

I Early Years to Homestead

A young German named Charles Schwab, who came from Baden-Baden, settled in Bedford County in south-central Pennsylvania in 1830. A few years later, he went northward into Cambria County, making his home in Loretto, a village on the heights of the Alleghenies. In 1857 he moved a few miles eastward to the Appalachian valley town of Williamsburg. There his eldest son, John, joined him as a weaver. When he was twenty-two John Schwab married Pauline Farabaugh, a former neighbor in Loretto. Their first child was born in February 1862 and was baptized Charles Michael. When the boy was twelve, his parents moved back to Loretto, where John went into the livery business and obtained a contract to carry mail. The family's wealth was slight.

Although Charlie seems to have been a bright boy at school, he grew up in an economic backwater, a little community showing few signs of the dynamism already transforming other parts of the state and the national economy. Even so, he gained some intimation of the ferment that lay beyond—though it is important to recognize that much of what he later claimed he could recall seems to have been shaped or at least colored by later experiences. A vivid example of this sort of retrospection, one whose very form seems to owe a good deal to the work of professional myth makers, was his recollection of one childhood view:

Many a time I would stray from home over the hills and to the top of the range, where I could see the tall chimneys of Johnstown send-

ing up their plumes of smoke. Often I lay on a hillside to watch those streamers. Along toward dusk tongues of flame would shoot up in the pall around Johnstown. When some furnace door was opened the evening turned red. A boy watching from the rim of the hills had a vast arena before him, a place of vague forms, great labors and dancing fires. And the murk was always present, the smell of a foundry. It gets into your hair, your clothes, even your blood.¹

The steel works of the Cambria Iron Company that Schwab claimed to have viewed from his hillside were actually eighteen miles away and separated from Loretto by a jumble of other hills.² But other direct connections with the wider spheres of economic growth were beginning to filter through to the neighborhood. As a teenager Charlie helped his father haul goods and carry passengers to and from the small local rail station of Cresson, four miles from home on the crest of the Allegheny Front. There he first set eyes on Andrew Carnegie, whose summer home was nearby. Long afterward and characteristically, he was eloquent about Carnegie's influence on his life but rather vague about its chronology:

It is nearly forty years since I first knew Mr. Carnegie. As a boy I met him when he sojourned on the Alleghany [*sic*] Mountains for his summer outings, and I little thought at that time, when I held his horse and did trivial services for him, that fate in later years of life would so intimately throw our lives together, and that I would become the friend and associate of such a great man. . . . [A]s I look back upon those days of boyhood, . . . I feel now the strength of that personality and the influence it had upon me in after life.³

After Schwab attended the local Catholic college, sometime during midsummer in 1879 the steady but limited country routines of the young man were broken when he began work. He traveled seventy miles from home to become an assistant in a grocery store. The store was in Brad-dock, a small community, but one whose fortunes were inextricably linked with the dynamism of what was then a leading growth industry: steel manufacture. The largest interest in the Edgar Thomson works, which had then been in production for only four years, was held by Andrew Carnegie. Here, as in the other burgeoning mill towns of the Monongahela valley, ways of life, social structures, the built environment, and the pace of change were all radically different from those to which Charlie Schwab had been accustomed. It took sixty years for Loretto's population to increase from 100 to 240 in 1900; the census taken a few months after

Schwab's arrival in Braddock showed that the industrial town already housed 3,300 souls. His home area was and remained relatively unspoiled by "progress"; the valley to which he came had once had its own idyllic landscape, but it was now well along the way to man-made desecration. Economically speaking, it was an unqualified success.

In the year of Charlie's arrival new records were being set by the iron and steel industries. National output of pig iron was 19.1 percent higher than in 1878, the tonnage of Bessemer steel was up by 26.8 percent, of rolled iron and steel products, 30.4 percent, and of steel rails, 23.8 percent. In some respects Pittsburgh did even better, the net profits for the Carnegie associates being 70.55 percent higher than in 1878. Given such a setting, the restless energy of locally booming business, and the pervasive atmosphere of the possibilities and prime importance of material achievement, no more propitious occasion could have been envisaged for the arrival of an able, energetic, and ambitious young man. It was indeed a remarkable conjunction of time, place, and individual character. Charlie Schwab, though only in his eighteenth year, was bewitched by the outward signs of industrial achievement and was already given to dreams of his own part in a yet greater future. In such circumstances the dull routine of a job behind a store counter could not provide satisfaction for long. All that was needed was a role model for the new possibilities and value systems and the chance to change direction from retailing to a job more obviously in the stream of the times. Opportunity and inspiration came together in the form of the general superintendent of the Edgar Thomson steel works.

Having proved himself in the iron business, as early as 1868 Andrew Carnegie had ventured on a small scale into Bessemer steel at the works of the Freedom Iron and Steel Company at Lewistown, in central Pennsylvania. This venture was a commercial failure. Four years later, after returning from Britain where he had seen bigger plants operate successfully, Carnegie decided to try again, this time on the outskirts of Pittsburgh. With an eye to sales prospects, he named the new steel plant and rail mill after the president of the Pennsylvania Railroad, Edgar Thomson. Asked to approve the use of his name for the works, Thomson is said to have responded, "I fear they will do me little credit." He died in May 1874 and therefore did not see how quickly and decisively his doubts proved unfounded. The first Bessemer blow occurred on 26 August 1875, and six days later the first rails were rolled. During 1879 the Edgar Thomson (ET) works rolled seventy-six thousand tons of steel rails, almost exactly one-eighth the national output. In early fall that year, as Charlie Schwab was

settling into the routine of the grocery store, a major change was made in top management at the ET works. William P. Shinn left after an acrimonious dispute with Carnegie; William R. (Bill) Jones, general superintendent since the plant began production, was now given greater powers. Devoted to the pursuit of high productivity, Jones made the ET works a marvel of the metallurgical world.

The chronology of Schwab's introduction to this dynamic industry is by no means clear. It seems probable it was only about eight weeks after he arrived at the store when he was offered and accepted a job at the steel works. The details are lost in the mixture of fact and what eventually became an industrial myth, uncritically repeated, with the latter more assiduously propagated than the former, particularly by image makers. Bill Jones was a customer at the grocery store, noticed the brightness of the young man who served him, and asked if he would like a better job as a laborer. Charlie seems to have joined the Edgar Thomson engineering corps on 12 September 1879. Some doubt may be thrown on this date as it was a Friday, at first sight a rather unlikely day to start a new job. Whatever the truth, late in life Schwab particularized and overdramatized the event: "If I had not sold that 10 cent cigar to Bill Jones, I might still be selling dried apples over a counter."⁴ Another story that may be apocryphal but was all of a piece with the attitudes of his later life was that Schwab's response to Jones asking if he could drive stakes was, "I can drive anything." All in all it was an auspicious beginning, scarcely modified from sheer bravado by the fact that during his schooling in Saint Francis College in Loretto some time was devoted to aspects of both surveying and engineering, or that, as author Robert Hessen suggests, in this new job Schwab got by for some time with a mixture of pretended knowledge and quick learning. To help himself further, he is said to have studied mathematics in the evenings. As compared with the ten dollars or so a month he earned at McDewitt's store, he earned a dollar a day at the Edgar Thomson works.⁵

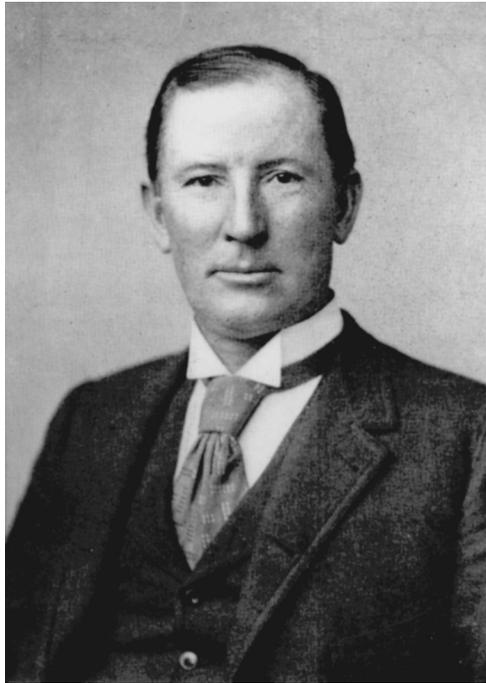
Six months or so after he began work at the plant, that is, sometime during spring of 1880, the temporary transfer of Peter Brendlinger, head of the engineering corps, to the company's Scotia iron ore mining operations gave the still barely eighteen-year-old Schwab another break—the opportunity to take his place. In fact, reliable dating of his progress is unsure, depending as it does on his recollections more than half a century after the event. Eugene Guifford Grace, later chairman of Bethlehem Steel and a close associate in the last thirty-five years of Schwab's life, suggested he became chief engineer two years after starting work; Hessen, drawing on the notes compiled by S. B. Whipple, indicated six months. Even less cred-

ible is biographer Joseph F. Wall's claim that within six months of starting work as a stake driver, Schwab was superintending the construction of new blast furnaces at Braddock. He provides no evidence, and at that time Schwab had absolutely no experience with blast furnaces. On prima facie grounds it seems most unlikely that men with the business sense of the Carnegie brothers or as ever-watchful as Henry Phipps would entrust a project costing many thousands of dollars to an unknown youth with no technical background. In fact, at that time the blast furnaces at Edgar Thomson were under the control of Julian Kennedy, a man ten years older than Schwab and a highly trained engineer.⁶

Shortly after being promoted into the engineering corps, Schwab became a staff member in the drawing office, where his dedication to work once more earned Jones's respect. Again, myth making has been active where detailed information is lacking, it being said that he gained rapid promotion by excelling in an exercise especially framed to see which of the draftsmen would accept an extra burden of work without grumbling. A rare specific date in all the flux of rumor and conjecture seemed to be provided many years later by James Farrell, who, as president of the United States Steel Corporation, must be assumed to have had command of the resources to find the truth. He revealed that Schwab first applied for a job in the Edgar Thomson mills on Sunday, 12 September 1880. On the other hand, it is disturbing to the confidence to note that this date was exactly a year after Schwab is said to have first been employed at the plant—and that 12 September 1880 was a Sunday.⁷

Experience continued to increase Jones's trust in the lively young man, and he began to use Schwab as a means of communicating his daily commercial reports to Andrew Carnegie, whose office was in central Pittsburgh almost ten miles away from the plant. Carnegie too was impressed by the combination of charm and obvious talent in the carrier.⁸ Even so, for some years it was Bill Jones who was the most important influence on Schwab. He was a man well suited to inspire a keen, able, ambitious, and still impressionable deputy.

When William R. Jones joined the Edgar Thomson Steel Company in 1873 he was thirty-four years old and, after years of work at the Cambria Iron works, Johnstown, an experienced steel maker. In 1873 construction of the new Edgar Thomson works was still in its early stages. Jones became superintendent in September 1875. Apart from his technical competence, he possessed two other vital qualities: he was both highly competitive and able to instill this commercially valuable attitude in his men. Year after year rail travelers passing through Braddock would see an immense



Captain W. R. "Bill" Jones.

Reprinted from H. N. Casson, *The Romance of Steel*
(New York: A. S. Barnes, 1907).

broom towering above one or another of the Edgar Thomson blast furnaces. Its transfer from one stack to another indicated which of them had recently made a clean sweep of the world blast furnace production record. A similar drive for production was pursued in the steel department. In 1874 Alexander Holley reckoned that the plant he had designed would make 30,000 tons of rails a year; during November 1879 it rolled 11,037 tons.⁹ It gained a lead over contemporary European practice not only by installing new equipment, by superior design, and by the advantages of the large, standardized mill runs possible under U.S. marketing conditions but also because of the gradual development of a distinctively American production ethos: a focus on high productivity coupled with unceasing striving to be at the head of the field. In short, the achievements at Edgar Thomson were a special case of a national characteristic. As early as 1877, 22 converters in the United States, each averaging 5 tons in size, produced two-thirds as much steel as 114 British converters of larger average capacity.¹⁰ The plant's 1880 output of 138,000 short tons ranked Edgar

Thomson ahead of all the steel plants in the nation. The following May, in a paper on American Bessemer steel and rail manufacture presented at the Iron and Steel Institute in London, Jones attributed the large outputs directly to the keenness shared by managers and workers: "As long as the record made by the works stands the first, so long are they content to labor at a moderate rate, but let it be known that some rival establishment has beaten that record, and then there is no content until the rival's record is eclipsed." Given such conditions of work, it was easy to conclude that progress and expansion had no limits. In 1880, when Schwab joined the work force, the Edgar Thomson plant's daily ingot steel capacity was 450 gross tons; by March 1887 output averaged 968 tons a day.¹¹

Charlie Schwab now moved into this frantic but exhilarating industrial atmosphere; given his own aspirations, he responded positively to its challenges and opportunities. Years later he spoke of Jones as "my best friend of early life. . . . How proud to be known in after-life as one of 'Capt Bill's Boys!' . . . a true man among men." In a less euphoric moment he also described him as "an impetuous, hustling man." At the time his response was devotion to the work: "My whole object in life then was to show him my worth and to prove it. I thought and dreamed of nothing else but the steel works." In fact, the situation provided more than a chance to please his immediate superior. Looking back, he reckoned that by the early 1880s Jones, though only in his early forties, was tiring, and the superintendent accordingly began to delegate more and more work to Schwab. The established reputation and production psychology of the works, the inspiring example of Jones, and possibly his wish to pass on more routine work to an assistant in whom he placed increasing trust created a most favorable milieu for an ambitious young man. There is circumstantial if little direct evidence of his early aspirations as he put down roots in the area. In May 1883, aged only twenty-one, he married Emma Eurania (Rana) Dinkey, a local girl whose brothers worked at Edgar Thomson. Their carefully posed honeymoon photographs from Atlantic City were revealing. Arms folded, Charlie seemed solidly self-confident. In contrast with the otherwise identical background in Rana's photograph, he stood with his right foot firmly planted on a "log." When they returned to Braddock, they moved into a very modest home, a small wood-framed cottage. Many years later he recalled the time and place as the happiest period of their lives. Despite the new domesticity the drive for advancement was undiminished. One indication of this drive was that in his early years at Edgar Thomson Schwab would typically be up at 5 a.m. ready for the day's work.¹² The marriage not only failed to moderate his zeal for work but also provided another



Charles M. Schwab, May 1883, at the age of twenty-one.
Courtesy of the National Canal Museum, Easton, PA.

potent industrial “myth,” the truth of which is difficult to verify. Charlie began to use the room originally intended as Rana’s sewing room as a place in which to teach himself the rudiments of metallurgical analysis. By now he had caught the attention of other Carnegie associates, and a major help in equipping his “laboratory” was a gift of one thousand dollars from Henry Phipps—a generosity Schwab later failed to acknowledge in his rather parsimonious assessment of the owner of the second largest interest in the Carnegie operations. In marked contrast with Schwab’s attempt to make good his lack of scientific knowledge, Jones, though continuing to make important innovations in steel works equipment, affected skepticism about scientific research. As he once put it, “Damn it Charlie, chemistry is going to spoil the steel business yet.”¹³ Despite the difference in their ages, Schwab became Jones’s friend as well as a workday colleague; he even gave piano lessons to Jones’s daughter.

Meanwhile Schwab’s progress in the field of iron and steel works engineering continued. An early triumph was his design for the construction of a bridge in Braddock to be used for transfer of molten iron across

the tracks of the Baltimore and Ohio Railroad. He completed this assignment in 1885, in two-thirds of the time allocated to him, and he received recognition from both Jones and Carnegie: a diamond studded pin from the former and a monetary reward from the latter.¹⁴ Above all, such successes suggested he might be suitable for still greater responsibilities. The progress of the Carnegie associates provided him with the necessary opportunity.

In 1881 the Lucy Furnace and the Edgar Thomson steel works were merged and the resulting conglomerate was known as Carnegie Brothers. Five years later a second firm, Carnegie, Phipps and Company, was formed with another big steel operation at its core. On the south bank of the Monongahela River, two miles closer to the center of Pittsburgh than Braddock, the borough of Homestead was incorporated in 1880. Its population was then 596, but industrial development was already under way. A glass plant was the pioneer in 1879, and then in October that year a group of special steel producers, incorporated as the Pittsburgh Bessemer Steel Company, went looking for a site on which to build a new bulk steel works and chose Homestead. Their first steel was poured in mid-March 1881, but not until August was the rail mill at work. For a time this new mill threatened to be a major competitor for established producers, including Edgar Thomson. Then labor unrest, partly the result of insensitive handling by management, hamstrung its operations. On 16 October 1883 the Carnegie interests bought the troubled Pittsburgh Bessemer works for a reported \$1.2 million. It was not in good condition. During the first five months of 1884 its net earnings were \$44,353, equal to an annual profit of \$106,000; that year net profits at Carnegie Brothers amounted to \$1.3 million. The newly acquired works needed to be revamped.¹⁵

In the mid-1880s it seemed for a time that steel rail production had reached a plateau. National output decreased each year from 1883 to 1885, and the average production for all three years was 79.7 percent of the 1883 figure. In light of these circumstances the decision was made to equip Homestead to roll other products. By summer 1885 its rail mill had been modified to produce steel beams. In spring 1886 work began on a plate mill, and in 1887 a new cogging mill was installed to serve the structural steel operations. Even more important, Carnegie Brothers decided to branch out in steel making technology; to its existing Bessemer capacity the company added an open hearth shop of four thirty-ton furnaces. In 1887 the company invited bids for construction of a universal plate mill, which was expected to have the largest capacity of any mill of this type worldwide.¹⁶ The plan for this new mill provided Schwab with the op-

portunity to make his next major step forward, for he was given his own managerial post at Homestead, as assistant superintendent under Julian Kennedy. There seems to have been some tension between the two men, with Schwab reckoning that Kennedy, who in formal training was much more highly qualified, was jealous of his success. Kennedy soon resigned, and Charlie Schwab became general superintendent of the works. He was not yet twenty-five.¹⁷ The next few years proved his senior colleagues had been right in seeing Schwab as a man of quite exceptional qualities and promise.

It is said that it was on Jones's recommendation that Carnegie chose Schwab as Homestead superintendent, though he was now familiar enough with the young man to make his own judgment. Apart from his increasing skill, experience, and enthusiasm, another reason for Schwab's promotion seems to have been that he had proved he could get on well with working men. Given the part that labor troubles had played in the failure of the Pittsburgh Bessemer Steel Company, such ability was particularly valuable. His annual salary, which had been \$120 when he sold groceries and \$300 when he drove stakes, was increased to \$10,000.

Before taking over at Homestead Schwab was sent to Europe to look over the practices of some of its leading steel works. Later he recalled his first European visit as being in 1883. He may well have taken the trip that year, but by the time of the recollection he was not wholly reliable as to dates.¹⁸ He contemplated using open hearth steel in rail manufacture, and it seems likely that his transatlantic trip was as much to see good melting shop practices as to become familiar with particular finished products. By 1885 the United States outproduced Britain in Bessemer steel by more than 16 percent, but in open hearth steel Britain made 583,000 tons as compared with Germany's 276,000 and 133,000 tons for the United States. The leading British district for open hearth steel was Scotland, whose works made 81 percent more than those of the United States. Naturally, works there received Schwab's special attention, and he recalled that he brought back with him a man called Purvis, who was then involved in the first open hearth steel made at Homestead. By 1888, having used the acid open hearth process, Homestead pioneered basic open hearth steel making in the United States.¹⁹

Although the Bessemer process was used for years at Homestead, major expansion depended on the new open hearth shops. As late as 1890 converters accounted for well over half the tonnage at Homestead, but it already made ninety-two thousand tons of open hearth steel, one-sixth of the national total.²⁰ In other respects too the works grew rapidly in im-

portance. By the mid-1880s the federal government was considering expanding the navy, and the ability of the steel industry to supply armor and ordnance became an important issue. By now the government had made several inquiries into the state of the armaments industry, examining manufacturing works both domestically and in Europe. The Bethlehem Iron Company made the most positive impression, but in spite of his initial doubts about entering the new trade Andrew Carnegie was soon eager that his own companies should also be at the forefront in this field. Accordingly, during 1886 Schwab and Carnegie's cousin, George Lauder, made visits to the leading armor plate works of Europe. In December the secretary of the navy, William C. Whitney, invited bids for five thousand tons of armor. Julian Kennedy drew up plans for an armor plate mill, and because armor required steel of a quality best produced in open hearth furnaces, the firm decided that the new mill should be at Homestead.

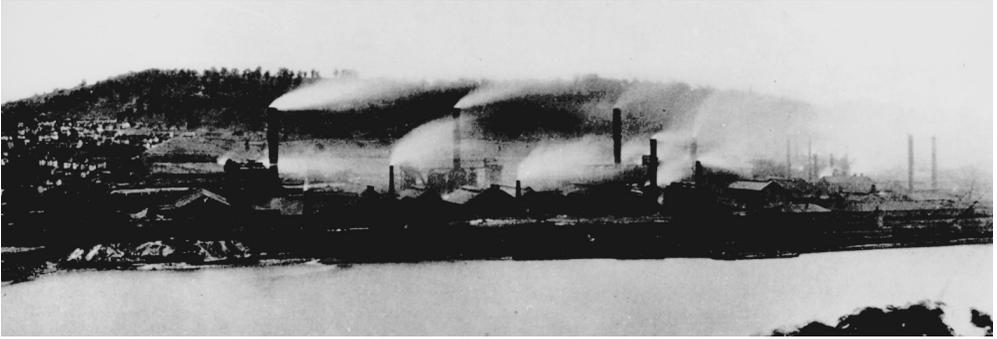
All in all it is clear that Schwab, as general superintendent, gave full satisfaction to the controllers of Carnegie, Phipps and Company, of which Homestead was the central operation. Unfortunately, little evidence has come to light of the ways these successes were achieved. One factor was undoubtedly beyond his control; consumption of the products made there was growing more rapidly than was the case with rails. In fact, for a time Edgar Thomson, operating as Carnegie Brothers, found it increasingly difficult to hold on to the share of the nation's rail business it had supplied in the early 1880s. Between 1883 and 1890, both good years, national output of rails increased 61.7 percent; that of all other categories of rolled steel, 807.8 percent. Homestead's high level of production reflected the major capital outlays made by its new owners. Basic open hearth production was an important departure, and Schwab later claimed he had gained a reputation for always trying to adjust to their customers' needs.²¹ Yet, however great the success, Carnegie always pressed for greater output and lower costs. Believing that they were paying too much for labor, in December 1888 he urged William Abbott, chairman of Carnegie, Phipps and Company, to go over things carefully with Schwab to see if Homestead's work force could be reduced at the beginning of the new year: "The force might perhaps be reduced in number 10 percent so that each man getting more wages would be required to do more work."²² Naturally, such action was unwelcome to workers. Next summer a major strike was mounted against a Carnegie plan to replace flat-rate per ton wages with a system based on a sliding scale. Schwab's part in the dispute was a secondary but essential one, that of keeping the works as calm as possible. Abbott handled the negotiations, but, despite having prepared his company to

fight the men, he compromised when there were signs that physical confrontation might become violent. He recognized the union and made a three-year wage arrangement in return for the workers' acceptance of the sliding scale principle. The letter in which Carnegie criticized Abbott for giving way was not unkind, but by implication it compared him unfavorably with the general superintendent: "So glad Schwab proved so able. If we have a real manager of men there Homestead will come out right now. Everything is in the man." A few months before, in a letter to Carnegie Brothers about outlying works at Beaver Falls being a continuing drag on their success, Carnegie had given further indication of his regard for Schwab, albeit as a member of a promising group: "A man like Borntraeger or Schwab, or one of Schwab's promising young men, should be selected and given full charge."²³

Edgar Thomson

In September 1889 circumstances beyond his control or that of any of his colleagues suddenly changed the course of Schwab's career. Jones was severely injured while helping his men clear a blockage of material in one of the Edgar Thomson blast furnaces, and he died two days later. Immediately there was speculation as to his successor. Many names were brought up for discussion, and it apparently came as a surprise to many local individuals when on 1 October, at Schwab's own request but apparently against Carnegie's initial inclinations, he was transferred from Homestead to take the "Captain's" place. His own replacement at Homestead was John A. Potter, three years his senior and a man who, like him, had begun humbly, having started at age fourteen as a greaser in the Lower Union Mills. On Thursday, 10 October 1889, Henry Clay Frick, chairman from the previous January of Carnegie Brothers and Company, introduced Schwab to his new colleagues at Edgar Thomson. The general superintendent was well received on his return to the works in which he had first revealed his promise. Edgar Thomson was as yet the bigger of the two main Carnegie steel works, and Schwab set out to improve its standing. He later recalled how deeply committed he had been, but he was to claim this level of commitment for every stage of his career. If the noise from the mills ceased for any reason, the change would awaken him in the middle of the night. On Sundays he spent the morning at the mill, and, after an afternoon with friends, returned there by 6 p.m. His dedication achieved a good deal in terms of improved equipment and in relation to labor.

Within a few months it was recognized that Jones's successor was in



The Edgar Thomson Steel Works in 1890.

many respects at least his equal. A new converter and new mill were at work, and, as Frick reported, “The men are extremely well-pleased with the new order of things there and it is considered by everyone that the Works certainly are in better shape than ever.” Carnegie welcomed this sort of assessment: “So glad Schwab grows in your estimation—thought he would. Potter is to be proved, Schwab has been.”²⁴ The flow of letters from the new general superintendent to the chairman recommending plant improvements seemed to be unceasing. Most of Schwab’s requests were approved and were justified by the operating results. Over the first two-thirds of the year monthly rail output averaged 27,500 tons. Schwab was unsatisfied. In September 1890 he asked for \$5,000 to \$6,000 for a new pressure pump: “I expect to increase our product very materially and feel sure that, unless our pressure system is somewhat increased, we will be greatly delayed on this account.” Frick gave approval next day.²⁵ Almost immediately after this exchange, Schwab visited the South Chicago works of their great rival, Illinois Steel. There he saw a new blooming mill, which he believed could deal with 30 percent more steel than any mill in the United States. He was challenged as well as impressed: “Since returning from Chicago my only thought has been how to remodel our mill to make it as nearly like Chicago’s mill as possible without a large outlay of money.” He estimated the cost of necessary changes would be \$21,368: “I know of course our calls for many improvements and repairs have been very heavy this past year, but I know of no improvement that will give us any better return.” Again he was promptly and fully backed by Frick, though this time the letter of approval sounded a note of caution: “I have your favor of the 27th and note carefully the changes you desire to make. I trust you are correct in your estimate of what they will cost;

and hereby approve of their being made.”²⁶ Next year, Schwab kept up the pressure. The results vindicated him. In the last four complete years under Jones, 1885–1888, Edgar Thomson averaged 11.02 percent of national steel rail production. He was in command for almost three-quarters of 1889, when its share was 18.37 percent. In 1890 and 1891, under Schwab, its share of the nation’s rail output reached 19.13 percent.

In his concern for the performance of the works under his direct control, Schwab had an inclination to invest in plant improvements in an endless pursuit of more operational efficiency, whatever the capital cost. Although Frick remained supportive, as chairman and a partner in the firm he had to adopt a wider perspective, and he therefore had to urge that his irrepressible general superintendent exercise some restraint. An interesting example of this relationship came in late September 1891 when Schwab submitted suggestions for changes in the Bessemer shop. As usual, Frick replied promptly. His brief letter avoided a tone of harsh refusal but was a masterpiece of quiet caution:

This is somewhat of a new departure, and I trust you have given the matter sufficient thought so as to be quite clear that after the change is made it will be of the benefit you say, and that the cost will not exceed \$25,000. The next time you are in I should like you to call on Mr. Lovejoy [the Carnegie Brothers secretary] and let him show you the amount of money you have already spent at Edgar Thomson this year for improvements. I think it will make you open your eyes. However, I will talk this matter over with you the next time you are in, or I am out, and if, on further investigation, you still think you are correct, it is likely I can prevail on the Board to agree to the expenditure.²⁷

At Braddock as at Homestead, Schwab’s success in increasing production was partly achieved by pitting one gang of workers against another. This technique for raising productivity Jones had already used with great success—and, notwithstanding his popularity, with scant regard for the long-term well-being of his men. During this period Schwab also proved his abilities in handling recalcitrant workers. Fuller consideration of this issue is important, for one of the most persistent and important myths about Schwab is that he had some magical way with workers and, in an era of hardness, was a more understanding and sympathetic employer than most. Except in the case of his skills in managing the media of his day, this myth was by no means true, as he was to show time and again throughout his career. On the labor front, his record at Braddock was

a mixture of giving the men their due, squeezing down pay scales, and dealing very firmly with disputes. An example of the first came in October 1890 when he suggested that the increases in output, with no significant rise in worker numbers, meant that men in the furnace department were undertaking 27 percent more work than a year before. He wanted to increase their wages, but the changes he proposed in converting department rates would add only 1.6 cents to a ton of ingots (the average price of Bessemer pig in Pittsburgh that year was \$18.85 per gross ton) and in the rolling mill, an additional 2.1 cents per ton for the cost of rails.²⁸ Moreover, while recognizing that the men had a grievance about wages and being willing to put this situation right, he was still careful to keep a close watch on them. On Saturday evening, 13 September 1890, a body of workers, mostly from the rolling mills, held a meeting in Braddock attended by William Weihe, president of the Amalgamated Association of Iron and Steel Workers. Schwab, knowing that the meeting had been called, "placed myself in position to get all the information possible" and delivered to Frick a sixteen-page typed report on what had happened and on the general labor situation at ET.²⁹

A few months later, as the agreement with their blast furnace workers expired, he was faced by an outbreak of violence. The action is vividly brought out in letters written at the time. Men in the stockyard left work at 6 p.m., breaking their contract six hours before it expired. A gang of about 50 continued to fill coke. Unfortunately, a group of workers identified by the popular term "Hungarians" reportedly spent the evening of New Year's Eve 1890 in Wolfe's Saloon. Before midnight they gathered at the corner of Thirteenth Street and set off toward the works "to clean out" the men still there. Called in, Schwab arrived at the same time as a mob of about 60 men. Largely drunk, the "Huns" drove away some of the men still working their shift and caused material damage, but by 3 a.m., when Schwab wrote a short report on the incident, the yard was clear. Having the names and addresses of a large number of those involved, he intended to inform the authorities and have them jailed at once. He sent for the sheriff and hoped to swear in 20 to 30 special police officers. Wolfe promised he would not open his saloon next day. However, despite these moves, the struggle was not over. In the middle of New Year's Day about 250 reportedly drunken Hungarians attacked the furnace department, and all those working there were forced to quit work. Schwab wanted to call in Pinkerton agents, but within a few hours he had decided that would not be the best course of action. He told Frick he was willing to allow the furnaces to stand idle for two or three weeks until the men saw sense.

Frick favored using the sheriff to protect the property.³⁰ After the sheriff arrived Schwab called together those men who had remained on the job and pointed out to them that “it was simply ridiculous” that 500 Hungarians could deprive 3,000 men—“honest workmen,” as he characterized them—of their employment. By ensuring that the sheriff swore in some of the loyal employees as deputies, he expected that by evening he would have at least 100 men defending the furnaces. To arm them he had twelve Winchester repeating rifles, small arms, and clubs. He assured Frick that if the “Huns” attacked again, “I am determined to drive them out, no matter at what cost, or sacrifices . . . should the opportunity come to-night we will make it mighty hot for these people.”³¹ The whole episode had made clear that he was not a man to capitulate in the face of labor militancy.

In October 1891 Schwab completed a new settlement of wage scales with the Edgar Thomson workers. There seemed reason for requiring reductions: it was a direct consequence of the huge capital outlay on new plant. Increasing productivity resulted in higher wages for employees who were paid according to the tonnage they produced. In making adjustments at this time Schwab also managed to remove all bonuses and to ensure that laborers who had previously been on fixed rates were placed like others on a sliding scale related to the price for rails. Sending his new schedules to Frick, he added a handwritten note in which he triumphantly stated,

I hope you will be satisfied with the results. . . . The total percentage of reduction is much higher than I had at first anticipated as being able to secure, but as I said before one is never able to tell just what can be done in a settlement of this kind until he actually meets the men he has to deal with. . . . [I]t gives me pleasure to report that I not only secured much below the maximum figures which you gave me as being what you were willing to accept, but as a general thing I have secured figures slightly below those which I first recommended to you as being the extreme reduction we should ask for, and which I did not believe we could get without considerable trouble. I am glad to have been mistaken in this.

He also claimed in his note to Frick that the men had accepted the new schedules without complaint or “any bad feelings on account of this heavy reduction. With one little exception the best of feeling and humor was maintained throughout all the conferences.” Overall, he estimated the savings achieved in the converting, blooming, and rail mill operations amounted to \$8,771 a month. To this savings he expected to add a further

\$5.353 because of the redundancy of thirty-eight men resulting from new equipment to be installed beginning 1 January 1892. His pride in what he had achieved was emphasized by repetition: "I take this opportunity of saying that the reductions secured this time are by long odds the heaviest reductions we have ever secured at Edgar Thomson. . . . I have done the best I could everything considered and I trust you are satisfied with the results."³²

As chairman of Carnegie Brothers, and by general agreement the outstanding resident partner, Frick was generally greatly impressed but occasionally outraged by his immensely talented but temperamentally very different deputy. Events in the first half of 1891 illustrated these varied aspects of his relation with Schwab. During mid-January Frick rebuked him for slowness in stockpiling coke at a time when labor disputes were looming in the Connellsville district. In April he sent Schwab a short, stern note: "If you have not already done so I should like a written report giving full particulars of the accident at Bessemer yesterday. Hereafter in all cases let me have such reports promptly. I prefer to get my information direct rather than through newspapers." A few weeks later nepotism was the problem, but the means whereby he had learned of it were again also in question: "Newspaper item says that A. C. Dinkey is to be appointed Superintendent of Rail Mill. I hope this is not correct. You cannot afford to appoint a brother in law to such a position." In this case Frick's opinion was decisive, and Dinkey remained for the time being secretary to the Homestead general manager.³³ A third contact between the chairman and general superintendent was on a happier note though there was a less positive minor theme. Frick sent on a letter that George Lauder had written to John Leishman, the vice president of Carnegie Brothers: "I was much pleased to see the excellent position of E.T [Edgar Thomson] today and have read Schwab's report to Frick with interest. I cannot quite see the force of his logic as well as I can of his results but this is all right. You know it was said of a celebrated judge that his decisions were always right and his reasons for such always wrong." In September at the end of a long letter to Jay Morse of Illinois Steel, Frick reported a recent insight by Schwab regarding a possible up-and-coming rival: "I might add that our General Superintendent, Mr. Schwab, has returned from a visit to Sparrows Point, and I will have, to take with me to New York, a complete report on that works, together with Schwab's idea of its output, based on what he saw and what the President of the Maryland Steel Company, Mr. Wood, told him." Frick sometimes found Schwab's methods of conducting business annoying. In mid-October this annoyance was made clear when



Charles M. Schwab in the early 1890s.
Courtesy of the Carnegie Library, Pittsburgh, PA.

the latter was working on the labor agreement of which he was to be so proud. Frick wrote, “Mr. Lovejoy has shown me your message wherein you want the comparative wages and comparative earnings of Homestead, Braddock and Duquesne. I told you very plainly, the other evening, that I did not wish you to bring in the question of what wages were paid at Duquesne and Homestead, and I do not think you would gain anything through it if you did. Make no mistake about this.”³⁴ His appreciation of Schwab’s abilities was shown early next year when the company decided to start iron making at the Duquesne works they had bought fifteen months earlier. Frick informed Carnegie that he was going over there to select a site for the new blast furnaces and that James Gayley and Schwab were going with him.

From the company’s point of view Schwab’s management practices were fully justified by reduced costs and its increased share of the nation’s rail business—20.45 percent in 1891. As the new year began Carnegie wrote in jubilant tone from New York to the chairman, “Schwab’s success is splendid. He is really a ‘Number One’ superintendent.”³⁵

Sometime in the early 1890s Schwab was offered a large salary by British entrepreneur Arthur Keen, who had major interests in the iron

and steel industry of South Wales and the Black Country of England, to transfer his genius as a steel mill manager to the United Kingdom. It was fortunate that Schwab turned down the blandishment. In 1892 Edgar Thomson pushed its share of the nation's rail business up to 21.49 percent, but before that operating year was complete, Schwab had again been switched to new duties. This time the cause was not a catastrophic accident, as with the death of Jones, but a reaction to a long-fought and unusually bitter labor dispute.

The Homestead Strike and After

The worst episode in the history of the Carnegie associates, and possibly the most notorious episode in American labor history, was the Homestead strike. By the time he wrote his autobiography twenty years later, Andrew Carnegie had managed to persuade himself that if Schwab rather than Frick had been in charge this bitter conflict might have been avoided. As it drew to its close Schwab was moved back to Homestead, "and 'Charlie' as he was affectionately called, soon restored order, peace and harmony. Had he remained at the Homestead works, in all probability no serious trouble would have arisen."³⁶ It was a thought-provoking idea, but it glossed over and sanitized much of the reality.

The Homestead strike began on 1 July 1892 as the labor agreement Abbott had negotiated three years before expired. Its course over nearly five months has been studied, written about, and discussed by innumerable writers for more than a century.³⁷ For present purposes the details are unimportant, but the financial and still greater human costs give some indication of the harm and anger that simmered on after its formal end. Losses in wages were about \$2 million, the cost to the state in maintaining troops in the area was approximately half a million, and there were other losses from the effects of rioting. The violence had been vividly reported by watchful newspaper reporters. The number of casualties was a matter of dispute, but there had been much bloodshed, injury, and loss of life. One assessment of the toll conveyed something of the horror: "At least 35 deaths were directly or indirectly caused by the strike. Besides those killed in the battle of July 6th [when an attempt by Pinkerton agents to land at the works was met by gunfire], many soldiers contracted fever, which resulted fatally; one soldier was shot accidentally by a comrade, another was killed by the cars, one striker committed suicide, one was drowned, one was killed by the cars, several non-union men died from fever and several were killed in the mill, and one was murdered by another

non-unionist.” The Carnegie Steel Company paid a high price both in material terms and in reputation. In 1892 the industry had a record year, with crude steel output rising 26.2 percent from 1891; at Carnegie Steel the increase was only 10.2 percent. Net profits fell by \$300,000 or almost 7 percent.³⁸ All told, it was an appalling record.

Company resistance had been led by Frick, chairman of the Carnegie Steel Company, the new firm that from 1 July 1892 combined the previously separate Carnegie enterprises. There seems no reason to question the general assumption that it was above all his unyielding determination that caused the dispute to drag on for so long and to cause so much hurt before the workers gave in. However, to appreciate the atmosphere in which reconstruction at Homestead began it is important to recognize that the power and essential spirit of the company, as focused in Andrew Carnegie, was fully behind Frick’s inflexible stand, although in retrospect the situation was often represented otherwise. Carnegie seems not to have anticipated a long fight, but he undoubtedly endorsed one if it should prove necessary, writing from England early in May, “I really do not believe it will be much of a struggle. We all approve of anything you do, not stopping short of approval of a contest. We are all with you to the end.” Five weeks later, and three before the strike began, he remained supportive: “Of course you will win, and win easier than you suppose, owing to the present condition of the market.” Much later, and looking back to the violent clash between the strikers and the Pinkertons on 6 July 1892, which shocked the nation and reverberated far beyond it, Carnegie presented himself as cut off from an active role in these horrible events by distance. He summarized the situation long afterward in words well chosen to convey shocked innocence: “I was coaching through the Scottish Highlands on my holidays and did not hear of the lamentable riot at Homestead until days after it occurred. I wired at once that I would take the first steamer home, but was requested not to come.”³⁹ The latter part of that statement seems to have been true, but he had heard the news and had reacted to it far more promptly than he pretended. The day after the violence he wired Frick, “Cable received. All anxiety gone since you stand firm. Never employ one of these rioters. Let grass grow over works. Must not fail now. You will win easily next trial.” Ten days later, when he wrote to his cousin, George Lauder, it seemed to be the mechanics rather than the morality of the bloody confrontation that he criticized: “Matters at home *bad*—such a fiasco trying to send guards by boat and then leaving space between River and fences for the men to get opposite landing and fire.” He continued to represent himself as much more acceptable to the

workers than the implacable Frick. Wall summed up admirably, "In time Carnegie even became convinced that the workers had sent him a telegram that read, 'Kind master, tell us what you wish us to do and we will do it for you.' Unfortunately, nowhere in his personal papers could he find such a telegram. . . . [W]ithout any corroboration [he] told of the telegram in his autobiography anyway." On 18 November Frick sent a single-word message to inform him the strike was over: "Victory!"⁴⁰

Some weeks before Frick sent that cable, Schwab had been moved to Homestead to sort out the situation that the so-called "victory" would leave. He went back with the prospect of unceasing pressure from Frick to assert the primacy of management's wishes, the less explicit but equally firm commitment of Carnegie to the same values, and confidence in his own powers to put things right. On Tuesday, 18 October 1892, he took over as general superintendent. His appointment brought about a number of moves by other leading figures in the management team. James Gayley replaced Schwab at Edgar Thomson. On the same day, the Edgar Thomson chemist resigned.⁴¹ More directly Schwab's transfer meant the effective end of John Potter's prospects in the company.

In contrast to his transfer to Edgar Thomson after the death of Jones, there was on this occasion some initial reluctance to move on Schwab's part. He later and publicly confirmed this reluctance: "I was asked, much against my wishes[,] to reorganize and take charge of the Homestead works. I finally consented to do so."⁴² From a letter Schwab wrote to Frick on Sunday, 16 October, it seems that neither Potter nor Gayley would know until Frick saw them of the moves his own transfer would require of them. That weekend he was unwell, but his handwritten letter provides fascinating insights into his mind at a crossroads in his life. Notwithstanding his indisposition, he thought and expressed himself well:

The Doctor has advised me to stay in today, but I will be all right in the morning. I have been thinking about your visit to Homestead tomorrow with a good deal of anxiety. Will meet you at City Farm station tomorrow at whatever time you telegraph me. In talking to John [Potter] try to impress him with the fact that my greatest regret was supplanting him and that I was most anxious to see him well provided for which as you know is quite true. In this way I can get better service from him in the future. If he gets an idea that I rejoiced in his failure he might not be of much use to me afterwards. As for Berg [P.T. Berg, a highly talented Swedish engineer, in whom Carnegie in particular seems to have had great confidence], I believe that John

and he will arrange to go together, that is that John will take him for his draughtsman to the city office. I hope this can be prevented, 1st because I should like to retain him at the works and 2nd because it is not conducive to best discipline to provide places for subordinates simply because they do not personally like the superintendent, as was done once before in his case. I would not object to such an arrangement in 6 months or a year, but would not like it now. I believe after arranging matters with Potter tomorrow morning, if it can be arranged to notify Gayley and let me go over matters with him on Monday afternoon and evening so that when I go to Homestead on Tuesday I can stay right there. For the first few weeks I will be obliged to be there almost night and day so I can learn and become acquainted with both turns fully and quickly. I am sorry I cannot go in to-day but think it better to be in good shape for next week. It is hard for you to understand how I dislike leaving old E.T. works—13 year[s] here. [He seems to have discounted the years 1886–1889 already spent at Homestead.] I dare not think of it. But one thing sure. I am determined to make this the greatest work of my life—and am eager to get at it. Only have patience with me and don't expect too much until the strike is broken. Give me the same support you have always given me and I will take care of the rest.⁴³

On Tuesday, 18 October, after the regular meeting of the board of managers Frick issued a press notice: “The following appointments were approved by the board of managers this day: Mr. John A. Potter, having resigned the general superintendency of Homestead Steel Works, has been appointed chief mechanical engineer of this association with office at No. 42 Fifth Avenue. Mr. Charles M. Schwab has been appointed general superintendent of the Homestead Steel Works. Mr. James Gayley has been appointed superintendent of Edgar Thomson works. Mr. D. G. Kerr has been appointed general superintendent of furnace department[,] Edgar Thomson works. All taking effect today.” The company maintained the changes represented promotion for all those involved, and as a result the local press reported regarding Potter that “as a reward he has been given a position which is not only more responsible but valuable pecuniarily.”⁴⁴ (A little over a year later, and still puzzled by the way he had been displaced, Potter resigned and left Carnegie Steel for the Cleveland Rolling Mill Company.)

On the day these changes in top management were announced Schwab began work. As Frick told Tom Morrison, general superintendent

at the Duquesne works, "Mr. Schwab will carry out the policy we outlined when we went into this strike." He had been at Homestead that morning and "was much pleased to see the way everything is running. A number of old men are coming back today and appear very glad to get back." The returning workers were vetted individually. This process gave the management a chance not only to weed out those regarded as subversive but also to downgrade some of the others because, "not being able to get their positions, all were willing to take anything they could get." Schwab was in charge of the selection. Frick's biographer, George Harvey, was generous in his assessment of the way Schwab carried it out. Large numbers broke away from the strike on 17 and 18 October, "all of whom were cordially greeted personally and few turned back by Mr. Charles M. Schwab."⁴⁵

At this point the strike still dragged on, and Homestead was operating with a work force of about two thousand men, roughly fifteen hundred fewer than the normal complement. No more than about one in ten of those at work had been employed there before the strike; the rest had been transferred from other plants or were strikebreakers brought in from outside.⁴⁶ Schwab assessed the situation he had inherited with remarkable speed. On the day after taking charge he reported to Frick how bad things were in both plant and labor force. Indeed, he judged the situation so critical that he sent his report that evening in the hands of his secretary, Reinhardt, direct to Frick's home, "Clayton," in the Homewood district of Pittsburgh: "Have met many discouraging things indeed, since starting at this place that it would be impossible for me to tell you by letter. The converting mill is in terrible condition. . . . Coupled with this fact, it seems impossible to urge the men. . . . All our Foremen and Superintendents here lack energy, vitality, and it seems impossible to get them started up, in fact, the men seem completely worked out, and they will have to be very gently nursed, as their positions are not the most desirable under the circumstances and might leave us in a still worse condition."⁴⁷ Frick dictated his reply to Reinhardt. It was typically inflexible in relation to the strikers but strongly supportive of Schwab:

Do not be in the least discouraged. We all expect that it is going to take some time to settle this matter properly. I am perfectly aware that you will put into it all the energy and good judgment that any one can, but with that I know it is going to be hard work to make things run smoothly, or show any decided improvement. I am perfectly aware of the fact that things generally are in bad order and of course that will operate against you for a while, but let me repeat, do

not allow anything of that kind to worry you; just keep at it, doing the best you can, and, as I said to you before, do not allow the fact that you are not getting along as well as you would like, lead you to put yourself in a compromising position with any of the old employees who are still on strike.

Three days later Frick informed Schwab he was to be given a substantial material incentive for tackling these problems, a two-thirds of 1 percent interest in the Carnegie Steel Company, backdated to 1 July, the day on which the strike began.⁴⁸ Welcome though it was, at the time the amount must have seemed scarcely adequate recompense for the struggles Schwab could vaguely see ahead.

An important point that had not been spelled out in the company notice of the managerial changes was that, while Schwab was to give his main attention to Homestead, he would also continue as general superintendent of Edgar Thomson, Gayley being only its superintendent in everyday matters. By his overall command of the two main Carnegie Steel works, Schwab was in some respects already the key man in the organization, with the single exception of Frick.⁴⁹ Even though his biggest and most immediate challenges lay at Homestead, Schwab continued to live in Braddock. News of Schwab's financial incentive brought an uncommon note of criticism from Carnegie, then in Milan. It came in a letter to Frick reviewing promotion and shares in the partnership:

Schwab of course deserves increase. Still it would have been [an] appropriate time to give this *after* he had settled in Homestead and became a Homestead man exclusively—and made Homestead a success—He can never have the needful influence until he goes and lives among his men and becomes the first man of the place—I saw a note in a Braddocks paper he was still to live there but of course that's absurd. Homestead men cannot be made a tail to a Braddocks Supt or to Edgar Thomson—am so glad Schwab feels he has a great field at Homestead and trust he will see that the sooner he goes to live among his “own people” the better.⁵⁰

Schwab's great task of rehabilitating Homestead could not get under way until the strike was over. On Tuesday evening, 25 October, he was at home when three representatives of the strikers came to the door: “They said they had been sent over to see if there was no way by which I would meet them, or any of their men, to discuss the situation. I told them plainly, and very bluntly, that it was impossible for me to do so; that we

had out-lined our policy and it would not be deviated from, one iota." He felt their presence and attitude was "another indication of their weakness, and enormous pressure which is being brought to bear against them."⁵¹ The resolution of the men was now crumbling, and striking employees were returning daily. Things dragged on into middle of the next month, but on Friday, 18 November, there was a large influx of mechanics and laborers, and three days later the local lodges of the Amalgamated Association of Iron and Steel Workers called off the strike. There are widely varying accounts of the way in which Schwab received men who returned to work; on balance it seems that he conducted the operation with an effective mixture of approachability and cool-headed selectivity. Writing in the early aftermath of the dispute, journalist Arthur Burgoyne, although generally sympathetic to the workers' cause, recognized that Schwab "was known to be a genial and amiable gentleman" and in general presented his actions in a favorable light. Hessen put a very rosy gloss on the proceedings: "Schwab himself greeted the returning strikers, not *en masse*, but individually—calling the many old-timers he remembered by their first names. His approach, so unlike Superintendent Potter's dour formalism, made him all the more popular with the workmen." Some labor historians have not been so sure. Samuel Yellen noted that "the new superintendent, Charles M. Schwab, not bound by the promises of Potter, discharged many inexperienced scabs to make place for the indispensable services of the former workers. . . . Many skilled men, also, were on the blacklist and could get work in no mill throughout the country." A generation later Philip S. Foner wrote that those who returned on 21 November had to line up in front of Schwab, who checked their names off in a book in which the most active strikers were listed. Many were turned away; others got work but at much reduced rates of pay. A few weeks after the return, the *National Labor Tribune* reported that some men who had previously earned four dollars for an eight-hour day were now having to work twelve hours to earn half that amount. It is difficult to be sure which of these interpretations is nearer the truth, but the fact that Schwab received an endorsement from his chairman is some indication that he was by no means too soft with the recent strikers. On Friday, 18 November, the day the mechanics and some general laborers had flooded back to seek work, Frick wrote, "Over 500 men applied individually for their positions while I was there, many of them valuable men in all departments. Not being able to get their positions, all were willing to take anything they could get."⁵²

Almost forty-five years after these events, Schwab recalled his earliest days at Homestead. By this time he was prone to view the past in a favo-

rable light, but if it is anywhere nearly accurate, his account confirms that he managed to combine a direct and understanding attitude toward the workers with a considerable measure of hardheadedness:

When I went to Homestead . . . I went freely among the workers, without fear. Some others were afraid I would be attacked, and on one occasion, when there was some shooting, they thought the shooting was directed at me. I stood on the top of a box car and watched what appeared to be an incipient riot. Instead it was merely a “celebration.” I had the strike leaders, one group at a time, in my office. I told them I proposed to open the plants and to *take the old men back*. I talked to them about their problems and the company’s problems, as man to man. I told them I didn’t want inexperienced men in our mills, and that any real grievances would be adjusted. But I said firmly that as far as the Amalgamated was concerned, we would have no union whatsoever in our works. “That,” I told them, “is a situation that cannot and will not be changed. Otherwise we should have to close down completely and dismantle our plants.” When I said that, they knew I was telling them the truth because I had always told them the truth. I took the men back as individuals, not in a group. The record of every man was searched, and he went back to work on his own merits.⁵³

In his approach to the selection of his work force from the combined ranks of striking employees and those who had been brought in to work during the strike, Schwab was strongly supported by his two most powerful colleagues, Frick and Carnegie. Carnegie’s controlling influence came from his combination of predominant financial interest, close surveillance, and shrewd insight. Frick started from the logical but not very imaginative assumption that, having won the strike, management could dictate terms for the future.⁵⁴ Carnegie too looked for high achievement. Writing to Frick from Venice he said, “I got one big religious picture (fine copy) might do for Schwab at Homestead. . . . We must show our men there who have gone into the best of all Unions—a union with their Employers—that they are no longer considered as outcasts. I hear the men have been very jealous of the favorite ‘Braddocks’—important give Homestead evidence of our tender regard now.”⁵⁵

Forty years after the Homestead strike an account of the remedial actions that followed was published as part of an article entitled, “The Story of Charles M Schwab.” Given its source, the *Bethlehem Review*, it can only have come from Schwab’s own recollections. Its very positive note had

some foundation in the objectively verifiable events of the time, but overall it was another splendid example of the weaving of an industrial myth:

He determined not only to cure the ills at Homestead, but to do so with maximum speed. During his early months there, he frequently was on the job 72 hours at a stretch, sustained by occasional catnaps, feeling the need to be always on call night or day, getting acquainted with the men individually, visiting their homes, giving ear to their grievances, recognizing the justness of much of their resentment, granting that both sides had made errors, convincing them that the only solution for capital and labor was to work together, and assuring them that every man was welcome to bring any problem direct to him and find sympathetic understanding.

According to the article, Schwab was said to have displayed “patience, tact, and energy.”⁵⁶ This heroic image was one that time and again Schwab proved able to reproduce. It would be perhaps his greatest strength as an industrial leader.