People to Know/Vocabulary

Lesson 25

As You Read

Who:
- *What did this person do for a living?*
- *Where are they from?*

Importance:
- *What did this person accomplish that made a difference then and/or now?*
- *How did they affect others then and/or now?*

PEOPLE TO KNOW

Andrew Carnegie

Andrew Carnegie (1835-1919) was born poor in Scotland and, in 1848, came to America with his family seeking a better life. He worked as a telegraph operator as a boy and became an assistant for Thomas Scott, president of the Pennsylvania Railroad Company. From Scott, Carnegie learned how to invest in business.

By the 1860s, Carnegie's investments had paid off making him comfortably wealthy. It was then that Carnegie saw the future of steel. In 1873, Carnegie invested all of his money into the steel business, forming the Carnegie Steel Company. By cutting costs of production and investing in new technology like the Bessemer process, he improved the quality of steel and reduced its price. He bought companies at every level of production (vertical integration) from mining to distribution in order to control his costs and maximize profits.

In 1901, Carnegie sold his company to J.P. Morgan for $480 million. This made Carnegie one of the richest Americans of all time. However, Carnegie believed it was a disgrace to die rich. Before he passed, he gave away all of his money to charities.

Thomas Edison

Thomas Edison (1847-1931) was born in Ohio in relatively poor circumstances. He had little formal education, being mostly taught by his mother and himself. Edison had an intense curiosity about everything especially science and electricity.

As a young man, Edison began tinkering in his workshop and ended up leading the technological revolution of the late nineteenth century. He invented the stock ticker, the carbon filament lightbulb, the motion picture camera, and other gadgets. Later in Edison's life he developed a battery for Henry Ford's Model T automobile. In all, Edison amassed a record 1,093 patents in his lifetime. At Menlo Park, New Jersey, he created the first research and development lab.

Alas, Edison also had some failures. His attempt to make direct current (DC) the standard power supply fell apart. In 1892, J.P. Morgan and others forced Edison out of his own company, Edison General Electric (later renamed General Electric). Edison worked into his 80s and passed away at the age of 84.

Henry Ford

As a young man, Henry Ford (1863-1947) moved from Michigan to Detroit. He was good with mechanics and eventually learned engineering by working for a number of manufacturing firms including those of George Westinghouse and Thomas Edison. In the 1890s, Ford turned his attention to automobiles. After several failures, he founded the Ford Motor Company in 1903.

Henry Ford was obsessed with making an automobile that the average person could afford. To do so, Ford perfected the moving assembly line. Conveyor belts brought disassembled parts to a line of workers who were each required to do a single task before passing the part to the next person. One person would add a bolt, the next person would add a nut, the next person would tighten the nut. The process continued until a finished product emerged at the end of the line.

This mass production allowed Ford's new automobile, the Model T, to be made quickly and cheaply. By 1918, half of all cars driven in the United States were Model Ts.

For a while, Henry Ford became a national hero. In 1914, Ford introduced the eight hour workday and paid his employees $5 a day—good wages at that time. However, Ford's reputation suffered greatly beginning in the 1920s. He opposed unions that led to several violent strikes at Ford auto plants until settling with the United Auto Workers in 1941. Ford had published a number of anti-semitic writings and praised Adolf Hitler before the outbreak of World War II in 1939. Although Ford gave away tens of millions of dollars to charity, his reputation never fully recovered.

Samuel Gompers

Samuel Gompers (1850-1924) was born in England and came to America with his family in 1863. He made a living making cigars with his father. Eventually, he joined the United Cigar Makers Union in 1864 and by the 1870s became a leading member of union activities.

Gompers changed the nature of union activities. He helped found the American Federation of Labor (AFL) in 1886 and became its first president. He directed the union to focus on issues that directly affected the worker: wages and working conditions. Gompers argued that union goals could best be reached by using national strikes and boycotts against employers. By the early 1900s, Gompers concluded that the AFL must also use its members to support political candidates that promoted laws that benefitted the workers.

Gompers' work made unions more acceptable to the American people and created the operating model for which all other unions would imitate.

John Pierpont "J.P." Morgan

John Pierpont Morgan (1837-1913) was born into a wealthy family. Educated in Europe, his father brought him into the banking business at a young age.

Morgan specialized in rescuing struggling businesses. He put money into the business, often combined competing businesses into one large corporation, reduced costs, and put in competent management to run the business. He put together General Electric, American Telephone & Telegraph (AT&T), International Harvester, and the first billion dollar corporation U.S. Steel.

While Morgan had a lot of money, what he really had was a lot of power. He could bring bankers and wealthy institutions together to buy things and fix things. In 1895 and in 1907, Morgan personally saved the U.S. economy from collapse by loaning money to the federal government.

Morgan gave vast quantities of money to charity and donated a huge art collection to the Metropolitan Museum of Art.

John D. Rockefeller

John D. Rockefeller (1839-1937) grew up relatively poor. He worked hard, hated waste, and constantly tried to keep his environment under control. In 1853, his family moved from New York to Ohio. Six years later, Rockefeller got into the grocery business but soon saw money could be made in making kerosene—a lamp fuel that was quickly replacing the much more expensive whale oil.

Rockefeller joined a partnership in the oil refining business in 1863. By reducing wasteful spending and expanding the business, Rockefeller and his partners established the Standard Oil Company in 1870. Standard Oil used ruthless business practices to eliminate competition. Railroad rebates, underselling competition, spying on competitors were some ways that Standard Oil maintained its dominance. By 1881, Standard Oil controlled ninety percent of all oil refining in America.

Standard Oil became a monopoly. In 1911, the federal government broke up Standard Oil into dozens of smaller companies. Yet, Rockefeller's wealth only increased as he amassed more money than any other American who ever lived. Before he died, he gave away much of his wealth to charitable causes.

VOCABULARY

stocks: certificates or shares of ownership of a corporation that are bought and sold often for investment purposes
The student bought several shares of stock of Creekside Corporation hoping they would be valuable someday.