and awarded Ford damages of six cents. Embittered, Ford became more and more preoccupied with anti-Semitism and printed attacks on Jews in the newspaper *Dearborn Independent*, which he had acquired as a propaganda medium. Later, he apologized publicly for his tirades against the Jewish people.

By 1920, Ford (with his wife Clara and his son Edsel, who had become president) was the sole owner of one of the world's largest manufacturing enterprises, by then worth $100 million. Two years later, he began making a luxury car, the Lincoln. In 1927, the outmoded Model T was discontinued (after 15 million had been made) in favor of the Model A, designed to compete with General Motors' Chevrolet and the Chrysler Corporation's Plymouth. Not a success, the Model A was replaced in 1932 by the V-8. By 1936, the Ford company had sunk to third place in the car industry.

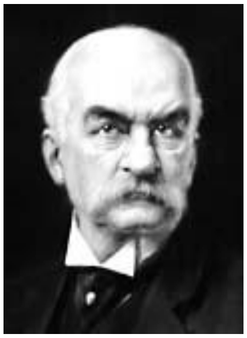
Ford controlled his company despotically, discouraged the introduction of modern ways of management, and fiercely resisted unionization. In 1934, he refused to sign the New Deal's industry-wide code. After General Motors and Chrysler recognized the United Automobile Workers of America (UAW) in 1937, Ford held out and allowed his security boss to use intimidation, brutality, and terror against union organizers until 1941, when he accepted the UAW contract. Split by factions and losses, the company had seriously declined.

When World War II broke out in Europe in 1939, Ford supported the isolationist stand of the America First Committee through his friend Charles Lindbergh. He had been accused of Nazi sympathies after he accepted a decoration from Adolf Hitler's government in 1938. The company, however, became heavily involved in American defense production by 1941, notably at its huge Willow Run plant, where thousands of B-24 Liberator bombers were built.

In his retirement, Ford gave his attention to the historical restorations, reproductions, and museums that he had endowed, including Greenfield Village in Dearborn, Michigan, a shrine to his close friend Edison. After his death on April 7, 1947, his grandson Henry Ford II took over the company and began to rebuild it. The preponderant share of the stock passed to a small family trust, which became the richest private foundation in the world—the Ford Foundation.

"Henry Ford." *American History*. ABC-CLIO, 2012. Web. 28 Sept. 2012.

J.P. Morgan



J.P. Morgan was one of the richest men in America and was a dominant figure in the U.S. economy during the late 19th and early 20th centuries. Although many criticized his shrewd business practices and envied his outrageous success, he twice saved the U.S. economy from collapse, preventing a financial disaster for American businesses. He was also, however, a symbol of the growing power of finance and industry and served as an impetus for federal antitrust legislation.

Born on April 17, 1837 in Hartford, Connecticut, John Pierpont Morgan was the eldest son of a prominent and wealthy family. His father, Junius Spencer Morgan, was a successful banker with significant European connections and a solid banking house in the United States. His mother, Juliet Pierpont Morgan, was the daughter of Reverend John Pierpont, a dynamic and charismatic minister, reformer, and poet. Morgan spent his childhood in Hartford and then Boston. Upon his graduation from English High, a well-known private school in Boston, he departed for Europe. His father had recently entered into a partnership with prominent London banker George Peabody that brought the family to Europe for an extended period. Morgan studied mathematics at the University of Göttingen in Germany, earning his degree in 1857.

The following year, Morgan embarked upon a career in banking, joining his father's firm. His first assignment took him to New York to work in the American branch of the family's banking house. He remained with his father's firm in varying capacities until 1871, when he became a partner in his own firm, Drexel, Morgan and Co., which had offices on the corner of Wall and Broad streets in New York City, at the heart of America's financial district. In 1861, in Paris, Morgan married Amelia Sturges from New York City. She died the following year, and in 1865, he married Frances Louise Tracy, also from New York City. The couple had four children, one son and three daughters.

Morgan's firm enjoyed enormous success, particularly after he merged his business with his father's banking house after the latter's death in 1890. The new firm—J.P. Morgan and Company—was one of the largest and most stable banking houses in the world and had significant holdings in both the United States and Europe. Although Morgan dealt in a wide range of businesses, his success and prestige were founded on three areas of financial dealings.

First, he reorganized American railroads, becoming the greatest railroad magnate of his day. The massive and unregulated growth of railroads in the mid-19th century resulted in a tangled web of railroad ownership and cutthroat competition among railroad companies. In an effort to drive competitors out of business, companies engaged in rate wars that ultimately produced variable levels of service and prices. Morgan resolved to stabilize this wildly fluctuating business and prove to the world that American railroads were a sound investment, capable of producing predictable dividends for their investors. To that end, he hoped to eliminate rampant competition and show railroad companies that cooperation could prove more profitable than competition. He consolidated two-thirds of the country's railroad lines into seven firms: Vanderbilt, Pennsylvania, Morgan, Gould, Rock Island, Hill, and Harriman lines. In addition to making the owners of these lines incredibly wealthy, Morgan also introduced more reliable service for passengers and shippers and stable dividends for investors. This organization was a first step toward regulation of the railroads and orderly interstate commerce.

Second, Morgan funded mergers between several prominent American companies, creating large American corporations, including General Electric Company, American Telephone & Telegraph Company (AT&T), and the United States Steel Corporation (which was the single largest corporation in the world in 1901). This move toward consolidation granted Morgan control of huge sectors of the American economy. Through U.S. Steel alone, Morgan controlled 60% of steel production in the United States. Morgan's growing success and power frightened many people and prompted the U.S. government to take a more active part in regulating the economy. Reformers clamored against the giant monopolies Morgan and others (Cornelius Vanderbilt, John D. Rockefeller, Andrew Carnegie) had built in the late 19th century and advocated for the passage of federal antitrust legislation to curb their power. Morgan himself did not categorically object to federal regulation. An essentially conservative man, he sought to bring order and stability to the U.S. economy. His position was basically that if the federal government would not regulate business, he would.

In an effort to support the economy in times of distress, Morgan embarked on his third substantial area of business: public finance. Although the United States experienced unprecedented economic growth throughout the 19th century, several depressions or panics threatened the country's financial prosperity. Morgan's dealings had actually contributed to the financial depression that began in 1873. By the 1890s, however, when economic depression again gripped the country, Morgan used his wealth to support the country's weakened financial frame, although he turned a significant profit on the effort at the same time. In 1895, gold reserves in the U.S. Treasury dropped to an alarmingly low level. Morgan stepped in and organized a $65 million loan among financiers for the U.S. government that kept the treasury afloat, but also secured a tremendous profit for the investors. Again, in 1907, when the economy teetered on the brink of collapse, Morgan organized several prominent New Yorkers to stabilize the country's banking system, successfully averting financial disaster. After public confidence in the economy had been restored, Morgan worked with the secretary of the treasury to develop the foundations of the Federal Reserve System, which was implemented in 1913.

In addition to the world of finance, Morgan also loved the world of art. In the early 1890s, he began collecting art and eventually accumulated the largest private art collection in the world. Most of these treasures were ultimately deposited in the Metropolitan Museum of Art in New York City. He also served for years as the president of the museum. His literary collection, comprising more than 25,000 books and manuscripts, was established in the J.P. Morgan Library, housed in a building adjoining his New York City residence. Although he did not establish prominent charitable trusts as Rockefeller and Carnegie did, he was a great benefactor throughout his life, contributing to causes that interested him, including the Young Men's Christian Association and dozens of schools, hospitals, and churches. He was also a devoted member of St. George's Episcopal Church in New York City and served as a warden and trustee for the church for many years.

Morgan died in Rome on March 31, 1913 and was buried in Hartford, Connecticut. At the time of his death, his estate was valued at more than $68 million.

"J.P. Morgan." *American History*. ABC-CLIO, 2012. Web. 28 Sept. 2012.