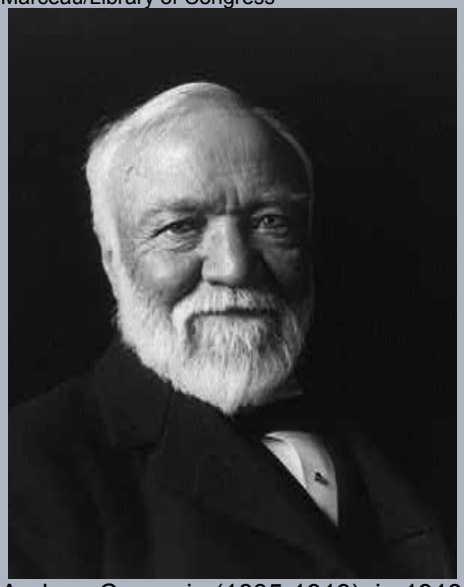
Marceau/Library of Congress



Andrew Carnegie (1835-1919), in 1913

ANDREW CARNEGIE

AUTOBIOGRAPHY OF ANDREW CARNEGIE

written 1920, published 1933

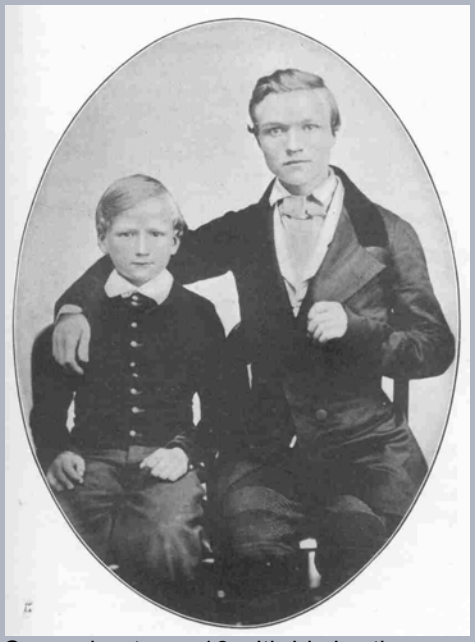
[From Ch. 6: "Railroad Service." 1855. Carnegie is twenty years old, working in Pittsburgh as a clerk and telegraph operator for a superintendent of the Pennsylvania Railroad, Thomas Scott.]

Father's death threw upon me the management of affairs to a greater extent than ever. Mother kept on the binding of shoes; Tom went steadily to the public school; and I continued with Mr. Scott in the service of the railroad company. Just at this time Fortunatus knocked at our door. Mr. Scott asked me if I had five hundred dollars. If so, he said he wished to make an investment for me. Five hundred cents was much nearer my capital. I certainly had not fifty dollars saved for investment, but I was not going to miss the chance of becoming financially connected with my leader and great man. So I said boldly I thought I could manage that sum. He then told me that there were ten shares of Adams Express stock that he could buy, which had belonged to a station agent, Mr. Reynolds, of Wilkinsburg. Of course this was reported to the head of the family that evening, and she was not long in suggesting what might be done. When did she ever fail? We had then paid five hundred dollars upon the house, and in some way she thought this might be pledged as security for a loan.

My mother took the steamer the next morning for East Liverpool, arriving at night, and through her brother there the money was secured. He was a justice of the peace, a well-known resident of that then small town, and had numerous sums in hand from farmers for investment. Our house was mortgaged and mother brought back the five hundred dollars which I handed over to Mr. Scott, who soon obtained for me the coveted ten shares in return. There was, unexpectedly, an additional hundred dollars to pay as a premium, but Mr. Scott kindly said I could pay that when convenient, and this of course was an easy matter to do.

This was my first investment. In those good old days monthly dividends were more plentiful than now and Adams Express paid a monthly dividend. One morning a white envelope was lying upon my

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Carnegie at age 16 with his brother Thomas, 1851

"Here's the goose that lays the golden eggs."

desk, addressed in a big John Hancock hand, to "Andrew Carnegie, Esquire." "Esquire" tickled the boys and me inordinately. At one corner was seen the round stamp of Adams Express Company. I opened the envelope. All it contained was a check for ten dollars upon the Gold Exchange Bank of New York. I shall remember that check as long as I live, and that John Hancock signature of "J. C. Babcock, Cashier." It gave me the first penny of revenue from capital—something that I had not worked for with the sweat of my brow. "Eureka!" I cried. "Here's the goose that lays the golden eggs."

It was the custom of our party to spend Sunday afternoons in the woods. I kept the first check and showed it as we sat under the trees in a favorite grove we had found near Wood's Run. The effect produced upon my companions was overwhelming. None of them had imagined such an investment possible. We resolved to save and to watch for the next opportunity for investment in which all of us should share, and for years afterward we divided our trifling investments and worked together almost as partners.

[From Ch. 9: "Bridge-Building." 1862. In his thirties, Carnegie forms his first corporations.]

During the Civil War the price of iron went up to something like $130 per ton. Even at that figure it was not so much a question of money as of delivery. The railway lines of America were fast becoming dangerous for want of new rails, and this state of affairs led me to organize in 1864 a rail-making concern at Pittsburgh. There was no difficulty in obtaining partners and capital, and the Superior Rail Mill and Blast Furnaces were built.

In like manner the demand for locomotives was very great, and with Mr. Thomas N. Miller[1] I organized in 1866 the Pittsburgh Locomotive Works, which has been a prosperous and creditable concern—locomotives made there having obtained an enviable reputation throughout the United States. It sounds like a fairy tale to-day to record that in 1906 the one-hundred-dollar shares of this

[1] Mr. Carnegie had previous to this — as early as 1861 — been associated with Mr. Miller in the Sun City Forge Company, doing a small iron business. [Editor's note in original edition]

company sold for three thousand dollars—that is, thirty dollars for one. Large annual dividends had been paid regularly and the company had been very successful—sufficient proof of the policy: "Make nothing but the very best." We never did.

When at Altoona I had seen in the Pennsylvania Railroad Company's works the first small bridge built of iron. It proved a success. I saw that it would never do to depend further upon wooden bridges for permanent railway structures. An important bridge on the Pennsylvania Railroad had recently burned and the traffic had been obstructed for eight days. Iron was the thing. I proposed to H. J. Linville, who had designed the iron bridge, and to John L. Piper and his partner, Mr. Schiffler, who had charge of bridges on the Pennsylvania line, that they should come to Pittsburgh and I would organize a company to build iron bridges. It was the first company of its kind. I asked my friend, Mr. Scott, of the Pennsylvania Railroad, to go with us in the venture, which he did. Each of us paid for a one fifth interest, or $1250. My share I borrowed from the bank. Looking back at it now the sum seemed very small, but "tall oaks from little acorns grow."

Library of Congress



Iron railroad bridge constructed in 1870 by the Keystone Bridge Co., Pennsylvania, ca. 1990

"Iron was the thing."

[From Ch. 10: "The Iron Works." 1862.]

It was in 1862 that the great oil wells of Pennsylvania attracted attention. My friend Mr. William Coleman, whose daughter became, at a later date, my sister-in-law, was deeply interested in the discovery, and nothing would do but that I should take a trip with him to the oil regions. It was a most interesting excursion. There had been a rush to the oil fields and the influx was so great that it was impossible for all to obtain shelter. This, however, to the class of men who flocked thither, was but a slight drawback. A few hours sufficed to knock up a shanty, and it was surprising in how short a time they were able to surround themselves with many of the comforts of life. They were men above the average, men who had saved considerable sums and were able to venture something in the search for fortune.

What surprised me was the good humor which prevailed everywhere. It was a vast picnic, full of amusing incidents. Everybody was in high glee; fortunes were supposedly within reach; everything

was booming. On the tops of the derricks floated flags on which strange mottoes were displayed. I remember looking down toward the river and seeing two men working their treadles boring for oil upon the banks of the stream, and inscribed upon their flag was "Hell or China." They were going down, no matter how far.

The adaptability of the American was never better displayed than in this region. Order was soon evolved out of chaos. When we visited the place not long after we were serenaded by a brass band the players of which were made up of the new inhabitants along the creek. It would be safe to wager that a thousand Americans in a new land would organize themselves, establish schools, churches, newspapers, and brass bands—in short, provide themselves with all the appliances of civilization—and go ahead developing their country before an equal number of British would have discovered who among them was the highest in hereditary rank and had the best claims to leadership owing to his grandfather. There is but one rule among Americans—the tools of those who can use them.

Pa. Hist. & Museum Comm.



Oil Creek Valley, Pennsylvania, 1861

"Everybody was in high glee; fortunes were supposedly within reach"

To-day Oil Creek is a town of many thousand inhabitants, as is also Titusville at the other end of the creek. The district which began by furnishing a few barrels of oil every season, gathered with blankets from the surface of the creek by the Seneca Indians, has now several towns and refineries, with millions of dollars of capital. . . .

My investments now began to require so much of my personal attention that I resolved to leave the service of the railway company and devote myself exclusively to my own affairs. I had been honored a short time before this decision by being called by President Thomson to Philadelphia. He desired to promote me to the office of assistant general superintendent with headquarters at Altoona under Mr. Lewis. I declined, telling him that I had decided to give up the railroad service altogether, that I was determined to make a fortune and I saw no means of doing this honestly at any salary the railroad company could afford to give, and I would not do it by indirection.

[From Ch. 11: "New York as Headquarters." 1867.]

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Carnegie residence in New York City, 1903



Carnegie with his wife, sister-in-law, and daughter, 1911

"I was surprised to find how very different was the state of affairs in New York."

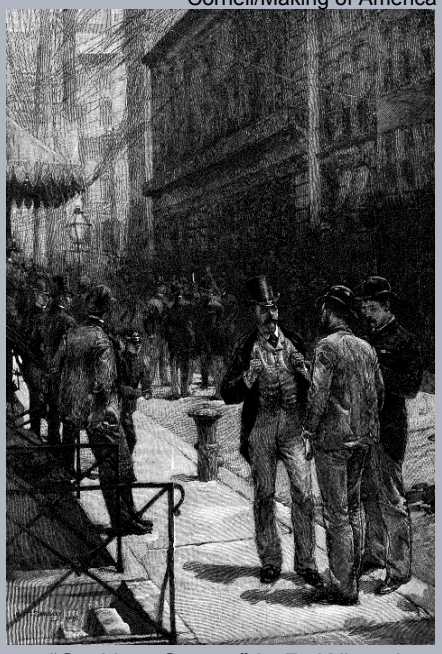
I had lived long enough in Pittsburgh to acquire the manufacturing, as distinguished from the speculative, spirit. My knowledge of affairs, derived from my position as telegraph operator, had enabled me to know the few Pittsburgh men or firms which then had dealings upon the New York Stock Exchange, and I watched their careers with deep interest. To me their operations seemed simply a species of gambling. I did not then know that the credit of all these men or firms was seriously impaired by the knowledge (which it is almost impossible to conceal) that they were given to speculation. But the firms were then so few that I could have counted them on the fingers of one hand. The Oil and Stock Exchanges in Pittsburgh had not as yet been founded and brokers' offices with wires in connection with the stock exchanges of the East were unnecessary. Pittsburgh was emphatically a manufacturing town.

I was surprised to find how very different was the state of affairs in New York. There were few even of the business men who had not their ventures in Wall Street to a greater or less extent. I was besieged with inquiries from all quarters in regard to the various railway enterprises with which I was connected. Offers were made to me by persons who were willing to furnish capital for investment and allow me to manage it—the supposition being that from the inside view which I was enabled to obtain I could invest for them successfully. Invitations were extended to me to join parties who intended quietly to buy up the control of certain properties. In fact the whole speculative field was laid out before me in its most seductive guise.

All these allurements I declined. . . . I have never bought or sold a share of stock speculatively in my life, except one small lot of Pennsylvania Railroad shares that I bought early in life for investment and for which I did not pay at the time because bankers offered to carry it for me at a low rate. I have adhered to the rule never to purchase what I did not pay for, and never to sell what I did not own. In

those early days, however, I had several interests that were taken over in the course of business. They included some stocks and securities that were quoted on the New York Stock Exchange, and I found that when I opened my paper in the morning I was tempted to look first at the quotations of the stock market. As I had determined to sell all my interests in every outside concern and concentrate my attention upon our manufacturing concerns in Pittsburgh, I further resolved not even to own any stock that was bought and sold upon any stock exchange. With the exception of trifling amounts which came to me in various ways I have adhered strictly to this rule.

Cornell/Making of America



"On New Street," in R. Wheatley, "The New York Stock Exchange," *Harper's New Monthly Magazine*, Nov. 1885

"Speculation is a parasite feeding upon values, creating none."

Such a course should commend itself to every man in the manufacturing business and to all professional men. For the manufacturing man especially the rule would seem all-important. His mind must be kept calm and free if he is to decide wisely the problems which are continually coming before him. Nothing tells in the long run like good judgment, and no sound judgment can remain with the man whose mind is disturbed by the mercurial changes of the Stock Exchange. It places him under an influence akin to intoxication. What is not, he sees, and what he sees, is not. He cannot judge of relative values or get the true perspective of things. The molehill seems to him a mountain and the mountain a molehill, and he jumps at conclusions which he should arrive at by reason. His mind is upon the stock quotations and not upon the points that require calm thought. Speculation is a parasite feeding upon values, creating none. . . .

Thirty-three and an income of $50,000 per annum! By this time two years [*sic*] I can so arrange all my business as to secure at least $50,000 per annum. Beyond this never earn — make no effort to increase fortune, but spend the surplus each year for benevolent purposes.. . . . Man must have an idol! — the amassing of wealth is one of the worst species of idolatry — no idol more debasing than the worship of money.[2]

[2] This paragraph from an 1868 memo by Carnegie to himself appears as a footnote to later text in the original edition.