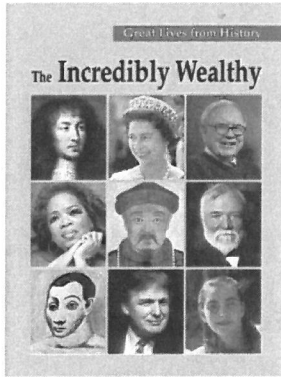


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# Great Lives from History: The Incredibly Wealthy

## Andrew Carnegie

by Julia M. Meyers

**AMERICAN INDUSTRIALIST, INVESTOR, AND PHILANTHROPIST**

*Carnegie rose from obscurity as a penniless immigrant to become an extraordinarily wealthy industrialist. He created a new form of social philanthropy that sought to improve people's lives through the establishment of museums, libraries, and concert halls.*

**SOURCES OF WEALTH:** Steel; investments

**BEQUEATHAL OF WEALTH:** Charity; educational institution

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#### THE CARNEGIE FOUNDATION

*An individual's decision to pursue a career in public education was one of the noblest pursuits Andrew Carnegie could envision. However, he recognized that teaching was a profession that lacked the respect it deserved and, for this reason, tended to pay poorly. Consequently, he believed that few people other than*

### Early Life

Andrew Carnegie (AN-drew kahr-NAY-gee) was born in Dunfermline, Scotland, the son of William Carnegie and Margaret Morrison. When hard times fell upon Scotland in the mid-1800's, William, a weaver, decided that America offered a better life. Borrowing money, the family immigrated to Allegheny, Pennsylvania, in 1848, where, at the age of thirteen, Andrew started work as a bobbin boy in a cotton mill. The work was hard and not well paid, so in 1850, when Carnegie's uncle suggested he apply for work at the Ohio Telegraph Company, the young man found a position as a telegraph messenger boy. This job provided Carnegie with free admission to plays and productions at a local theater, sparking his lifelong love of William Shakespeare. A local businessman, Colonel James Anderson, allowed Carnegie to borrow books freely from Anderson's four-hundred-volume library, a practice that convinced Carnegie of the value of lending libraries.

Carnegie continued to seek better employment, and his hard work and careful observation of the Ohio Telegraph Company's equipment enabled him to become a telegraph operator for the Pennsylvania Railroad. His boss at the railroad, Thomas A. Scott, took an interest in Carnegie, and the young man's subsequent rise in the company was swift, culminating in a position as superintendent of the railroad's

*idealists and incompetents chose to teach in public schools, preferring the stable pay provided by private schools and universities, In 1905, Carnegie decided to rectify this problem by creating a foundation with the specific goal of improving, enriching, and dignifying the teaching profession. He lobbied for an act of Congress to enhance his foundation's influence, a goal that eventually was met.*

The foundation continues to operate in the twenty-first century. It employs teachers, administrators, and researchers who devise the best means of applying universal educational standards in curricula of

division in Pittsburgh, Pennsylvania.

## **First Ventures**

However, having a better-paying job did not satisfy Carnegie's desire for success. In 1855, guided by advice from Scott, Carnegie invested \$500 in Adams Express. Carnegie later invested in the Pullman sleeping car division of the Pennsylvania Railroad Company. George Mortimer Pullman's invention of the sleeping car allowed businessmen to travel long distances in comfort, and one of Carnegie's earliest successes was his partnership with Pullman. Since Carnegie worked for the Pennsylvania Railroad's western division, he was positioned to benefit financially from improvements to Pullman's service. With America growing exponentially, railroad-related industries seemed to be a wise investment. The railroad became an even more vital service during the Civil War, when trains transported Union army munitions and troops.

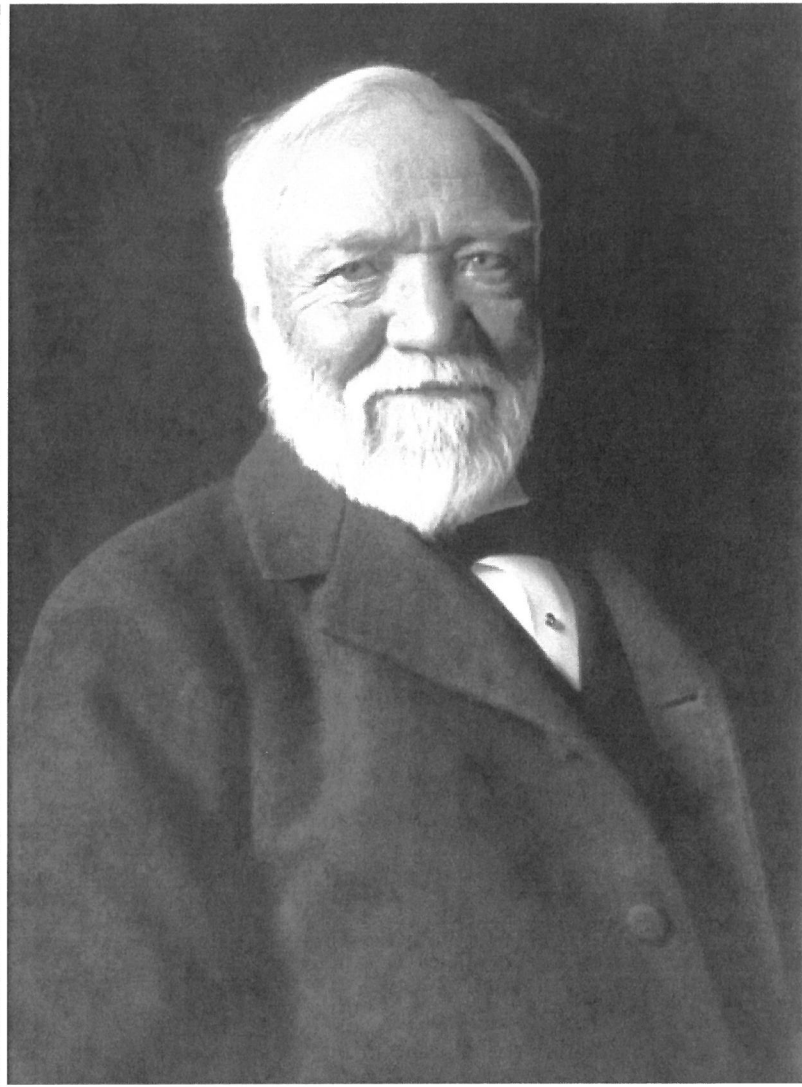
Accumulating capital, Carnegie also invested money in ironworks and bridge-building companies, and his sound business sense enabled him to make money from these and other investments. For example, when he invested \$40,000 in Storey Farm in Venango County, Pennsylvania, he garnered a profit of more than 100 percent; the oil wells and cash dividends from the property generated more than \$1 million.

## **Mature Wealth**

Carnegie left the railroad company in 1865 to concentrate on other business enterprises.

Andrew Carnegie.  
(Library of Congress)

students and prospective teachers. Throughout its history, the foundation has made several notable achievements in the field of education. Perhaps its most important accomplishment was the establishment of Pell grants, which assist low- and middle-income students in financing their higher educations. The foundation created the Graduate Record Exam (GRE), a test that seeks to provide a standardized benchmark for the acceptance of college students into graduate programs of study. In 1910, the foundation published *The Flexner Report*, which advocated improved standards for



Because Pittsburgh was a mercantile and industrial center of the North during the Civil War, Carnegie sought to create a highly integrated, centralized plant for the manufacture of steel goods there. In 1875, he opened his first steel plant, the Edgar Thomson Steel Works, in Braddock, Pennsylvania. He carefully planned the 1883 purchase of the rival Homestead Steel Works, a company that included iron and coal fields in its list of assets. He maneuvered his company, renamed Carnegie Steel in 1892, into a position to become the largest producer not only of steel rails but also of pig iron and coke.

Carnegie created the Union Ironworks and the Keystone Bridge Works in Pittsburgh with the stated intent of replacing the city's wooden bridges with steel replacements. He helped build and owned stock in the Eads Bridge, a landmark steel structure crossing the Mississippi River in St. Louis, Missouri. The Eads project exemplified the new applications for which steel could be used. Carnegie solidified his growing fortune by employing the novel concept of buying into different industries related to

American medical schools.

In the beginning of the twenty-first century, the foundation explored new uses for existing technology and the application of new technology in the classroom. By working with other organizations, like the Bill and Melinda Gates Foundation, a “wired” classroom using digital technology has ceased to be a dream for public schools and is being studied for broad implementation. The foundation has also increased its focus on improving basic skills classes for adult learners by providing additional funding for community colleges.

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Peter Cooper

the same product. He was interested not just in steel but also in the subsidiary processes of coke and pig iron manufacturing, coal mining, and oil refining. This vertical integration of services proved to be lucrative for Carnegie and his colleagues, even though working conditions for Carnegie’s employees continued to be harsh and punitive. Carnegie’s partner, Henry Clay Frick, had to quell a riot after a strike by workers at the Homestead steel mill escalated into a full-scale melee, resulting in the deaths not only of rioters but also of security workers.

By 1901, Carnegie was ready to change the focus of his life from the accumulation of wealth to its charitable distribution. J. P. Morgan, a prominent banker, assisted Carnegie in the preparations for what would become one of the largest buyouts in American history. Carnegie had spent years acquiring companies whose products were integral parts of the steel industry, so Morgan bought out not only Carnegie’s businesses but also several other steel-related companies. By March 2, 1901, Morgan had conceptualized the founding of the United States Steel Corporation (better known as U.S. Steel), which was capitalized at \$1.4 billion. Carnegie personally gained \$225,639,000, which was paid to him in fifty-year gold bonds.

Carnegie had been involved in charitable projects for some time prior to the buyout. Two of the pleasures of his early life, books and theater, were areas in which he felt he could make a difference in the lives of working people. To this end, he had established lending libraries, funding more than three thousand of them by the end of his life.

Besides libraries, Carnegie believed that the proper funding of educational institutions, such as colleges, trade schools, and universities, was essential for the improvement of the public. In 1899, he donated £50,000 to establish the University of Birmingham in England. In 1901, he gave \$2 million to the city of Pittsburgh to construct the Carnegie Institute of Technology (now part of Carnegie Mellon University) and donated \$10 million through the Carnegie Trust for the Universities of Scotland to build institutes of higher learning in his native country.

Perhaps to counter a lifetime of resentment he faced from those who labored in his mills, Carnegie arranged for some of his fortune to be placed in pension funds, which former employees of the Homestead Steel Works could receive after retirement. Always a stalwart defender of the importance of education, Carnegie developed a pension fund for American college professors as an additional incentive for those who desired not only to pursue higher education but also to educate others.

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Henry Clay Frick  
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Bill Gates  
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Alfred Krupp  
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Bertha Krupp  
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Andrew Mellon  
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J. P. Morgan  
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Henry Phipps  
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George Mortimer  
Pullman  
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Charles M.  
Schwab  
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358369001358)

Joséphine de  
Wendel  
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This retirement fund, later known as TIAA-CREF, continued to provide sizable benefits for its investors into the twenty-first century. Although Carnegie stipulated that religious schools had to become secular in order to receive his funding, his love of great music, both sacred and secular, led him to finance the building of seven thousand church organs. He participated in other artistic endeavors, including the building of New York City's Carnegie Hall and the Carnegie Museum of Art in Oakland, a suburb of Pittsburgh.

When Carnegie died on August 11, 1919, his solemn promise to disburse the bulk of his estate benefited many charities and made the once-despised tycoon a figure of philanthropy and conscience.

## Legacy

Carnegie was one of the greatest, and richest, captains of industry in nineteenth century America. He played a key role in developing American steel manufacturing, creating what would become a major national industry for many years to come. His business acumen and shrewd investments enabled him to rise from a poor immigrant to a powerful tycoon, typifying the success of other businessmen during America's Gilded Age.

He also set a new standard for charitable donations and public service. A desire to improve people's lives was a keynote of much of Carnegie's philanthropy. He built Carnegie Hall, for example, in order to stage productions that would lift the spirits of New Yorkers, just as Carnegie himself was heartened by the many plays he watched while working for the Ohio Telegraph Company. His early love of reading similarly led him to finance a network of public libraries. He performed an equally needed public service in 1884 by donating \$50,000 to Bellevue Medical College in order to establish a new histological laboratory for the study of disease.

Carnegie had a particularly broad view of improving social welfare and was not shy about preaching his ideology to others. When he published his article "The Gospel of Wealth" in the June, 1889, issue of *North American Review*, he intended the article to be a guide for living a full life. He argued that too many wealthy individuals in history had sought fortune only to better their own lives. Instead, he declared, socially responsible individuals should spend only the first half of their lives in the pursuit of riches; the second half should be spent donating their wealth to worthy charities and institutions.

## Further Reading

- 1 Baker, James T. *Andrew Carnegie: Robber Baron as American Hero*. Belmont, Calif.: Wadsworth/Thomson, 2003. Various views on Carnegie's rise from poverty to riches and his many charitable endowments.
- 2 Carnegie, Andrew. *Autobiography of Andrew Carnegie*. New York: Houghton Mifflin, 1920. Also available in digital format by Tutis Digital Publishing (2009). From his birth as a poor boy in Scotland until his later years, entrepreneur and philanthropist Carnegie explains the forces that shaped him and his view of the obligations of the rich toward the country that sheltered him.
- 3 Morris, Charles R. *The Tycoons: How Andrew Carnegie, John D. Rockefeller, Jay Gould, and J. P. Morgan Invented the American Supereconomy*. New York: Times Books, 2005. During a time of rampant growth and economic change, these four men reinvented what it meant to be an American businessman. Their business acumen and their competitiveness during the nineteenth century fostered the growth of consumerism and production that promoted the modern "middle-class" consumer.
- 4 Nasaw, David. *Andrew Carnegie*. New York: Penguin, 2006. A very complete biography of Carnegie.
- 5 Standiford, Les. *Meet You in Hell: Andrew Carnegie, Henry Clay Frick, and the Bitter Partnership That Transformed America*. New York: Crown, 2005. The title of this work is based on a true occurrence. At the end of his life, Carnegie asked to meet once again with his former friend, but now bitter enemy, Henry Clay Frick. Frick is said to have curtly informed Carnegie that he would meet him in Hell. This exchange exemplifies the best and the worst of these men and the Gilded Age in which they lived. Both men started out poor and rose to dominate the world of big industry, particularly the steel industry in Western Pennsylvania.

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