

In the years after 1870, as industry grew rapidly in the United States, several business leaders came to control entire industries and became enormously wealthy. One of them, Andrew Carnegie, was a Scottish immigrant who settled in the city of Pittsburgh. He studied and worked hard and eventually gained control of many steel mills. Carnegie's steel mills were Pittsburgh's most important industry.

In the following selection from Carnegie's autobiography, he described what he thought were the main reasons for business success. He also told about an early business deal he took part in.

READING FOCUS

1. What were the main reasons for business success?
2. What were the characteristics of a good business leader?

The Keystone Bridge Works have always been a source of satisfaction for me. Almost every company that had tried to build iron bridges

Adapted from Autobiography by Andrew Carnegie.

A cartoonist's version of Andrew Carnegie



in America had failed. Many of the bridges that they built had fallen. Some of the worst railway disasters in America were caused that way. But nothing has ever happened to a Keystone bridge, and some of them have stood where the winds were strong.

Luck had nothing to do with it. We used only the best material and enough of it, making our own iron and later our own steel. We inspected everything very carefully, and would build a safe structure or none at all. When asked to build a bridge which we knew was not strong enough or was poorly designed, we refused. We guaranteed any piece of work that had the stamp of the Keystone Bridge Works (and there are few states in the Union where they are not to be found).

This policy is the true secret of success. It will be uphill work for a few years until your work is proven, but after that it is smooth sailing. Instead of objecting to inspectors, all manufacturing companies should welcome them. A high standard of excellence is easily maintained, and people are educated in the effort to reach excellence. I have never known a company that became successful unless it did good, honest work. Even in these days of the fiercest competition, when price is very important, at the root of great business success there still lies the much more important factor of quality. The effect of attention to quality upon everyone in the firm, from the president of the concern down to the lowest worker, cannot be overestimated.

The president of an important manufacturing work once boasted to me that their workers had chased away the first inspector who had appeared, and that they had never been troubled with another since. This was said as if it ought to be a matter of sincere congratulation, but I thought to myself: "This concern will never stand the strain of competition; it is sure to fail when hard times come." The result proved the correctness of my belief. The surest basis for a manufacturing concern is quality. After that, and a long way after, comes cost.

I have a great deal of personal attention for some years to the affairs of the Keystone Bridge Works, and when important contracts were involved often went myself to meet the parties. On one such occasion in 1868, I visited Dubuque, Iowa, with our engineer, Walter Katte. We were competing for the contract to build the most important railway bridge that

had been built up to that time, a bridge across the Mississippi.

That visit proved how success often depends upon small and unimportant things. We found we were not the lowest bidder. Our chief rival was a bridge-building company in Chicago to which the board of directors who were in charge of building the bridge had decided to give the contract. I stayed and talked with some of the directors. They knew nothing about the advantages and disadvantages of cast-iron and wrought-iron. We had always made the upper part of the bridge with wrought-iron, while our rivals' was made of cast-iron. I explained the result of a steamer striking against the one and against the other. In the case of wrought-iron, it would probably only bend. In the case of cast-iron, it would certainly break and down would come the bridge. One of the directors was able to back up my argument. The other night, he said, he had run his buggy in the dark into a cast-iron lamppost, which had broken to pieces.

"Ah, gentlemen," I said, "there is the point. A little more money and you could have had the indestructible wrought-iron and your bridge would stand against any steamboat. We never have built and we never will build a cheap bridge. Ours don't fall."

There was a pause. Then the president of the bridge company asked if I would excuse them for a few moments. I left the room. Soon they called me back and offered the contract, provided we built the bridge at the lower price, which was only a few thousand dollars less. I agreed to this. That cast-iron lamppost so conveniently smashed gave us one of our most profitable contracts. What is more, it obtained for us the reputation of having won the Du-buque bridge against all competitors.

The moral of that story lies on the surface. If you want a contract, be on the spot when it is given. A smashed lamppost or something equally unthought of may secure the prize if the bidder is there. And if possible stay until you can take the written contract home in your pocket.

READING REVIEW

1. According to Carnegie, what policy was "the true secret of success"?
2. Do you agree with Carnegie's assessment of what makes a business successful? Why or why not?

152 Rockefeller's Achievements

Probably no single business leader of the late 1800's received more praise or criticism than John D. Rockefeller. Born into a poor family, in time he came to control the nation's oil industry. In 1870 he organized the Standard Oil Company and located his oil refineries in Cleveland.

Like many other industrial leaders of the time, Rockefeller used unfair business methods. For example, at times he would cut prices until competing companies went bankrupt or sold out to him.

By 1882 the Standard Oil Trust had been formed. Just five years later, in 1887, Rockefeller controlled 95 percent of the oil refineries in the nation.

In this selection, historian Allan Nevins gave his analysis of Rockefeller and his methods. He described Rockefeller's innovations, or the changes he introduced to American industry.

READING FOCUS

1. What did Nevins say was the dominant ideal of pioneering America?
2. What did Nevins mean when he called Rockefeller a "great innovator"?

It is plain that the place Rockefeller holds in American industrial history is that of a great innovator. Early on, he saw the advantage of combination and order in an industry that was bloated, lawless, and chaotic. Following this vision, he formed a scheme of industrial organization which, magnificent in its harmony and strength, world-wide in its scope, possessed a striking novelty. He met great opposition. Producers, rival manufacturers, courts, legislatures, presidents, and public opinion fought him at every step. He and his partners marched from investigation to investigation, from lawsuit to lawsuit, under a growing load of criticism. But they moved forward. They believed that the opposition was mistaken and irrational. They felt that the full victory of competitive laissez-faire individualism would mean a step backward, confusion, and general loss.

Adapted from John D. Rockefeller, Vol. II, by Allan Nevins.



The Standard Oil Trust, likened to a thief

The dominant ideal of pioneering America was one of complete independence and self-sufficiency. Long after the new industrial era was far advanced, people held on to the old faith in a self-balancing system of private ownership, small-unit enterprise, and free competition. They believed that this system would give every person a reward roughly equal to his or her work, integrity, and ability. They were slow to see that the industrial system was not self-balancing, that it grew less so decade by decade. They were slow to see that people were less and less independent, more and more interdependent. They were reluctant to admit that free competition was steadily becoming more restricted, and that its character was changing. It was no longer a competition of small business and individual firms. It was becoming a competition organized by great corporations.

Rockefeller was a realist. Partly by intuition, partly by hard thought, he understood the real nature of economic forces and the real motives behind American industry. He and the other leaders of the "heroic age" in American business development were the guiding forces of our industrial society. Many of the forces and elements in that society were unreasonable and wasteful. Rockefeller wished to bring about a more reasonable and efficient pattern.

Behind this desire he placed a good mind, a skill in organization, and a dynamic personal force which were not surpassed, and possibly not equaled, by those of any other industrial captain in history.

Rockefeller's economic foresight, and the courage he showed in sticking to it, deserve praise. He knew that he was carrying through a great experiment, and he believed the experiment to be sound and wise. Any careful analysis of the work of the best leaders shows that money was not the central object, but a by-product. Greedy people exist, but they seldom obtain great fortunes, for greed tends to defeat itself in complex business operations. Those who built the really great economic structures were not thinking mainly of dollars, or they would have stopped after their first great business successes.

One great fact to be remembered when studying Rockefeller and other captains of industry is that American business has typically been a more optimistic, lighthearted undertaking than business in other lands. The best business people have been great adventurers. The giants of the "heroic age" of industry can be compared with the famous Elizabethan captains—with Drake, Hawkins, Cavendish, Frobisher, Cabot (some of whom were good business people, too). In business, Americans of the nineteenth century found the Great Game. They played it with enjoyment and enthusiasm, they enjoyed it even when it was dangerous, and they took its ups and downs calmly. Of all its leaders, none showed more boldness or swiftness than Rockefeller, and none more balance in accepting defeats and victories. Love of the game was one of the motives, particularly as his keen eye saw a pattern in the game that less intelligent people missed.

READING REVIEW

1. According to Nevins, what important characteristic of the new industrial era did many people fail to see?
2. What methods did Rockefeller use to obtain his goal?
3. (a) Why did Nevins compare industrial leaders with historical figures? (b) Do you agree or disagree with this comparison?

During the years of the late 1800's, some Americans became very wealthy by amassing fortunes in business and in the stock market. Newspapers and magazines told of the fabulous fortunes that were being made and how the rich lived. Many Americans soon began to envy the lives of the very wealthy. The great American dream of becoming rich was shaped during these years.

Russell Conwell, a Union army officer turned preacher, said that there was no point in envying the rich. Instead he suggested that everyone should settle down and make money where he or she lived. He preached this message more than 6,000 times all over the United States in a famous speech called "Acres of Diamonds." The title of the speech came from its opening story, which told of a rich Arab who sold his lands to go in search of diamonds. The new owner of the Arab's land then found these same riches on the very property that the Arab had sold. The excerpt below is from this speech.

READING FOCUS

1. What was the main thrust of Conwell's Speech?
2. What definition did Conwell give for greatness?

Now then, I say that the opportunity to get rich, to obtain great wealth, is here in Philadelphia now, within the reach of almost every man and woman who hears me speak tonight. I mean just what I say. I have come here to tell you what in God's sight I believe to be the truth. If my years have been of any value in teaching me common sense, I know I am right. The men and women sitting here, who found it difficult perhaps to buy a ticket to this talk, have within their reach "acres of diamonds," opportunities to get wealthy. There never was a place on earth more suited to this purpose than the city of Philadelphia today. Never in the history of the world did a poor person without money have such an opportunity to get rich quickly and honestly as he or she has now in our city.

Adapted from Acres of Diamonds by Russell H. Conwell.

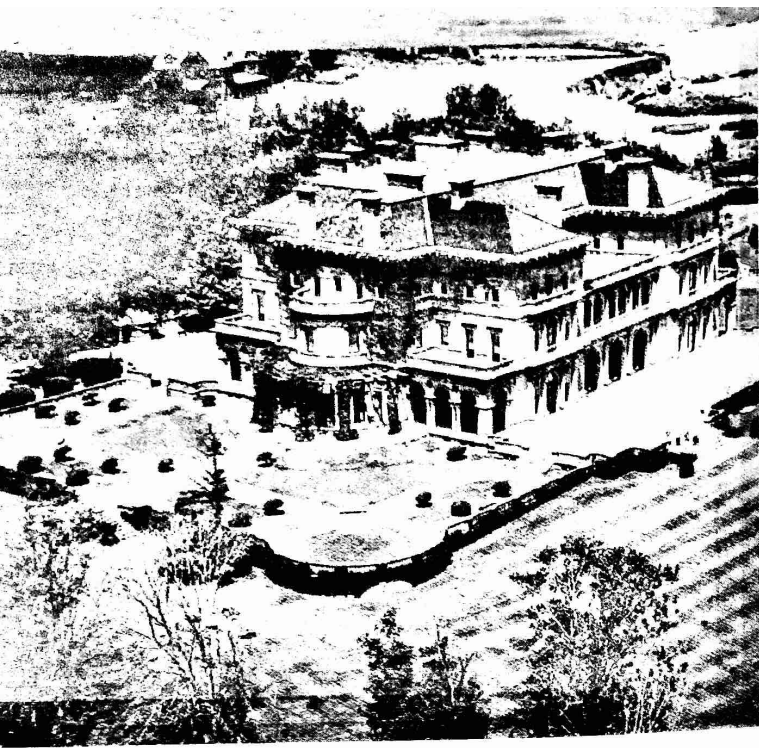
I say that you ought to get rich. It is your duty to get rich. How many of my religious brothers and sisters say to me, "Do you, a Christian minister, spend your time going up and down the country advising young people to get rich, to get money?" "Yes, of course I do." They say, "Isn't that awful!" Why don't you preach the gospel instead of preaching about people making money?" "Because to make money honestly is to preach the gospel." That is the reason. The people who get rich may be the most honest people you find in the community.

"Oh," but says some young man here tonight, "I have been told all my life that if a person has money he is very dishonest and dishonorable and mean and contemptible." My friend, that is the reason you have none, because you have that idea of people. The foundation of your faith is altogether false. Let me say here clearly, and say it briefly—ninety-eight out of one hundred of the rich people of America are honest. That is why they are rich. That is why they are trusted with money. That is why they carry on great enterprises and find plenty of people to work with them. It is because they are honest.

Says another young man, "I hear sometimes of people who get millions of dollars dishonestly." Yes, of course, you hear this, and so do I. But such people are so rare a thing in fact that the newspapers talk about them all the time as a matter of news until you get the idea that all the other rich people get rich dishonestly.

My friends, drive me out into the suburbs of Philadelphia, and introduce me to the people who own their homes around this great city, those beautiful homes with gardens and flowers. I will introduce you to the very best people in character as well as in enterprise in our city. A man is not really a true man until he owns his own home. Those who own their homes are made more honorable and honest and pure, and true and economical and careful, by owning their homes.

Money is power, and you ought to be reasonably ambitious to have it. You ought to because you can do more good with it than you could without it. Money printed your Bible, money builds your churches, money sends your missionaries, and money pays your preachers. (You would not have many of them if you did



A display of wealth

not pay them.) The person who gets the largest salary can do the most good with the power that is given to him or her.

I say, then, you ought to have money. If you can honestly obtain riches in Philadelphia, it is your Christian and godly duty to do so. It is an awful mistake of these religious people to think you must be awfully poor in order to be religious.

Some people say, "Don't you sympathize with the poor people?" Of course I do, or else I would not have been speaking all these years. I sympathize with the poor, and the number of poor who are to be sympathized with is very small. While we should sympathize with God's poor—that is, those who cannot help themselves—let us remember there is not a poor person in the United States who was not made poor by his or her own shortcomings, or by the shortcomings of someone else. It is all wrong to be poor, anyhow.

Greatness consists not in the holding of some office. It consists in doing great things with little means and in the accomplishment of great purposes from the private ranks of life. To be great at all one must be great here, now, in Philadelphia. He who can give to this city better streets and better sidewalks, better schools and more colleges, more happiness and more civilization, more of God, he will be great anywhere. Let every man or woman here, if you never hear me again, remember this. If

you wish to be great at all, you must begin where you are and with what you are, in Philadelphia, now. He that can give to this city any blessing, he who can be a good citizen while he lives here, he that can make better homes, he that can be a blessing whether he works in the shop or sits behind the counter or keeps house—whatever be his life, he who would be great anywhere must first be great in his own Philadelphia.

READING REVIEW

1. Why did Conwell say that it is a person's duty to get rich?
2. According to Conwell, what made a great man?
3. What effect might Conwell's speech have had on his listeners? Explain your answer.

CHAPTER 23 **The Struggle to Organize Workers** (1860's–1890's)

154 **Changing Labor Conditions**

Walter Wyckoff wanted to find out how other people in the United States lived. Consequently, soon after he graduated from Princeton University, he decided to travel across the country.

Along the way, Wyckoff worked at many different jobs. One of his jobs was construction work for the World's Columbian Exposition in Chicago in 1892. In this selection he wrote of the working conditions at the Exposition.

READING FOCUS

1. Who was "Mr. Ford," and what kind of worker did he symbolize?
2. What new kind of worker had arisen with the development of unions and impersonal corporations?