J.P. Morgan Essay, Research Paper

MORGAN, J. Pierpont

(1837-1913)

Banker and industrialist J. Pierpont Morgan was one of the world’s foremost financial figures in the decades before World War I. He organized railroads and formed the United States Steel Corporation. His wealth and financial management skills were so considerable that he was able to steer the United States Treasury from the brink of disaster.

John Pierpont Morgan was born in Hartford, Conn., on April 17, 1837. His father was a very successful businessman, and John Pierpont was educated at Germany’s distinguished University of Gottingen. In 1871 he became a partner in the New York City firm of Drexel, Morgan and Company. In 1895 the firm was renamed J.P. Morgan and Company, and it soon grew to be one of the most powerful banking houses.

Morgan had a talent for merging and reorganizing struggling companies to make them remarkably profitable. In 1885 he began a long career in railroad organization when he arranged for the merger of the New York Central Railroad with competing New York lines. Within three years he extended his influence to railways based in Pennsylvania and Ohio. After a financial panic in 1893 he helped to rehabilitate a number of major lines and stabilize the railroad industry by reducing competition. When Morgan arranged these mergers he also became a stockholder in the railroad companies, and by 1900 he was one of the world’s most influential railroad leaders.

In the winter of 1895, when the United States Treasury was on the verge of bankruptcy, Morgan organized a group of financiers who carried out a private bond sale to replenish the treasury. He helped the government again in 1907, when, with Wall Street in a financial crisis, Morgan used his banking house to take government deposits.

In 1898 Morgan formed the Federal Steel Company, and in 1901 he united it and various other steel companies to form the vast United States Steel Corporation. He also financed International Harvester and the International Merchant Marine. Morgan was not always praised for such financial wizardry. In 1912 a federal committee investigated his operations. It was thought by many at the time that his consolidation of companies created unfair monopolies.

Morgan was an art collector, and he donated many priceless works to New York City’s Metropolitan Museum of Art. J.P. Morgan died in Rome, Italy, on March 31, 1913.