

The Gospel of Wealth: Andrew Carnegie, Philanthropy, and Identity

- **Compelling Question**
 - How does Andrew Carnegie's example help us to better understand our own identities?
- **Virtue:** Identity
- **Definition** – Identity answers the question, “Who am I?”
- **Lesson Overview**
 - In this lesson, students will evaluate George Washington's actions to understand his approach to the principle of identity.
- **Objectives**
 - Students will analyze the life and work of Andrew Carnegie.
 - Students will understand how Andrew Carnegie developed his own identity.
 - Students will learn how they can better develop their identity.
- **Background**
 - The American economy grew rapidly during the eighteenth century. The early industrialization of the first half of the century led to the development of the first factories which were devoted primarily to textiles and the first railroads. Power was created by water and steam. During the second half of the eighteenth century, the second industrial revolution took place. This revolution was powered by coal and oil. One new product that began to be mass produced was steel. It was steel that built thousands of miles of railroad track, bridges, and skyscrapers. With this economic expansion also came increasing size, scope, and complexity of modern businesses. This led to the creation the modern corporation and new forms of management needed to organize operations and strategy on this new and massive scale.

Industrialists and bankers such as Andrew Carnegie, John D. Rockefeller, J.P. Morgan, and others built massive companies and contributed to the rapid growth of the American economy. They amassed great fortunes which they used to build large mansions and collect world-famous art collections. However, they also strongly believed that they had a responsibility to cultivate civil society and promote the betterment of their fellow humans. They collectively donated billions of dollars of wealth to enduring institutions, foundations, music halls, museums, libraries, universities, and churches. Historically, they are known as great men, not only for their role in building the modern American economy but also for their charity.

- **Vocabulary**
 - Industrialization
 - Corporation
 - Industrialist
 - Carnegie Steel
 - “born with a silver spoon”
 - Efficiencies
 - Tangible
 - Inordinate
 - Endow
 - Philanthropist
- **Introduce Text**
 - Have students read the background and narrative, keeping the “Walk-In-The-Shoes” question in mind as they read. Then have them answer the remaining questions below.
- **Walk-In-The-Shoes Questions**
 - As you read, imagine you are the protagonist.
 - What challenges are you facing?
 - What fears or concerns might you have?
 - What may prevent you from acting in the way you ought?

- **Observation Questions**
 - Who was Andrew Carnegie?
 - Why is Andrew Carnegie known as an industrialist and a philanthropist?
 - How does Andrew Carnegie's work as an industrialist shape his identity? How does being a philanthropist shape his identity?
- **Discussion Questions**
 - Discuss the following questions with your students.
 - What is the historical context of the narrative?
 - What historical circumstances presented a challenge to the protagonist?
 - How and why did the individual exhibit a moral and/or civic virtue in facing and overcoming the challenge?
 - How did the exercise of the virtue benefit civil society?
 - How might exercise of the virtue benefit the protagonist?
 - What might the exercise of the virtue cost the protagonist?
 - Would you react the same under similar circumstances? Why or why not?
 - How can you act similarly in your own life? What obstacles must you overcome in order to do so?
- **Additional Resources**
 - Brands, H.W. *Masters of Enterprise: Giants of American Business from John Jacob Astor and J.P. Morgan to Bill Gates and Oprah Winfrey*. New York: Free Press, 1999.
 - Livesay, Harold C. *American Made: Men Who Shaped the American Economy*. Boston: Little, Brown, 1979.
 - Livesay, Harold C. *Andrew Carnegie and the Rise of Big Business*. Boston: Little, Brown, 1975.
 - Wall, Joseph Frazier. *Andrew Carnegie*. Pittsburgh: University of Pittsburgh Press, 1970.

Handout A: The Gospel of Wealth: Andrew Carnegie, Philanthropy, and Identity

Background

The American economy grew rapidly during the eighteenth century. The early industrialization of the first half of the century led to the development of the first factories which were devoted primarily to textiles and the first railroads. Power was created by water and steam. During the second half of the eighteenth century, the second industrial revolution took place. This revolution was powered by coal and oil. One new product that began to be massed produced was steel. It was steel that built thousands of miles of railroad track, bridges, and skyscrapers. With this economic expansion also came increasing size, scope, and complexity of modern businesses. This led to the creation the modern corporation and new forms of management needed to organize operations and strategy on this new and massive scale.

Industrialists and bankers such as Andrew Carnegie, John D. Rockefeller, J.P. Morgan, and others built massive companies and contributed to the rapid growth of the American economy. They amassed great fortunes which they used to build large mansions and collect world-famous art collections. However, they also strongly believed that they had a responsibility to cultivate civil society and promote the betterment of their fellow humans. They collectively donated billions of dollars of wealth to enduring institutions, foundations, music halls, museums, libraries, universities, and churches. Historically, they are known as great men, not only for their role in building the modern American economy but also for their charity.

Narrative

In early January, 1900, Wall Street bankers J.P. Morgan and industrialist Charles Schwab, met all night in the mahogany-lined library in Morgan's magnificent home on Madison Avenue by a fireplace that kept out the winter cold. When the light of dawn poured through the window at the end of their lengthy business meeting, Morgan had asked, "Would Carnegie sell?" Schwab could not definitely answer the question but went to sound out Carnegie's wife, Louise. She hoped that her sixty-five-year-old husband would retire from the cares of business and suggested that Schwab play golf with Carnegie (and let him win) at the St. Andrews Golf Club in Westchester County to bring up the topic. After they played the following day, they sat down to have lunch in Carnegie's small stone cottage on the course when Schwab made his inquiry. Carnegie silently listened to the offer and asked for Schwab to call on him the following morning so that he might consider it. When Schwab arrived, Carnegie grabbed a piece of paper off a desk and scribbled out some figures as a price for his company, Carnegie Steel. Schwab carried the paper to Morgan on Wall Street who considered it for a moment and replied simply, "I accept this price."

Morgan had just bought Carnegie Steel for \$480 million. Carnegie later quipped to Morgan, "I made one mistake, Pierpont, when I sold out to you." Morgan asked what the mistake was. "I should have asked you for a hundred million more than I did." Morgan answered, "You would have got it if you had." But, Carnegie was joking and was satisfied with a net worth of half a billion dollars.

Carnegie had become, as Morgan said, "the richest man in the world." But, Carnegie had not been born wealthy with a silver spoon in his mouth. He immigrated to the United States from Scotland with his family in 1848 as his father sought opportunity in America. The boy found work in a textile factory for \$1.20 a week. He later reflected that it was an excellent experience to earn a paycheck however small. "I have made millions since but none of these gave me so much happiness as my first week's earnings. I was now a helper of the family, a bread winner," he reflected with pride. From there, he secured a higher-paying job in a bobbin factory and enrolled in night school to improve his business knowledge.

Soon, Carnegie was hired at a telegraph office, where his hard work and skill were rewarded. He mastered the telegraph and won several promotions. He enjoyed his success. "I felt that my foot was on the ladder and that I was bound to climb." Tom Scott, superintendent of the western division of the Pennsylvania Railroad hired Carnegie as his personal secretary. For twelve years at the railroad, he learned about accounting, the new managerial skills of modern corporations, and how to run complex industrial operations. He also invested his money in the railroads and become relatively wealthy for a young man. When he received his first dividend checks, he thought, "Here's the goose that lays the golden eggs." In 1872, he entered the steel business and started

his own company. Through a relentless cost-cutting plan by introducing new technology, owning supplies of raw materials, and advanced accounting methods, he sold his steel for less money and used his efficiencies to undercut his competitors. By 1900, he owned the largest steel company in the United States and was a highly successful entrepreneur and industrialist.

Andrew Carnegie had identified himself as a one of the world's most successful businessmen for decades. He had helped build, not only a large manufacturing company but also the modern American economy. Now, he wanted to dedicate himself to putting his incredible wealth to selfless purposes. He believed strongly that owning great wealth carried a strong philanthropic responsibility to the community and civil society. His "Gospel of Wealth" demonstrated that he identified with an ethic of giving and selflessness for the benefit of the common good.

Carnegie had warned the public of greed and the love of money rather than building something tangible and doing benevolent work. "Man must have an idol – The amassing of wealth is one of the worst species of idolatry. No idol is 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." He had always been charitable with his money but he now dedicated himself to freely giving much of his wealth away for the improvement and uplift of civilization.

Carnegie had \$300 million of his wealth printed in bonds and placed in a vault to be given away. The causes he was particularly dedicated to were education, libraries, museums, medical research, and world peace. A short list of his philanthropic work included building more than 3,000 community and university libraries at a cost of \$60 million, donating more than 7,500 church organs costing \$6 million, creating Carnegie Mellon University, building Carnegie Hall in New York and museums in Pittsburgh and other large cities, donating money to his home town in Scotland, building the Peace Palace at the Hague in the Netherlands, and endowing the Carnegie Foundation with \$125 million for peace and education purposes with a perpetual income from investments. Carnegie delighted in his philanthropic work. He certainly lived well for the rest of his life, but he gave away an estimated \$350 million.

For Carnegie, although his exact role in life seemed to change over the course of his life, his success as an industrialist and a philanthropist were two sides of the same coin. As a major entrepreneur, he was a key figure in erecting the infrastructure of the American economy and providing the steel that built American industry and cities. The general prosperity of a growing economy, the decreasing cost of goods, and the opportunity for jobs for tens of thousands of people who came from American farms or migrated from Europe brought widespread benefits to society. As a philanthropist, he sought to improve the quality of life for millions of people in America and around the world. Andrew Carnegie was a person who dedicated himself to the betterment of society through his business acumen and the charitable use of his wealth.