

17-1 | Industrialist Justifies Fortunes Used for the Common Good

ANDREW CARNEGIE, *Wealth* (1889)

Andrew Carnegie was a Scottish immigrant, whose life reflected the aspect of the American Dream that inspired many poor boys in nineteenth-century America, though few ever came close to matching his phenomenal success. A tenacious self-starter, Carnegie worked hard and took advantage of key opportunities to invest in the telegraphic, railroad, oil, and steel industries, ultimately amassing an enormous fortune as head of Carnegie Steel Company, which he later sold for a staggering profit to J. Pierpont Morgan. In this 1889 essay, Carnegie justifies such colossal capital accumulation, not as an end in itself, but as a means to advance the common good.

The problem of our age is the proper administration of wealth, so that the ties of brotherhood may still bind together the rich and poor in harmonious relationship. The conditions of human life have not only been changed, but revolutionized, within the past few hundred years. In former days there was little difference between the dwelling, dress, food, and environment of the chief and those of his retainers. The Indians are to-day where civilized man then was. When visiting the Sioux, I was led to the wigwam of the chief. It was just like the others in external appearance, and even within the difference was trifling between it and those of the poorest of his braves. The contrast between the palace of the millionaire and the cottage of the laborer with us to-day measures the change which has come with civilization.

This change, however, is not to be deplored, but welcomed as highly beneficial. It is well, nay, essential for the progress of the race, that the houses of some should be homes for all that is highest and best in literature and the arts, and for all the refinements of civilization, rather than that none should be so. Much better this great irregularity than universal squalor. Without wealth there can be no Mæcenæ.¹ The “good old times” were not good old times. Neither master nor servant was as well situated then as to-day. A relapse to old conditions would be disastrous to both—not the least so to him who serves—and would sweep away civilization with it. But whether the change be for good or ill, it is upon us, beyond our power to alter, and therefore to be accepted and made the best of. It is a waste of time to criticise the inevitable.

It is easy to see how the change has come. One illustration will serve for almost every phase of the cause. In the manufacture of products we have the whole story. It applies to all combinations of human industry, as stimulated and enlarged by the inventions of this scientific age. Formerly articles were manufactured at the domestic hearth or in small shops which formed part of the household. The master and his apprentices worked side by side, the latter living with

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¹Mæcenæ: First-century B.C. Roman patron of the arts

the master, and therefore subject to the same conditions. When these apprentices rose to be masters, there was little or no change in their mode of life, and they, in turn, educated in the same routine succeeding apprentices. There was, substantially social equality, and even political equality, for those engaged in industrial pursuits had then little or no political voice in the State.

But the inevitable result of such a mode of manufacture was crude articles at high prices. To-day the world obtains commodities of excellent quality at prices which even the generation preceding this would have deemed incredible. In the commercial world similar causes have produced similar results, and the race is benefited thereby. The poor enjoy what the rich could not before afford. What were the luxuries have become the necessities of life. The laborer has now more comforts than the landlord had a few generations ago. The farmer has more luxuries than the landlord had, and is more richly clad and better housed. The landlord has books and pictures rarer, and appointments more artistic, than the King could then obtain.

The price we pay for this salutary change is, no doubt, great. We assemble thousands of operatives in the factory, in the mine, and in the counting-house, of whom the employer can know little or nothing, and to whom the employer is little better than a myth. All intercourse between them is at an end. Rigid Castes are formed, and, as usual, mutual ignorance breeds mutual distrust. Each Caste is without sympathy for the other, and ready to credit anything disparaging in regard to it. Under the law of competition, the employer of thousands is forced into the strictest economies, among which the rates paid to labor figure prominently, and often there is friction between the employer and the employed, between capital and labor, between rich and poor. Human society loses homogeneity.

The price which society pays for the law of competition, like the price it pays for cheap comforts and luxuries, is also great; but the advantages of this law are also greater still, for it is to this law that we owe our wonderful material development, which brings improved conditions in its train. . . .

Objections to the foundations upon which society is based are not in order, because the condition of the race is better with these than it has been with any others which have been tried. Of the effect of any new substitutes proposed we cannot be sure. The Socialist or Anarchist who seeks to overturn present conditions is to be regarded as attacking the foundation upon which civilization itself rests, for civilization took its start from the day that the capable, industrious workman said to his incompetent and lazy fellow, "If thou dost not sow, thou shalt not reap," and thus ended primitive Communism by separating the drones from the bees. . . .

The question then arises,—What is the proper mode of administering wealth after the laws upon which civilization is founded have thrown it into the hands of the few? And it is of this great question that I believe I offer the true solution. . . .

There are but three modes in which surplus wealth can be disposed of. It can be left to the families of the decedents; or it can be bequeathed for public purposes; or, finally, it can be administered during their lives by its possessors. . . .

There are instances of millionaires' sons unspoiled by wealth, who, being rich, still perform great services in the community. Such are the very salt of the earth, as valuable as, unfortunately, they are rare; still it is not the exception, but the rule, that men must regard, and, looking at the usual result of enormous sums conferred upon legatees, the thoughtful man must shortly say, "I would as soon leave to my son a curse as the almighty dollar," and admit to himself that it is not the welfare of the children, but family pride, which inspires these enormous legacies.

As to the second mode, that of leaving wealth at death for public uses, it may be said that this is only a means for the disposal of wealth, provided a man is content to wait until he is dead before it becomes of much good in the world. Knowledge of the results of legacies bequeathed is not calculated to inspire the brightest hopes of much posthumous good being accomplished. The cases are not few in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted. In many cases the bequests are so used as to become only monuments of his folly. It is well to remember that it requires the exercise of not less ability than that which acquired the wealth to use it so as to be really beneficial to the community. . . .

There remains, then, only one mode of using great fortunes; but in this we have the true antidote for the temporary unequal distribution of wealth, the reconciliation of the rich and the poor—a reign of harmony—another ideal, differing, indeed, from that of the Communist in requiring only the further evolution of existing conditions, not the total overthrow of our civilization. It is founded upon the present most intense individualism, and the race is projected to put it in practice by degree whenever it pleases. Under its sway we shall have an ideal state, in which the surplus wealth of the few will become, in the best sense the property of the many, because administered for the common good, and this wealth, passing through the hands of the few, can be made a much more potent force for the elevation of our race than if it had been distributed in small sums to the people themselves. Even the poorest can be made to see this, and to agree that great sums gathered by some of their fellow-citizens and spent for public purposes, from which the masses reap the principal benefit, are more valuable to them than if scattered among them through the course of many years in trifling amounts. . . .

This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community—the man of wealth thus becoming the mere agent and trustee for his poorer brethren, bringing to their service his superior wisdom, experience and ability to administer, doing for them better than they would or could do for themselves. . . .

Thus is the problem of Rich and Poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionaire will be but a trustee for the poor; intrusted for a season with a great

part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. The best minds will thus have reached a stage in the development of the race in which it is clearly seen that there is no mode of disposing of surplus wealth creditable to thoughtful and earnest men into whose hands it flows save by using it year by year for the general good. This day already dawns. But a little while, and although, without incurring the pity of their fellows, men may die sharers in great business enterprises from which their capital cannot be or has not been withdrawn, and is left chiefly at death for public uses, yet the man who dies leaving behind many millions of available wealth, which was his to administer during life, will pass away "unwept, unhonored, and unsung," no matter to what uses he leaves the cross which he cannot take with him. Of such as these the public verdict will then be: "The man who dies thus rich dies disgraced."

Such, in my opinion, is the true Gospel concerning Wealth, obedience to which is destined some day to solve the problem of the Rich and the Poor, and to bring "Peace on earth, among men Good-Will."

READING AND DISCUSSION QUESTIONS

1. What argument does Carnegie make about the uses to which the great fortunes of industrialists should be devoted?
2. What factors might have motivated Carnegie to write his essay on wealth, and for whom do you think he wrote it? What inferences can you draw about the social and political context during which Carnegie wrote, which may have inspired his essay?
3. Why does Carnegie insist that his "gospel of wealth" was founded "upon the present most intense individualism"? What can you conclude about the cultural significance of that term as Carnegie used it?