

The man who gave \$350 million to charity

Long before Gates and Buffett, there was Andrew Carnegie. Elizabeth Grice profiles the first great American philanthropist

Somewhere above the gobsmacking philanthropic alliance of the world's two richest men this week hovered the bearded, wing-collared ghost of the previous holder of the title: Andrew Carnegie, the Scottish-born steel baron who, by the time he died in 1919, had given away \$350 million. It was a staggering sum in pre-globalisation days.

Because Carnegie used part of his great wealth to build 3,000 libraries worldwide, it is astonishing that the ornate New York Public Library where Bill Gates and Warren Buffett chose to announce their \$60 billion package to assuage world poverty and disease was not actually one of his – he gave New York City 68 branch libraries instead.

Fond of saying that “the man who dies rich dies disgraced”, Carnegie was the first great rags-to-riches American philanthropist – bluff, optimistic, intuitive and, as he got older and richer, increasingly sanctimonious. Born in 1835, he was the son of a jobbing weaver from Dunfermline who was reduced to poverty when hand-loomers were supplanted by steam-powered ones. His mother, a proud and cultured woman, resorted to selling groceries and mending shoes to keep the family clothed and fed.

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The adolescent Carnegie, who idolised her, was mortified. "I began to learn what poverty meant," he said. "It was burnt into my heart that my father had to beg for work. And there came the resolve that I would cure that when I got to be a man."

Desperate, the family borrowed the fare for an Atlantic passage and emigrated to Pittsburgh, which, in 1848, was a stifling, stinking, soot-cloaked city consumed by the demand for iron. Carnegie's first job was as a bobbin boy in a cotton mill, where he earned \$1.20 a week. Later, he worked as a messenger in a telegraph office, cultivating the kind of contacts that got him into the Pennsylvania Railroad company, where he made himself indispensable and started to earn real money – \$35 a month. "I couldn't imagine," he said years later, "what I could ever do with so much money."

Buffett once said he always knew that he was going to be rich. With Gates and Microsoft, it was more inevitable. But with Carnegie, it was naked ambition.

At the end of the Civil War, Carnegie moved into the iron industry and his annual income soared to \$50,000. Earlier in his career than either Gates or Buffett, he started to fret about the corrupting power of wealth. At the age of only 33, and making a fortune from replacing wooden bridges with iron ones, he had an attack of introspective piety.

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Cash flow: the Scottish-born Andrew Carnegie (above), who made his fortune in the United States in iron and steel. Below: Warren Buffett and Bill Gates (bottom)



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high-minded thoughts were crowded out by three more decades of rampant money-making, as he shifted from iron into steel, and always living by the motto: "Watch costs and the profits take care of themselves."

The historian John Ingram says of him: "I think his genius was, first of all, an ability to see how things were going to change. Once he saw that something was of potential benefit to him, he was willing to invest enormously in it."

Business and patriarchy ruled him. For most of his adult years, especially after the death of his father, his mother was the only woman who mattered. He half-heartedly courted Louise Whitfield, one of several "young ladies" he rode with in New York's Central Park, but there was never any prospect that he would marry her while his mother was alive.

When they married in 1887, a respectful year after his mother's death, Carnegie took his bride to the Isle of Wight for their honeymoon and then on to his native Scotland, where he had become a legend. The steel magnate was given the freedom of Edinburgh as he passed through. In Dunfermline, he boasted: "She got nothing but flattering accounts of her husband, which gave me a good start with her."

Louise (whom he refers to in his autobiography as "Mrs Carnegie") "soon became more Scotch than I", insisting that a personal

Theoretically, he robustly supported the rights of labourers to unionise and protect their jobs, but this did not always square with his tyrannical traits as a boss. His steel workers endured long hours for low wages. And in the Homestead Strike of 1892, Carnegie backed his plant manager, Henry Frick, whose tactics were lock-outs and intimidation. In the conflict that followed, some died and Carnegie's reputation and his conscience both suffered.

His biographer, Peter Krass, says that, although Carnegie is remembered as a business builder who embraced chance, a master motivator and a fanatical cost accountant, he was often vain. "He was so convinced of his own rightness – in business, politics and philanthropy – that he couldn't conceive of being wrong," he says. "He was intoxicated by his own holiness."

By 1900, Carnegie Steel, in Pittsburgh, was producing more of the metal than the whole of Great Britain and Carnegie was known as "the king of steel". He sold out for \$480 million to the financier JP Morgan, who told him: "Congratulations, Mr Carnegie, you are now the richest man in the world."

Carnegie was 64 and he began to turn his attention to the "infinitely more serious and difficult task" of disposing of his surplus wealth as promised. Although he claimed to be daunted by the mechanics and responsibility of philanthropy, it is doubtful whether he would ever have

preserving world peace was the overarching cause. Over two decades, he gave an estimated \$25 million towards peace – and was deeply disillusioned by the scale and horror of human loss in the First World War. According to his wife, he never recovered from the shock. "His heart was broken," she said. He lived for five years after the outbreak of hostilities, but his autobiography ended abruptly on the day war broke out.

Although Carnegie gave a total of \$350 million to philanthropic causes, there was still \$25 million left in his bank account when he died. Most of it went to the Carnegie Corporation. The oil baron John Rockefeller, who died in 1937, gave away \$500 million, but passed \$500 million to his children, an act Carnegie would have regarded as a disgrace. Echoing the same principles

this week, Buffett, whose three children will receive bequests to run their own foundations, said: "I am not an enthusiast for dynastic wealth, particularly when the alternative is six billion people having much poorer 'hands' in life than we have."

Carnegie's name is still everywhere, enshrined in trusts, foundations and libraries. He has become a template for modern philanthropy, his name and record invoked as a yardstick of giving. A few years ago, a magazine headline asked: "Is Bill Gates the new Andrew Carnegie?" Maybe he wouldn't want to be, if it means being judged as harshly as Carnegie was by his daughter, Margaret, who suspected him of hypocrisy.

"Tell his life like it was," she told his official biographer, Joseph Frazier Wall. "I'm sick of the Santa Claus stuff."

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"To continue much longer overwhelmed by business cares, and with most of my thoughts wholly upon the way to make more money in the shortest time, must degrade me beyond hope of permanent recovery," he wrote. "I will resign business at 35, but in the ensuing two years I wish to spend the afternoons in receiving instruction and in reading."

It never happened. His

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Louise (whom he refers to in his autobiography as "Mrs Carnegie") "soon became more Scotch than I", insisting that a personal bagpiper should wake them every morning and that they should buy a Scottish home, eventually Skibo Castle. (They took the piper back with them to New York.) During the honeymoon summer, they rented a house in Perthshire, staffed by two cooks and 20 servants, and entertained relentlessly – to Louise's utter dismay.

Revealingly, she wrote to her mother: "I am not a bit homesick, but I begin to realise how much a man wants and how important it is for a woman not to have any wants or wishes of her own." She added: "Andrew is sweet and lovely, but he is so very different from every other human being."

Carnegie drew up a prenuptial agreement, making it clear that the bulk of his estate would eventually go to charitable and educational purposes, and that "Louise Whitfield sympathises and agrees with him in said desire". He gave her more than \$300,000 in stocks and bonds, intended to provide an income of \$20,000 a year.

A daughter, named Margaret after his mother, was born a year later and, although he was entranced by fatherhood in the beginning, he never really had time to get to know her, and she grew up sceptical of his philanthropic record and business tactics.

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Carnegie was 64 and he began to turn his attention to the "infinitely more serious and difficult task" of disposing of his surplus wealth as promised. Although he claimed to be daunted by the mechanics and responsibility of philanthropy, it is doubtful whether he would ever have behaved in the same manner as Warren Buffett, donating \$60 billion to his friend Bill Gates with the words: "You can do a better job of giving it away than I can."

Carnegie's munificence was never intended to be anonymous. His name is emblazoned on so many cultural, scientific and educational institutions that one of his critics remarked: "He would have given millions to Greece had she labelled the Parthenon "Carnegopolis".

For all that, like both Gates and Buffett, Carnegie believed in the civilising power of education. He never forgot his days as an ignorant messenger boy when he and other boys were allowed to borrow books from the library of a local businessman. At the 25th anniversary of the Braddock Carnegie Library in 1914, he said: "I'm willing to put this library against any other form of benevolence. It's the best kind of philanthropy I can think of."

It is a commonplace of charitable giving today that straight handouts are nothing like as effective as helping others to help themselves, but Carnegie was ahead of his time in seeing this.

While Gates and Buffett are dedicated to tackling poverty and disease, for Carnegie at the turn of the century,

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