Morgan, J. Pierpont

By Eric Foner and John A. Garraty

(1837-1913), banker and art collector. Morgan headed J. P. Morgan and Company, the most important force in American finance in the quarter century before World War I, a time when the burgeoning American economy grew to be the largest and most powerful in the world.

Morgan was born into a wealthy family in Hartford, Connecticut. In 1854, his father, Junius Spencer Morgan, became a partner of George Peabody's banking house in London and took over the firm when Peabody retired, renaming it J. S. Morgan and Co.

From his earliest days Morgan was exposed both to international banking at the highest levels and to the idea held by Peabody and his father that personal integrity was indispensable to success in that field; these were to dominate and characterize his life. In his last years Morgan was asked by a congressional committee if money was not the basis of commercial credit. "No sir," he replied, "the first thing is character....a man I do not trust could not get money from me on all the bonds in Christendom."

After completing his education at the university at Gottingen, Germany, in 1857, Morgan went to work on Wall Street. In 1862 he opened his own firm and in 1871 joined forces with the Drexel firm of Philadelphia. The new firm, Drexel, Morgan and Co., opened its offices at the corner of Wall and Broad streets where the headquarters of the Morgan Bank have been located ever since.

American railroads expanded rapidly after the Civil War, but their profitability waned owing to rate wars and competitive overbuilding. Frequent mergers and bankruptcies often left railroads with bizarrely complex corporate structures. Morgan's firm did much to rationalize the companies in the eighties and nineties, reorganizing, among others, the Baltimore and Ohio, the Chesapeake and Ohio, and the Erie lines.

Morgan's success as a banker derived from his formidable physical presence and dominating personality almost as much as from his capital, expertise, and creativity. He looked and acted like a man of supreme authority and wisdom, and most people took him at face value. In 1890, when his father died, he took over J. S. Morgan and Co. in London and renamed it and the New York firm J. P. Morgan and Company.

About this time he began to collect art, an interest that soon became a sort of inspired mania. By the time of his death his collection was the largest in private hands the world has ever known and included paintings, drawings, jewelry, ceramics, sculpture, and manuscripts. Although somewhat dispersed after his death, the bulk of his collection is today at the Metropolitan Museum of Art and the Morgan Library in New York and the Wadsworth Atheneum in Hartford, Connecticut.

As industrial companies came to dominate the American economy, it was his firm that financed many of them, including General Electric and International Harvester. In 1901 Morgan was instrumental in the creation of U.S. Steel, the largest corporate enterprise in the world at the time, capitalized at $1.4 billion.
By the turn of the century Morgan had become the very symbol of Wall Street, the man the financial community looked to for leadership. In 1907, when a banking panic threatened to spin out of control, Morgan took command, rallied the other bankers, and restored confidence. This panic led to the creation of the Federal Reserve System in 1913, the same year Morgan died in Rome, Italy.


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