

ANDREW CARNEGIE

FROM *Wealth* (1889)

Andrew Carnegie (1835–1919) was a Scottish immigrant who created the world's largest and most efficient steel company; in the process he became one of the wealthiest men in the world. In the following essay, published in the North American Review in 1889, he articulated what came to be known as the "gospel of wealth." Carnegie steadfastly defended the principles of the free enterprise system and the right of individuals to amass huge fortunes, but he stressed that the rich should donate their money for the public good before they died. Carnegie himself gave away \$350,000,000. He built thousands of free public libraries, supported scientific research and higher education, and promoted the cause of world peace.

From "Wealth," *North American Review* 148 (June 1889):653–64. [Editorial insertions appear in brackets—Ed.]

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 Mistake to x of
 How to
 deal with
 wealth—

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 contrast between the palace of the millionaire and the cottage of the laborer with us today 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. . . . The "good old times" were not good old times. Neither master nor servant was as well situated then as today. 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 criticize the inevitable. . . .

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. But, whether the law be benign or not, we . . . cannot evade it; no substitutes for it have been found; and

while the law may be sometimes hard for the individual, it is best for the race, because it insures the survival of the fittest in every department. We accept and welcome, therefore, as conditions to which we must accommodate ourselves, great inequality of environment, the concentration of business . . . in the hands of a few, and the law of competition between these, as being not only beneficial, but essential for the future progress of the race. . . .

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. One who studies this subject will soon be brought face to face with the conclusion that upon the sacredness of property civilization itself depends—the right of the laborer to his hundred dollars in the savings bank, and equally the legal right of the millionaire to his million. To those who propose to substitute Communism for this intense Individualism the answer, therefore, is: The race has tried that. All progress from that barbarous day to the present time has resulted from its displacement. Not evil, but good, has come to the race from the accumulation of wealth by those who have the ability and energy that produce it.

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We start, then, with a condition of affairs under which the best interests of the race are promoted, but which inevitably gives wealth to the few. Thus far, accepting conditions as they exist, the situation can be surveyed and pronounced good. The question then arises—and, if the foregoing be correct, it is the only question with which we have to deal—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. Under the first and second modes most of the wealth of the world that has reached the few has hitherto been applied. Let us in turn consider each of these modes. The first is the most injudicious. In monarchical countries, the estates and the greatest portion of the wealth are left to the first son, that the vanity of the parent may be gratified by the thought that his name and title are descend to succeeding generations, unimpaired. The condition of this class in Europe today teaches the futility of such hopes or ambitions. . . . Why should men leave great fortunes to their children? If this is done from affection, is it not misguided affection? Observation teaches that, generally speaking, it is not well for the children that they should be so burdened. Neither is it well for the state. . . . It is no longer questionable that great sums bequeathed oftener work more for injury than for the good of the recipients. . . .

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. . . . Besides this, it may fairly be said that no man is to be extolled for doing what he cannot help doing, nor is he to be thanked by the community to which he only leaves wealth at death. Men who leave vast sums in this way may fairly be thought men who would not have left it at all, had they been able to take it with them. . . .

The growing disposition to tax more and more heavily large estates left at death is a cheering indication of the growth of a salutary change in

public opinion. The State of Pennsylvania now takes . . . one-tenth of the property left by its citizens. . . . By taxing estates heavily at death, the state marks its condemnation of the selfish millionaire's unworthy life. . . .

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. . . . 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 it is 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 it if 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.

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This, then, is held to be the duty of the Man of Wealth: First, to set an example of modest, unostentatious living, shunning display of 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 . . . 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. . . .

In bestowing charity, the main consideration should be to help those who will help themselves;

to provide part of the means by which those who desire to improve may do so; to give those who desire to rise the aids by which they may rise. . . . Neither the individual nor the race is improved by alms-giving. . . . The amount which can be wisely given. . . . [to] individuals is necessarily limited, . . . for in alms-giving more injury is probably done by rewarding vice than by relieving virtue. . . .

Thus is the problem of the 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; entrusted 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 . . . save by using it year by year for the general good. The day already dawns. But a little while, and . . . the man who dies leaving behind him millions, . . . which was his to administer in life, will pass away “unwept, unhonored, and unsung,” no matter to what uses he leave the dross 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.”

REVIEW QUESTIONS

1. How did Carnegie justify the accumulation of wealth?
2. What three ways did Carnegie suggest to dispose of personal wealth?
3. What criteria did Carnegie establish for administering charitable resources? Are his reasons consistent?

Preamble to the Constitution of the Knights of Labor (1878)

Many disagreed with Andrew Carnegie's defense of unchecked free enterprise. One dissenting group was the Noble Order of the Knights of Labor, the first national union in the United States. Founded in 1869 as a secret fraternal order, it included workers of all types, skilled and unskilled, as well as women and African Americans. The Knights grew slowly until 1879 when Terence V. Powderly assumed leadership of the organization. He brought the Knights into the public arena, advocated an eight-hour working day for all workers, promoted an array of political reforms, and preferred boycotts over strikes. In 1886 the Knights boasted some 800,000 members. Yet their far-flung objectives and their utopian efforts to replace the wage-labor system of competitive free enterprise with a "cooperative" philosophy brought their demise. By 1900 the organization had disappeared. It was displaced by the American Federation of Labor, founded in 1886, which organized only skilled workers and used strikes to gain its objectives. Powderly helped draft the Preamble to the Constitution of the Knights of Labor, excerpted below.

From Terence V. Powderly, *Thirty Years of Labor* (Columbus, Ohio: Excelsior Publishing House, 1890), pp. 243-46.

Compare to 7018

The recent alarming development and aggression of aggregated wealth, which, unless checked, will invariably lead to the pauperization and hopeless degradation of the toiling masses, render it imperative, if we desire to enjoy the blessings of life, that a check should be placed upon its power and upon unjust accumulation, and a system adopted which will secure to the laborer the fruits of his toil; and as this much-desired object can only be accomplished by the thorough unification of labor, and the united efforts of those who obey the divine injunction that "In the sweat of thy brow shalt thou eat bread," we have formed the Knights of Labor with a view of securing the organization and direction, by co-operative effort, of the power of the industrial classes; and we submit to the world the object sought to be accomplished by our organization, calling upon all who believe in securing "the greatest good to the greatest number" to aid and assist us:

- I. To bring within the folds of organization every department of productive industry, making knowledge a standpoint for action, and industrial and moral worth, not wealth, the true standard of individual and national greatness.
 - II. To secure to the toilers a proper share of the wealth that they create; more of the leisure that rightfully belongs to them; more societal advantages; more of the benefits, privileges, and emoluments of the world; in a word, all those rights and privileges necessary to make them capable of enjoying, appreciating, defending, and perpetuating the blessing of good government.
 - III. To arrive at the true condition of the producing masses in their educational, moral, and financial condition, by demanding from the various governments the establishment of bureaus of Labor Statistics.
- social stability*