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# J P Morgan

**Born:** 17/04/1837

**Died:** 31/03/1913

**Birthplace:** Connecticut, USA



**Big enough to bail out the US, buy in a President & build the first billion dollar company. Meet JP Morgan.**

His millionaire father, Junius, made his fortune by investing other people's money and helped found modern investment banking. When John Pierpont, or JP, is a child, Junius has him handle a million dollars in cash so he knows what it feels like. JP Morgan is taught early to avoid risk.

Morgan escapes military service during the Civil War by paying \$300 to a substitute to fight for him. During the war he buys five thousand rifles at \$3.50 each and sells them on at \$22 apiece. The rifles are defective and some shoot off the thumbs of the soldiers firing them. Later, a congressional committee notes this but a federal judge upholds the deal and Morgan is exonerated.

Dominated by his father, JP is 40 before he ignores his father's business lessons. He wants to be synonymous with an industry, like Rockefeller is with oil, and Carnegie is with steel.

## **LET THERE BE LIGHT**

Like the discovery of fire and the invention of the wheel, electric light will revolutionise mankind and Morgan believes, make him rich, and crucially, richer than his rivals. Morgan hires Thomas Edison, a telegraph boy turned inventor, to install electricity in his 5th avenue Manhattan mansion. Morgan's home becomes a lab for Edison's experiments and a small generator is installed to power the home's 400 light bulbs.

Though his father Junius believes it a fad, electric light becomes a must have modern utility for the city's elite. Against his father's advice, Morgan invests everything in Edison to form the Edison Electricity Company. They create the world's first power station and soon half of Manhattan's connected. But every home and business lit electrically is a lost customer to Rockefeller who supplies kerosene to the oil powered lamps. So he starts planting scare stories in the press.

## **AC/DC**

An apprentice of Edison, Tesla, creates alternating current, or AC, but Edison believes its higher voltage unsafe, so sticks to direct current, or DC. But electrical pioneer George Westinghouse invests in Tesla. And to disprove suggestions that AC is dangerous, Tesla stages magical light shows where electricity harmlessly crackles around him. Orders for Westinghouse power stations pour in. Edison tries to discredit AC by using it in his new creation, the electric chair. The first execution goes horribly wrong and instead of killing the man quickly, it slowly roasts him alive. The resultant publicity damages Edison, not Tesla.

## **WHO WILL LIGHT AMERICA?**

The Niagara Falls contract opens for bids. It could light the entire North East and the only real choice is between Morgan and Westinghouse. And Morgan desperately wanted to replace Rockefeller as the man who lit America.

In 1890, Morgan's father dies after a horse carriage accident. It instantly quadruples Morgan's wealth. The 1893 World Fair is to be held in Chicago and organisers want the entire event lit with electricity. Westinghouse underbids at a quarter of the cost offered by Morgan. Over 27 million people flock to see the 200,000 light bulbs that illuminate the event, powered by Westinghouse generators. And in 1895, it's

the Westinghouse AC electric generating plant that is built at Niagara. It seems it will be him, not Morgan who will light America. In 1897, Tesla tears up his patent claim on his AC design, reducing his rights to profits which immediately attracts investment into the Westinghouse/Tesla Company.

So Morgan threatens Westinghouse with patent infringement. Few could afford to fight a lengthy lawsuit with Morgan. Westinghouse, stretched to breaking point is forced to sign over Tesla's patents. Morgan's consolidated electric company (minus Edison and operating on AC) General Electric, will become one of America's biggest corporations.

Morgan now heads the biggest investment bank in America, and has consolidated both the electricity and rail-road industries. By 1900, Morgan controls 100,000 miles of railroad, half the country's mileage.

When, after a two year depression, the US Treasury becomes desperate, Morgan, a private individual guarantees them a \$100m (\$3bn today) and bails out the federal government, effectively bailing out the country from collapse. Morgan virtually single handily saves the US economy in both 1895 and 1907.

## **MORGANISATION**

The process of creating a monopoly through the elimination of competition and the maximisation of profits by slashing the workforce and reducing their wages is named after JP Morgan.

But as profits soar, working conditions sink. Pay reduces so that the average worker earns barely a dollar a day, Over 90% of Americans survive on less than \$100 per month. Working hours and workplace fatalities increase.

In a single year, more men die inside a steel mill than died at the Battle of Gettysburg.

Monopolies, cartels and trusts dominate everyday life. Popular disgust at such unregulated capitalism leads to the rise of politicians such as Democrat Williams Jennings Bryan. He promises an end to the excesses of big business characterising the bosses as 'robber barons'.

## **WALL ST V MAIN STREET**

Sensing a common threat, Morgan, Carnegie, and Rockefeller, put aside their bitter rivalry to ensure their man, William McKinley sits in the White House. Bryan criss-crosses the country in the nation's first press tour giving over 500 speeches. But he can't compete against the robber barons contributions. McKinley outspends Bryan by a factor of five to one.

In the 1896 election, 90% of the electorate vote, double today's turnouts. But back then voting was a public affair and workers know they may be fired if seen to be voting for Bryan. McKinley wins. He rolls back regulations.

## **THE FIRST BILLION DOLLAR COMPANY**

Carnegie agrees to sell out to Morgan for the equivalent of four hundred billion dollars nowadays (or \$480 back then). This is more than the entire budget of the US federal government. It gives Carnegie the largest private fortune the world has ever seen.

It allows Morgan, in 1901, to create US Steel, the first billion dollar company in history. It will dominate the steel business for almost a hundred years. At his peak Morgan will sit on the board of 48 corporations.

## **ROOSEVELT: THE ROBBER BARON BUSTER**

But Morgan's power drew the attention of New York City police commissioner turned politician, Theodore Roosevelt. Born into a wealthy family, Roosevelt entered public life after an image makeover from New York aristocrat to man of the people. He joins the army and serves during Spanish-American war. Back in New York as governor, he clamps down on the abuses of big business. The Robber Barons hope making Roosevelt into the Vice President will silence him.

"The vice presidency in those days was a place where people went to disappear. They became vice president, were never heard from again. It was almost like a modern witness protection program."

## **H.W. BRANDS , Historian**

But in 1901, President McKinley is shot by Leon Czolgosz, a factory worker who lost his job in a JP Morgan takeover. Czolgosz had joined the growing anarchist movement and McKinley's big business ties made him a target.

Roosevelt, impotent as McKinley's number two, now becomes President. Just five months into office he targets the Morgan owned railroad consortium. Morgan is furious. He sees the President of the United States as just another business rival to be bested, or bought off. The Government sues the rail consortium in the first antitrust case filed against a major consortium. The case goes to the Supreme Court. Roosevelt wins and JP Morgan's rail monopoly is broken.

## **MORGAN MONEY MAKES OCEANS MEET**

Undaunted, Morgan invests in the new canal project in Panama that hopes to link the Atlantic and Pacific Oceans. Morgan acts as the middle man for the government and raises \$40m (\$70billion today) to get the project started. Over 75,000 workers labour in brutal heat, under the threat of deadly diseases, digging a 51 mile long canal. But in 1913, a year before it's completed, Morgan dies in his sleep aged 75. The New York Stock Exchange shuts down for 2 hours in remembrance; an honour normally reserved for the passing of a president.

### Fast Facts:

James Pierpont, JP Morgan's uncle, wrote "Jingle Bells" in 1857.

Morgan's first marriage was very brief. He married his first love despite the fact that she had a severe cough. Just four months after their wedding, his wife, after being diagnosed with tuberculosis, died.

A saying from the age of Morgan the robber barons is that an honest man is defined as one who, when bought, stays bought.

"While some multimillionaires robber barons started in poverty, most did not. A study of the origins of 303 textile, railroad and steel executives of the 1870s showed that 90% came from middle or upper class families." Howard Zinn: A People's History of the USA

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### Quotes :

Whitman scholar Horace Traubel's obituary for Morgan

"He was a brute. His code was barbarous...He walked over rather than round the humanities... (but) I am not satisfied when he is discredited.... He was a certain civilization.

What the power of wealth stood for: he was that. He was stocks, bonds, banks, railroads, trusts, financiering, chicanery, profit. He was success. We put his age away in the hole in the ground with him."

Assistant Treasury Secretary William Curtis

"U.S. finances (are) being controlled by a committee, of which JP Morgan is the chairman... while the Secretary of Treasury sits, practically powerless in his office."

Morgan's inscription on his young first wife's grave.

"Not Lost but Gone Before"

Morgan's alleged reply to a journalist asking the cost of his yacht.

"If you have to ask, you can't afford it."

What Morgan is actually recorded as having said and the basis for the often misquoted aphorism above.

"You have no right to own a yacht if you ask that question"

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