J.P. Morgan Biography Essay, Research Paper

John Pierpont Morgan was criticized from many angles for he was undoubtedly the most successful businessman in the history of mankind. During the mid to late nineteen hundreds it was said that at one point Morgan controlled this country more than the government itself for Morgan was the chief financier in many of its operations. Morgan refinanced the United States Treasury on more than one occasion, using his investment banking skills to help keep the country from failing. Furthermore, he did all this while pursuing his own personal hobbies such as philanthropy and creating one of the most immense private art collections of all time. John Pierpont Morgan was a brilliant man who adhered to a strict code of business and personal ethics, helping him to make his way to the top of the world, not because he was a robber baron, but by outworking and out thinking those that ended up below him.John Pierpont Morgan was born on April 17th 1837 in Hartford Connecticut. He studied at numerous schools in Hartford as a young boy, while suffering from a very rare disorder that often lead to fainting spells and extreme fatigue. After his adolescent schooling was completed, he moved to Germany where he studied at the country?s most prestigious place of higher learning, the University of Gottigen. Later in life he suffered from an inflammation of the nose known as Acne Rasaccea, which in some cases scared off competitors and potential clients. After his studies in Germany, he went on to start his own business with the help of his father, Junius Spencer Morgan. Junius Spencer Morgan (1813-1890) had extensive business experience himself, for he was the owner of many businesses and financed many of his son?s projects during his almost lifelong career. Junius was originally the owner of a large mercantile house in Boston, until he moved onto a larger establishment where he was made a partner. After the trade business ceased to be profitable enough for him, Junius went on to take over a successful investment firm from George Peabody in London, England. Morgan?s father was a very reputable man; he gained respect from his peers for recovering endangered companies, and loaning to companies when it was absolutely needed, and for his ?audacious? loan to the French after the Franco-Prussian War (Allen Pp. 21). Junius Morgan was obviously an avid supporter of the Northern Union in the Civil War, for that is where he conducted most of his business. He believed that if the South seceded that would be the end of slavery in those states because the North was so overpowering, saying, ?The day which draws on a Southern Confederacy will see the ?beginning of the end of slavery? in those states.? (Strauss Pp. 134) Junius was utterly disgusted with the Civil War, for he believed that it was a representation of the overall failure of businessmen across the country, whereas he stated to a colleague:Whatever may be the result of the present troubles, I look upon the reputation of our country as gone. We have shown to the world how little real strength it has and how powerless for good is our government Hereafter we must take out stand before, other nations on the same level with the petty States of Central America.

I cannot tell you how I mourn this. (Strauss Pp. 139)Among Morgan?s extensive family [which consisted of a wide array of siblings, children, cousins, and an impressive list of In-Laws] was his mother Sarah Pierpont. She came from a wealthy family in Boston, where her father was a very successful preacher and Morgan originally worked. Sarah?s father was a respected man who was often a resource for advice in the town. He was very educated in business, and had a good grasp of common sense, which he freely distributed to all those who entered his pews.During Morgan?s school years he met Amelia Sturges, a girl who he eventually married. The fact that Amelia was in the latter stages of tuberculosis did not deter Morgan in the slightest. The couple traveled to Europe in hopes of finding a doctor that could cure her deadly condition. In 1862, while in Europe consulting with doctors, Amelia passed away, just one year after they had been married. They had not yet followed through on their plans to have children. Morgan remarried in 1865, to a lady by the name of Frances Tracy, daughter of Charles Tracy, a well-known lawyer of the time. Out of this marriage came four children who all ended up being in the high ranks of society, following in their family?s footsteps. Of the four, only one was a boy who was named after his father, yet most family members called him Jack. When his father passed away, Jack took over a large portion of his businesses, but was said never to have the same business skills that characterized his father. Morgan?s son could not quite live up to him, and neither could most businessmen, and with this in mind it was said that he did as good a job as he could do with the companies. Such accolades earned him respect through the business community. Louisa, Juliet, and Anne, Jack?s sisters who reaped the benefits of Morgan?s wealth, as they resided at the house most of the time, before they were married to wealthy businessman.Morgan had a very extensive education in the investment and railroad businesses before he started his own company. After his studies in Germany, Morgan traveled extensively in the Caribbean, with the purpose of studying the sugar and cotton industries, a field that he once anticipated working with. Before his Caribbean studies he worked as a clerk for Duncan, Sherman and Company in New York, and built his knowledge of general business, while also making many financial contacts that helped him later in life.The first actual business transaction that he ever made on his own, was one that like many others later in his life, caused a great deal of controversy with his fellow workers. In the end everyone was satisfied for they left the transaction with the usual large sum of money that was to be expected when dealing with J.P. Morgan. While in the Caribbean, Morgan received word of an unwanted shipment of coffee, and seeing the chance to make money, bought the coffee from a local merchant and sold it around the area for below average prices. Due to the fact that Morgan had the coffee ?in hand,? merchants were eager to buy from him, in order to avoid high shipping costs and taxes. Morgan had taken a very big chance very early in his career. He used company funds to finance a purchase that was not approved by his superiors. The only reason that Morgan was not fired was because his employers got a return profit of almost 50% (Magill Pp. 1580)In 1860 Morgan set up his own company in Boston, where he received a large amount of business from his father, and his colleagues. Morgan was specializing in local investment banking, yet he also introduced himself to the rapid buying and selling of Wall Street?s stocks and bonds, which as a whole were doing very well. After his wife?s death in 1862 he immersed himself in his work for he felt that it was the only thing that he had to rely on.He established a partnership with his cousin Jim Goodwin who had the same mentality of making money at all costs. The company was named J.P. Morgan and Company, Bankers. In 1864, after Morgan took the partnership as far as it could possibly have gone with their limited resources, he reorganized with new and more experienced partners, naming this firm Drexel, Morgan, and Company. A significant amount of time was taken out of his social life during this charge to the top. However, Morgan kept to his philanthropy, never losing sight of his family or the community, for he worked hard to make money for the Y.M.C.A, and other local charity organizations.As the Civil War became inevitable, Morgan prepared for what seemed to him to be a grand money making opportunity. Morgan was supposedly deemed unfit for military duty in light of his teenage illnesses, however he accompanied his father the best he could in his pro-Union war efforts. Morgan did anything that he could to make money during this time. He traded in his gold against the government?s ?Greenbacks,? which were constantly fluctuating in value. He also made a habit of selling arms and supplies to military units that were in despair.There was one particular incident that started Morgan?s career off on a very bad foot with the general public and many government officials, for what he did seemed very unethical and scandalous. Many of these same officials, however, eventually scampered back for loans, and financial backing of campaigns and other personal projects. The deal began in the summer of 1861 with the Northerners thinking that if there were a war, access to the majority of cotton supplies, factories, textile mills, and the trans-Atlantic shipping trade would be cut off to the South. This would allow private businessmen to take over the tasks that had once been commandeered by the wealthy Southern investors. However, it turned out that there was a large profit to be made in the North, for the Army was seemingly unprepared and in a desperate need of guns.Arthur Eastman was one man in particular who took advantage of this situation. He was not a big business operator but was in his own words ?Familiar with guns and ordinance.? (Strauss Pp. 120) He had located 5,000 breech-loading carbine rifles that were located in a government warehouse on the southern tip of Manhattan. Left over from the Mexican War, they were outdated and needed to be brought up to standard. In May, Eastman offered to alter the obsolete guns in return for a payment by the Federal Government. Ordinance Chief James W. Ripley turned him down because he saw the deal as taking too much time, and using too much precious money. After this, Eastman proposed to buy the guns instead, and Ripley proposed a price of $3.50 per gun ($17, 500) (Jackson Pp. 220). The only problem was that Eastman had nowhere near this much money. After the Union?s second defeat at Bull Run, General John C. Fremont, the commander of the Western War Department, was in desperate need of weaponry, and began to purchase arms from a number of private dealers. One of his Lawyers, Simon Stevens, learned of Eastman?s purchase and offered to buy The guns for $12.50 each with an advance of $20,000 so that Eastman could purchase the guns, which had already been contracted to him. Stevens then offered to sell the guns to Fremont [back to the government, where they originally came from] for $22 each, after they had been brought up to military standard. Fremont readily agreed, however none of the three men had the money to initiate this deal, necessitating the investment skills of J.P. Morgan.In early August, Stevens contacted Morgan and asked him for a loan of $20, 000 to advance Eastman, which Morgan did. Morgan went to the warehouse with Eastman and Stevens, and paid the $17, 486 for the guns, then gave the remaining $ 2, 514 to Eastman as the remainder of his advance. ( Jackson Pp. 220) He then lent Stevens $ 42, 000 to pay for the guns that were immediately purchased from Eastman. Morgan was to begin receiving payments for his loan within 10 days, however alterations took much longer than expected and Morgan removed himself from the deal, fearing that Fremont would lose interest in the guns, and leave Stevens without a buyer (Jackson Pp. 221). Morgan was correct about Fremont?s intentions since he removed himself as well, and Fremont removed himself as well, leaving Stevens in debt and with a large number of seemingly useless guns. Stevens felt that this was the government?s fault, and that they were in breach of contract. Stevens paired himself with Eastman and sued the government for the full amount of all the guns. In the end they were paid, however the fact that the guns were being bought from the government and sold back to them in a matter of months for about $20 more than the original selling price created controversy.J.P. Morgan, the head of the operation, was thought to be to blame. He had financed the deal down to every last penny, making him responsible, or so many thought. Morgan was ridiculed by press and society for having taken advantage of the government during one of its most vulnerable moments ever. Morgan denied knowing that the guns were bought from the government, and that they were to be sold back to the government, however it was widely known that he had gone to the warehouse with Stevens and Eastman, and that the reason that Morgan entered the deal was because he was under the impression that he was going to be paid back with the money which resulted from General Fremont?s purchase of the weaponry. It was obvious to most everyone that Morgan may not have initiated this activity but certainly condoned it.Morgan was now well known as a man that would go to any cost to make money. This attitude deterred some customers, who had very high moral values, but brought many more in who also wanted to be in the ?high society.? (Allen Pp. 34) However, Morgan never took advantage of people, he took advantage of situations that other people did not. He made money when he could and lost money too. However, by now, his financial situation was such that he was never really hurt by these losses. In addition, the public never heard about the losses, creating the illusion that all he ever did was make money at other people?s expense.All people of power are attacked for some reason or another, and daily attacks on Morgan did not stop when he involved himself with the railroads of the United States. His goal was to make sure that his investments with railroad companies were being handled correctly. When Morgan made the decision to enter the railroad business he jumped in with both feet, as he often did, and as usual began making money through his shrewd investment skills. Morgan took control of the Albany and Susquehanna railroads, going against two of the most notorious railroad tycoons of the time, Jay Gould and Diamond Jim Fisk. It was said that while in a board meeting with the two, Morgan threw Diamond Jim Fisk down a flight of stairs in order to keep control of a board meeting that was getting out of control (Magill Pp. 1582).As Morgan entered deeper into the business, he learned that his investment banking skills could be used in the Railroad business also, for he ended up marketing many large accounts, and ended up keeping many companies afloat, just by using his own wit and business finesse. That was one aspect of business that Morgan took great pride in, for he was able to single handedly refinance companies, (such as when he marketed 250, 000 shares of New York Central stock, [87% of those existing] without any depreciation,) keeping them in business and making him money at the same time. (J.P. Morgan: Master of the Money Pp. 2)Morgan had such skill in this field that he was chosen to help out the Federal Government on more than one occasion. Under the Grant administration, Morgan was called in to refinance the Federal Dept. As the government owed large amounts of money and had no way to pay off these debts, he was forced to carefully invest the remainder of the government?s money in some very volatile stocks that eventually paid off, and helped to save a portion of the United States Government. In 1877 Morgan loaned the Army money to pay troops for fighting in the Western Indian Wars. It was very risky for the Army to borrow money, for they really had no means to pay loans back. This is one of the main reasons that Morgan was chosen for these jobs, for the government trusted, based on his business record and reputation, that he could get the job done in a very efficient and profitable manner. During the Depression of 1893 Morgan played a crucial role in the saving of the United States? Treasury?s gold reserve. The Treasury had sold too much gold and was on the brink of bankruptcy when Morgan stepped in to form a committee of European and American investors that agreed to loan the government money in order to resurrect the crumbling Treasury. However, Morgan?s greatest feat came in 1901 when he formed a combination of bankers that bought out Andrew Carnegie?s steel business and merged it with a number of other companies to form U.S. Steel, the worlds first ?billion dollar company.? (Stauss Pp. 482)Morgan gained an immense amount of power at a very rapid rate, making many people uneasy about how the country was being handled. Many even thought that he had more power than the government itself, which in some cases he did, for if he shut down his whole operation, or the unimaginable happened and he went bankrupt, the whole country could have quite possibly gone under. The government realized that this was true and President Roosevelt ordered Morgan to trial in 1912. Roosevelt felt that eventually Morgan was going to have more power than the government, for he would be controlling all major industries. This meant that he would have a very significant amount of influence when dealing with foreign countries, and other duties that the government is usually in charge of. He was to testify before an investigation committee in Washington, called the Pujo Committee, which specialized in the investigation of alleged monopolies and trusts. Samuel Untermeyer who was the lead council for the committee questioned Morgan [who was a very good witness] and stayed on a line of questioning implicating that Morgan?s company (which included numerous investment banking firms, steel companies, steel companies, and banks) controlled America?s economy and unrightfully so. The council tried to convince Morgan that he had too much power, however Morgan responded by telling the council ?I do not have power?accounts just come.?(Allen Pp. 102) Morgan believed and told the council ?Money equals business which equals power, all of which come from character and trust.? As a result of the trial Morgan was forced to sell of a number of his companies anyway, however he kept most of his investment firms some of which ended up remaining J.P. Morgan, others ended up being merged by Morgan?s son in the early 1900s to form the Morgan, Stanley and Dean-Witter investment firm.J.P. Morgan did not keep his wealth to himself; he made contributions to many charities including the Y.M.C.A., and many local church organizations. Morgan became the president of the Metropolitan Museum of Art, where he was helped by George F. Baker and Edward Harkness, both trustees of the establishment. Morgan traveled the world during his ?retirement? collecting magnificent works of art that were to be added to his personal collection as well as to the many museums that he contributed to. Morgan also led the vestry at St. Georges Church and, through this church he also set up a community center, housing for social workers, an industrial school, a summer camp, and a seaside resort for working women and children. Morgan also maintained the church by his summer home, where he funded the building of a new cathedral.

Morgan also attended every tri-annual convention of his church until his death on March 31st 1913 in Rome, Italy while on one of his many trips around the world with his family.J.P. Morgan was an extraordinary man who took advantage of the fact that there was no central bank during his time, to create investment opportunities for himself, which brought him to the top of the world. His riches carried over into the present day corporation of J.P. Morgan, which is still one of the most successful companies in the world. Morgan?s riches also carried over into society, for a large portion of his money was left to science, charity, and the progression of the arts. The illusion that Morgan was a ?robber baron? [a term that the press created to ridicule those as successful as Morgan] was just that, an illusion, for Morgan gave more back to the people of society, than any other businessman of his time while still making more money than all of his rivals, making him one of the most successful people ever.