

*Frederick T. Gates: The Man Beside John D. Rockefeller*

An Honors Thesis (HONORS 499)

by

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A handwritten signature in black ink that reads "Bruce Geelhoed". The signature is written in a cursive style with a large, looping flourish at the end of the last name.

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## Abstract

The time constraints and sheer volume of requests placed on industrialist John D. Rockefeller prompted the employment of Reverend Frederick T. Gates. Gates became “a right-hand man” to Rockefeller. The aid of Gates helped Rockefeller achieve a much greater efficiency in his activities. Gates’s position combined the roles of an advisor and as one able to act as Rockefeller’s proxy. This thesis discusses the right-hand man relationship between the two by looking at the origins of this relationship, circumstances shaping the relationship, specific manifestations of this relationship, and the evolution of this relationship to include Rockefeller’s son, John D. Rockefeller, Junior.

## Acknowledgements

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As Dr. Goffman paraphrased Donald Lach in *The Ottoman Empire and Early Modern Europe*, I would like to paraphrase the two of them: the mistakes herein are my responsibility alone and I can only hope such mistakes are funny and not fundamental.<sup>1</sup>

“Your fortune is rolling up, rolling up like an avalanche! You must keep up with it! You must distribute it faster than it grows! If you do not, it will crush you and your children and your children’s children.”<sup>2</sup> This quote describes the intense need that drove industrialist John D. Rockefeller to find an individual to serve as his “right-hand man.” The demands on Rockefeller placed too much pressure on him for one man to handle alone. Rockefeller faced the decision of finding an individual to assist him in these pursuits or not to spend his money as prudently as he might desire. Rockefeller found that managing his large fortune was extremely difficult because his meticulous standards called for a proper investment of the money. Rockefeller considered philanthropy to be “the art of giving,” a skill that was necessary to distribute funds effectively.<sup>3</sup> Rockefeller envisioned his philanthropy partly as a response to the call of Christian tithing meaning that as his fortune grew, so also must his donations.

During the last decade of the 1800s, Rockefeller employed Reverend Frederick T. Gates to alleviate the stress he felt about the situation. Gates would develop a systematic method of distributing these funds. Rockefeller likely would have ceased with these donations without the aid of Gates. Many consider John D. Rockefeller and John D. Rockefeller, Jr. as creators of the modern system of philanthropy, along with steel magnate Andrew Carnegie. David Rockefeller, grandson of John D. Rockefeller and the son of John D. Rockefeller Jr., considers the real value of their system to be the treatment of root causes of social problems using a systematic approach, instead of just addressing the symptoms of the issue.<sup>4</sup> Frederick T. Gates served as key to this creation of the modern philanthropic system. Gates took on a great deal of the burden on himself, freeing up a great deal of Rockefeller’s time.

The term “right-hand man” aptly describes the role that Gates played in Rockefeller’s life. Gates served as Rockefeller’s right-hand man through both an advisory role and as one who is

able to act in the place of another. The opinion of Gates often influenced the actions taken by Rockefeller. Gates suggested ideas that Rockefeller took perhaps more seriously, at the very least as seriously, as the opinions of other members of his staff. In addition, Rockefeller gave Gates immense responsibility to act on his behalf on many occasions. Rockefeller commonly introduced Gates as the individual who would be handling his business affairs. The lasting legacy of Gates, however, involves that the assistance of Gates helped to increase the actions that Rockefeller could take that would benefit the world.

According to the *Oxford-English Dictionary*, the term right-hand man referred to a soldier who would hold command on the right of a troop of horses. This connotation stayed in usage until the mid-1700s. Another meaning of the term included a person holding a position of honor. This definition saw its most popularity during the 1600 and 1700s.<sup>5</sup> Rockefeller gave Gates an extremely elevated position. Yet another use of the term includes one who can take or assume precedence over something or someone else. Gates certainly fits these descriptions of a right-hand man. The term assumed its more modern-day usage of someone who is an assistant during the 1800s.<sup>6</sup> Another connotation of the term refers to the idea that a right-hand man serves as a trusted helper.<sup>7</sup> These two connotations for a right-hand man involve the ideas associated with its modern-day usage. These terms perhaps most accurately describe the role existing between Gates and Rockefeller.

The historical connotation for the term “right-hand man” developed from a statement made by Confederate General Robert E. Lee upon hearing about the injury sustained by General Stonewall Jackson. Jackson’s left arm had been struck causing the amputation of his left arm. Lee responded that he wished he could have suffered the injury in Jackson’s place. He also responded that while Jackson had lost his left arms that he had lost his right arm, referring to

Jackson's usefulness to him.<sup>8</sup> John D. Rockefeller appeared to agree with this same sense of usefulness that Jackson had about Lee regarding Gates.

Certain characteristics of Gates played a role in his abilities to execute his functions as a key member of Rockefeller's personal staff. Many historians treat Gates as a minister interested in education and philanthropy. However, historian Allen Nevins describes Gates was more of "a businessman with a talent for large affairs, a keen interest in the power of money, and a passion for seeing it expended with the greatest possible efficiency."<sup>9</sup> Nevins further comments that Gates demonstrated alertness, an engaging personality, and eloquence through his behavior.<sup>10</sup> Gates possessed a unique combination of talents: "insight, genuine imagination, analytical power, vision, energy, courage, and evangelistic fervor."<sup>11</sup> He also had a very shrewd, practical mind. These characteristics would reflect positively towards John D. Rockefeller, as well as allowing Gates to handle more competently the investment and philanthropic affairs that would arise as his position as Rockefeller's right-hand man.

However, Gates also exhibited negative characteristics that also hindered his work as a functionary of Rockefeller. Gates had the propensity to be impulsive and inconsistent, but also gained a reputation for being cautious and hardheaded.<sup>12</sup> Nevins comments that he was "prone to intoxicating himself by his own rhetoric."<sup>13</sup>

The interaction between Gates and Rockefeller demonstrates the intensity of the right-hand man relationship that existed between these two men. Rockefeller afforded Gates a greater deal of latitude than allowed most other advisors. The interaction between the two included Gates's ability to play up the image that Rockefeller tried to project, a key component involved with being a right-hand man.<sup>14</sup> Gates also manipulated proposals to Rockefeller very dramatically. He made each proposal seem vital to human advancement, imitating some of

Rockefeller's own rhetoric in the process. Gates also used Rockefeller's conception of himself as an instrument of God to convince Rockefeller to follow specific proposals.<sup>15</sup> Gates took advantage of his position as a key member of Rockefeller's staff to speak frankly to Rockefeller, a task that few did willingly. This daring on the part of Gates exemplified his occasional demonstration of excessive assertion and confidence. From time to time, Gates also showed too little caution by admonishing Rockefeller to take action regarding the future of his fortune. The aggressive nature of Gates affected Rockefeller's attitude regarding Gates. He generally angered Rockefeller more through his passion than by his arguments when his opinions differed from Rockefeller. The aggressive nature of Gates also contrasted strongly with Rockefeller's behavior. Gates appeared to have a difficult time dealing with Rockefeller's reticence on many occasions when compared to his own volatile actions.<sup>16</sup>

Prior to Gates's arrival in his personal staff, Rockefeller had implemented a very ineffective system of investments and philanthropic donations. One of Gates's lasting legacies from his time associated with the Rockefellers involves his ability to create a more effective system of giving. Before Gates's arrival at 26 Broadway, Rockefeller's investments were in a state of disarray. While his railroad investments were sound, many of his other investments were failing. Rockefeller initially used a very casual means of investing, often investing solely on advice from friends.<sup>17</sup> The Monte Cristo Syndicate, which was comprised of old friends, fellow church members, and friends from the Baptist denomination, heavily influenced Rockefeller. Rockefeller usually agreed to these investments with little investigation. Rockefeller became worried about the state of these investments after learning that members of the Syndicate had led him in the wrong direction on an iron ore project.<sup>18</sup> Gates assisted Rockefeller in breaking these investment ties from members of the Syndicate after the discovery of poor advice.

At the time of Gates's hiring, Rockefeller held sixty-seven major investments in areas other than oil-related categories. These investments were valued at twenty-three million dollars. Rockefeller, after his initial investment, would largely ignore the investments for large periods of time.<sup>19</sup> This inattention to details began to plague Rockefeller when much of his investments in these areas appeared not to make a profit. Rockefeller began to rely on Gates to both evaluate these endeavors and to take action to turn the investments successful, either through better business practices or through selling Rockefeller's shares in the investments.

Rockefeller desperately needed similar assistance on the philanthropic front, as well. Rockefeller spent more time and effort at giving away his money than what he spent on Standard Oil.<sup>20</sup> Historian David Freeman Hawke notes that Rockefeller's charitable contributions seemed as casual as that of his investments until 1880. Rockefeller initially chose to donate much of his money to Baptist churches, temperance organizations, and charities favored by his wife, Cettie. To rectify this situation of casualness, Rockefeller hired Gates, whom he had become first became associated from Gates's experiences with the University of Chicago. Gates's main responsibilities for Rockefeller involved finding needy institutions that could use the donated funds well.<sup>21</sup> Gates later learned of the worthlessness and "practically fraudulent" nature of some of Rockefeller's chosen charities.<sup>22</sup> Rockefeller narrowly chose his benefactions largely based on advice from Gates. Until 1905, his giving was limited to Baptist causes.<sup>23</sup> Gates's status as a Baptist minister appeared to make him a fine choice as Rockefeller's right-hand man. Gates was familiar with Baptist causes and could easily judge their merits.<sup>24</sup> However, Gates would eventually venture Rockefeller away from this familiar territory into a much more broad-based style of giving, inclusive of many other different groups.



In many ways, the University of Chicago project served as a bridge in Gates's career between his life as someone who was simply involved in educational and religious causes and one who would play a role in creating an entirely new system of philanthropy. Historian Ron Chernow notes, "The University of Chicago was Rockefeller's signature project in which he clarified his approach and schooled Frederick T. Gates, his son John D. Rockefeller, Jr., and other advisors as his future surrogates."<sup>25</sup> The University of Chicago experience helped Gates and Rockefeller to establish a cordial relationship that would grow over the years. Rockefeller's experience with the University of Chicago appeared to have especially good timing. Rockefeller considered retiring at this point due to failing health. Rockefeller's wealth had grown immensely and Rockefeller wished to do good deeds using his money. Gates especially impressed Rockefeller with his zeal coupled with an excellent business sense. Rockefeller's impressment with Gates's University of Chicago experience prompted him to donate an additional one million dollars more to the University of Chicago with one stipulation—the Baptist Union Theological Seminary at Morgan Park be included as part of the university.<sup>26</sup>

While still a part of the American Education Society, Gates proposed and undertook a complete survey of Baptist education providing him with experience that will later help him with many of his pursuits involving Rockefeller. As a result of this survey, Gates decided that the Board needed to oversee the establishment of the future University of Chicago. He wrote his case and tried to convince Chicago Baptists of the need.<sup>27</sup> Gates circulated a questionnaire about the needs of Baptists in educational matters. Gates used the results from this questionnaire and other information to draw conclusions about the actions the Society should conduct. These findings supported his belief in the need to establish the institution at Chicago. Gates reported the results of these findings to the Baptist Conference in Chicago on October 15, 1888. The report found

that states between Pennsylvania and the Rocky Mountains that were located north of Oklahoma held one-half of the nation's Baptists, but possessed poor educational facilities.<sup>28</sup> Gates believed that he could convince Rockefeller and other investors of this need for the institution's location to be in Chicago.<sup>29</sup> On December 3, 1888, Gates laid his findings before the executive board of the Education society, who unanimously approved the suggestion. Many involved with the project believed that this action would have a powerful affect on Rockefeller. Gates would make Rockefeller aware of for what Baptists wanted by expressing this action in a report sent to Rockefeller. In Gates's reports, Rockefeller found a practical basis that had been lacking in previous reports made to him.<sup>30</sup>

Dr. William Taylor, president of Yale who had met with Rockefeller at Vassar College, reported that Rockefeller remained undecided about donating funds. Rockefeller wondered if Washington might be a better location, if it would be better to strengthen existing institutions, or whether a lesser institution would suffice. Gates theorized that Rockefeller was attempting to balance scenarios and remain uncommitted. Dr. Thomas Godspeed and Dr. William Rainey Harper, who were involved with raising funds to raise a college adjacent to the Morgan Park Theological Seminary, continued negotiations with Rockefeller, who was not immediately willing to discuss the matter or to attend a meeting of the ABES.<sup>31</sup> Dr. Harper advised Rockefeller to talk with Dr. Augustus H. Strong, who was president of the Morgan Park Theological Seminary, and with Gates.<sup>32</sup> Rockefeller received Gates's speech from the conference, impressed by some of the facts in the speech.<sup>33</sup>

In January of 1889, Gates contacted Rockefeller directly in order to enlist the support of Rockefeller. When traveling to New Haven, Gates had formulated a plan calling for a modest start to the institution.<sup>34</sup> Indirect contact continued when Gates sent Rockefeller a letter of his

intentions to resolve some of the last difficulties of the project. Gates had learned that Rockefeller still had two major concerns. Rockefeller remained unsure if he should give enough money to form a university, or just enough to build a college. Rockefeller demonstrated concern about whether Dr. Harper would serve as the head of the institution. Gates created a solution to these problems involving setting up a college with potential for expansion, with Harper remaining at his position giving advice until the university grew larger. Rockefeller did not indicate his views, but wrote to Harper that it would be best to start a college.<sup>35</sup> Rockefeller appeared shy and preferred that Gates correspond with him primarily through letters. Gates attempted to use these letters to address what he could only assume to be the issues on Rockefeller's mind, as he did not yet know him. Gates included his own view that the Baptists simply needed a college, not a university. Gates's opinion began to match Rockefeller as Rockefeller's views began to evolve.<sup>36</sup>

Rockefeller invited Gates to ride with him on a train to Cleveland. Gates refused to bring up the question of education first, waiting instead for Rockefeller to approach the topic. Rockefeller eventually opened up about the project. He was concerned with the works of the entire ABES, not just their Chicago project. He mentioned that he likely would think the matter over for an extended period, hoping to find the right board for the project. He told Gates that he wanted their discussion to remain a secret.<sup>37</sup> Nevins believes that Rockefeller used this opportunity to measure up Gates and found him capable and dependable.

After this trip, Gates took charge of the negotiations with Rockefeller. Gates relieved some of Rockefeller's fears and moved forward with negotiations.<sup>38</sup> Gates received notification that John D. Rockefeller had donated \$100,000 to the ABES, but wanted approval over any appropriations of the funds. Gates wrote a letter to Rockefeller noting that the ABES would be

appointing a committee to report about Chicago. Gates hoped that Rockefeller would see this as a sensible move prompting him to make a favorable decision. Gates's foresight proved correct as seen when Rockefeller expressed that he wrote that he would prefer to make donations through the ABES. Gates met Rockefeller at his house about his donation to the Education Society, pleading with him to act in a timely fashion. The two placed the least needed amount for the project at two million dollars. Rockefeller promised to give \$600,000.<sup>39</sup> Gates also made a later proposal to Rockefeller to donate an additional one million more dollars to join the Morgan Park Theological Seminary with the University of Chicago. Dr. Harper would accept the presidency on the condition of this merger.<sup>40</sup> Rockefeller sent Gates on a mission to convince Dr. Harper to take the presidency of the institution.<sup>41</sup> Gates suggested an eight-point plan that Rockefeller found acceptable. Dr. Harper would both become the university's president and kept conducting his research, as well as serving as head of Hebrew and Old Testament Criticism. The Morgan Park Theological Seminary did become an integral part of the university. Another part of the plan composed by Gates involved an additional gift given by Rockefeller.<sup>42</sup>

Gates suggested that the Society's executive committee should go to Chicago to make preparations for the university. Rockefeller appeared very receptive to the idea; he wanted definite plans that included the proposals for raising the funds and an outline of the departments. He also suggested who should serve as committee members.<sup>43</sup> Gates himself agreed to go to Morgan Park to devote himself to raising funds for the University.<sup>44</sup> He successfully raised the remaining \$ 400,000 very quickly and arranged for Marshall Field, important Chicago businessman of department store fame and civic leader, to give land valued at \$ 125,000.<sup>45</sup>

Rockefeller confided to Gates about his concern over the University of Chicago project requiring permanent funding on his part. Rockefeller wanted Gates to attempt to limit Harper's

spending and impress upon him the need for prudent spending. He told Gates in confidence that he would be willing to pay deficits up to \$40,000, but did not wish this action to be necessary. Gates went to Chicago in January of 1892 to examine the situation further. Gates met disappointment when he discovered that the money that Rockefeller had previously set forth would not cover the costs of the university. Rockefeller sent Gates to report to Dr. Godspeed that he refused to give any donations under compulsion.<sup>46</sup> Rockefeller used Gates many times in this regard to relay his thoughts to others—having Gates act as his proxy. Rockefeller relied upon Gates to express Rockefeller’s views to Dr. Godspeed, Dr. Harper and other different trustees.<sup>47</sup> Rockefeller made Gates privy to confidential information from Rockefeller of which he needed to keep secretive until the situation merited disclosing the information. Such a situation arose when Rockefeller secretly pledged an additional \$600,000 that he advised Gates not to announce until the Society had completely committed to the project to keep their decision independent from his funds.<sup>48</sup>

Gates also served as a buffer between Rockefeller and Harper. Rockefeller hoped to keep the university guessing about his gifts, which caused the relationship between Gates and Harper to become much more tense. Gates believed that Harper violated key points of an understanding existing between the pair. These violations included that the university would not enter into debt and would not use endowment funds for buildings. The university also violated the clause calling for the university not to form alliances with medical colleges located in Chicago. Gates wrote out these points and gave them to Harper. Harper promptly “lost” the list and ignored other requests made by Gates.<sup>49</sup>

Gates also advised Rockefeller to fund full-time clinical professorships, a concept generally opposed at that time. However, this idea eventually became predominant at universities

across the nation.<sup>50</sup> This situation demonstrates the ability Gates possessed to change the course of Rockefeller's actions and in the process origination a new process or new methods.

The University of Chicago also demonstrates the continuity that Gates had with John D. Rockefeller, Junior. Gates and John D. Rockefeller, Jr. lobbied John D. Rockefeller, Sr. to drop the requirement that the university and a majority of its trustees to be of the Baptist faith. This requirement limited the university's fund-raising ability. Gates continued his advisory role as influence began shifting away from John D. to that of John D., Junior. Gates tried to convince father and son that John D. Sr. should withdraw his presence from the University of Chicago, leaving the university to the public. John D. Sr. initially rejected this argument, but Gates persisted with this line of thought. He wrote Sr. a letter stating that the objective of a donor should be to give the institution a life independent of the donor. Gates finally convinced Rockefeller of the validity of this notion. Rockefeller made a final ten million dollar gift to the University and then withdrew.<sup>51</sup>

In March of 1891, Rockefeller spoke of the pressure of the immense number of appeals that he received from philanthropic causes. Rockefeller faced two choices: to have someone else take either up the burden or to stop giving. Rockefeller offered Gates a position on his personal staff to help to, as Rockefeller phrased, "unravel these tangled affairs."<sup>52</sup> He recruited Gates to help in this cause by interviewing and reading inquiries for funds and reporting his findings back to Rockefeller. This job offer gratified Gates.<sup>53</sup> Even before the job offer, Gates planned to move to New York as so to not be too closely associated with the University of Chicago. In March, Rockefeller requested that Gates leave earlier than planned to help him with benevolent causes.<sup>54</sup> Gates agreed to this request and reported for duty in September of 1891.<sup>55</sup> Historians Peter Collier and David Horowitz view Gates's joining the staff as the first step in the formation of a

true American dynasty. Gates served as the first in a long line of those working full-time for the Rockefeller family.<sup>56</sup>

In September of 1891, Gates began working at the Temple Court Building on Nassau Street, while continuing to work as secretary of the Education Society. He oversaw both written requests and those requests made in person. The intense volume of these requests discouraged Gates.<sup>57</sup> Rockefeller largely trained Gates for his position, which explains the large degree of freedom afforded to him throughout his career.<sup>58</sup> Rockefeller entrusted Gates with matters of both business and philanthropy.<sup>59</sup> Gates became president of Rockefeller companies that owned mines and railroads. He began learning about and developing these businesses. Rockefeller remarked that Gates learned well and demonstrated an ability to understand the complexities of the business. He proved able to do the majority of the work himself, only consulting Rockefeller occasionally with specific problems.<sup>60</sup>

Even before Gates had officially joined Rockefeller's personal staff, he began taking trips to examine the soundness of these investments. Few would expect Gates to have a technical interest in the industries of ore or railroads.<sup>61</sup> Gates expressed concern about his new role, but could not turn down the position since Rockefeller had done so much for the University of Chicago and other Baptist causes.<sup>62</sup>

Gates would report concisely to Rockefeller about requests he thought bore merit.<sup>63</sup> Gates presented Rockefeller with what he deemed "a model of what such a report should be."<sup>64</sup> Gates's first report to Rockefeller discussed an iron furnace in Alabama in which Rockefeller had invested \$ 30,000. Gates observed that the factory had a higher cost of production than the amount of the profit from the value of the product.<sup>65</sup> Rockefeller asked Gates to perform this function again on a different location when he was traveling westward. Rockefeller believed in

the profitability of the endeavor of which he held a minority interest. Gates changed Rockefeller's line of thought through reporting that the enterprise would meet trouble if continued along the same route.<sup>66</sup> Rockefeller wanted a comparison of his new investments to his older ones. Rockefeller asked Gates to stop the next time he found himself in the vicinity of West Superior, Wisconsin to examine the West Superior Land Company. Rockefeller had purchased \$ 600,000 of mortgage bonds by a firm of Wall Street bankers and brokers.<sup>67</sup> Colgate Hoyt and Charles Colby, two members of his Fifth Avenue Church, had recommended that Rockefeller invest in the enterprise.<sup>68</sup> When Gates arrived in Wisconsin, the manager's out-of-town status forced him to deal with the superintendent of the company. The superintendent simply wired the manager, giving Gates no additional information. Gates then visited to the vice-president of the West Superior Land Company, who told him about the shame the West Superior Iron and Steel Company felt towards their lack of profitability. The company had formed an offshoot of itself to benefit the town and sell lots. Gates learned that the mortgage did not actually cover the iron works. He further determined that the venture was actually losing money.<sup>69</sup> The acknowledgements of this poor investment signaled to Rockefeller his need to have an independent agent of his own, someone that would investigate his prior investments. After taking on these functions, Gates discovered twenty corporations that were poor investments encouraged by the Monte Cristo Syndicate.<sup>70</sup> The shock from these bad investments prompted Rockefeller to ask Gates to take an office closer to him at 26 Broadway, instead of at his Temple Court Building location. Gates accepted the move due to the increasing attachment he felt towards Rockefeller.<sup>71</sup>

Rockefeller began to want to distance himself from both his poor investments and those acquaintances involved in the Monte Cristo Syndicate. Rockefeller placed Gates at the head of



completing the process of to obtain these companies through either buying out the controlling interest or by selling Rockefeller's shares to others.<sup>72</sup> Gates treated all of the members of the syndicate equally by giving each individual the option of selling out their companies at a fixed price or going into business with Rockefeller. No member of the syndicate protested this method.<sup>73</sup> This attempt resulted in Rockefeller's possession of a controlling interest in thirteen corporations and little or no stock in others.<sup>74</sup> Another of Gates's responsibilities included managing these thirteen companies that had come under Rockefeller's control after investigating the soundness of the companies.<sup>75</sup> Gates also managed the construction of a fleet of specially designed ore ships.<sup>76</sup> A change Gates recommended involved the hiring of his uncle LaMont Montgomery to run Rockefeller's fleet. Gates believed Montgomery possessed the general ability to do well.<sup>77</sup>

However, Rockefeller also gave Gates some degree of freedom in choosing the properties that Rockefeller would acquire. When a mine or leasehold that Gates wished to purchase on Rockefeller's behalf became available, Gates would write plans to incorporate the investment into the Rockefeller holding for further study. Rockefeller generally approved such purchases.<sup>78</sup> The Everett Timber and Investment Company serves as one such example. Gates had set his sights on the company, buying out the other stockholders in order to secure possession. After obtaining the company, Gates began selling timber at five or six times the cost of production, making Rockefeller a large profit.<sup>79</sup>

According to Collier and Horowitz, Gates's greatest accomplishments when regarding Rockefeller appear from his role in investigating Rockefeller's investments involving the Mesabi iron ore deposits. Gates managed to consolidate these holdings.<sup>80</sup> He also largely served as the overseer of the Mesabi project. However, Rockefeller ultimately decided on the strategies taken

and directed the project to its finish.<sup>81</sup> Historian David Freeman Hawke speculates that Rockefeller may have invested in the Mesabi iron ore range to prove he could still perform the impossible, even after his ill health ushered in a new wave of leadership in Standard Oil.<sup>82</sup> Gates played a key role in Rockefeller's ability to make the impossible possible. After the Panic of 1893, independent agent Charles Wetmore, who worked for the Merritt brothers, sold one-quarter of the railroad bonds to Gates on Rockefeller's behalf. After this sale did not rectify the poor economic situation facing the Merritts, Whetmore and Leonidas Merritt approached Gates once again seeking consolidation and a loan. Gates, Whetmore, and Merritt consolidated Rockefeller's holdings with that of the Mesabi Range mines and railroads owned by the Merritts. Gates arranged for Rockefeller to finance the railroad and took ownership of the Lone Jack and Adam mines, as well as those involved with the consolidation.<sup>83</sup>

Gates visited the Mesabi Range in June of 1893 initially impressed with its potential for importance and value.<sup>84</sup> However, this soon would change. Gates discovered the unsoundness of the investment since the Merritts were on the verge of bankruptcy. It remains unclear how exactly Gates obtained this knowledge. Sources show that he did not reveal his identity, nor did he look at the books of the range.<sup>85</sup>

Rockefeller turned the Mesabi iron ore range completely over to Gates. He would spend millions of dollars at the request of Gates with little hesitation. Rockefeller did not wish for Gates to inform him of actions until the plans were complete. Rockefeller would let Gates implement these ideas, if well planned.<sup>86</sup> However, Gates did arrange for a meeting between Rockefeller and the Merritts after Rockefeller agreed to take over an unbearable burden by buying out the Merritt enterprise. In January of 1894, Gates arranged for the sale of 90,000 shares of stock to Rockefeller at ten dollars per share.<sup>87</sup> At this meeting, Rockefeller introduced

Gates as the one who would handle the transaction, thereby expressing faith in his abilities and stating that Gates's actions would be satisfactory to Rockefeller. The price offered by Gates would provide the Merritts with more of a profit than the amount any other buyer would pay. This portion of the deal benefited Rockefeller since the stocks later increased to \$160 per share.<sup>88</sup>

A role Gates took on himself beyond Rockefeller's direction included a personal defense both of Rockefeller's image and his own. The Mesabi deal resulted in a suit brought against Rockefeller regarding improper representation of properties in Wisconsin and Cuba. The court of appeals ordered a new trial, but Rockefeller still settled the case for \$525,000. Gates explained this as an attempt to avoid further litigation, to retract the charges brought against Rockefeller, to quiet other Merritts, among other reasons. The Merritts' lawyer tried to sell telegrams and other evidence to Gates that substantiated the claims made by Rockefeller.<sup>89</sup> Gates, without consulting Rockefeller, began to clear his name against the Merritt attack. He gave a series of interviews in New York newspapers in which he cited evidence revealing the inaccuracies of the Merritt's claims. In 1897, the Merritts wrote a statement clearing Rockefeller of the charges brought against him. Gates wrote a thirty-two page pamphlet entitled "The Truth About Mr. Rockefeller and the Merritts" further defending Rockefeller.<sup>90</sup>

Gates possessed more responsibility than anyone else for taking advantage of opportunities presented by the Mesabi Ore field. Gates oversaw construction and management of fleet of ore-carriers and insisted that Rockefeller receive an extra five million dollars when selling the enterprise to J.P. Morgan.<sup>91</sup> Gates soon mastered the knowledge needed about ore transportation to turn the venture successful. Rockefeller and Gates were aware of the need for ships to carry the iron ore soon after setting up the Mesabi railroad. No one in the Rockefeller organization possessed this knowledge so Rockefeller suggested Samuel Mather whom Gates

brought to Rockefeller's house. Gates and Rockefeller together managed to convince Mather to supervise the construction of their ships.<sup>92</sup> Gates, on Rockefeller's behalf, later sold the Mesabi Iron ore range to United States Steel Corporation making a profit of \$55,000,000.<sup>93</sup>

Gates played a vital role in ensuring the profitability of Rockefeller's business investments. However, Gates would show an even greater importance through his work on the philanthropic front. Rockefeller showed concern about employing scientific giving methods, or giving structured by certain regulations and requirements, realized by steel magnate Andrew Carnegie. Gates proved to be the solution to this dilemma of introducing scientific giving.<sup>94</sup> Gates played an important role in planning the uses for the money to have lasting benefits. Until 1902, Gates became so involved with Rockefeller's business interests that he had little time to concern himself with benefactions on a worldly basis, a cause that he held particularly close to his heart.<sup>95</sup>

Paralleling the Merritt experience, Gates attempted to defend Rockefeller after an ordeal with Congregationalists, who received funds from Rockefeller. The secretary of the Congregationalist organization that received the funds gave a published interview in which the secretary claimed Rockefeller voluntarily gave the gift without solicitation. Actually, the Congregationalists had approached Gates and Rockefeller regarding a donation. Those involved with the Rockefellers preferred to have the receiving organization announce the benefaction, thereby allowing the Rockefellers some degree of modesty. When the Congregationalists refused to follow this set pattern, Gates approached the subject with Secretary James L. Barton threatening to take the matter to the Associated Press. On April 18, the Board of Foreign Missions announced that the Congregationalists had indeed solicited the gift.<sup>96</sup>

At the turn of the century, Gates still headed the Baptist Educational Society. In 1898, an education movement started in the South at the First Canon Springs Conference. The next year Robert Ogden became associated with this movement that became known as the Ogden movement. The Ogden movement served as the catalyst for the formation of the General Education Board (GEB). In January of 1902, Rockefeller counsel Edward M. Shepard presented the plan for the formation of the General Education Association. This group's leadership would include John D. Rockefeller and Gates. The Ogden movement often appeared intertwined with the GEB. The Board initially focused its aims solely towards the South through aiming to provide a grade school education to those the South.<sup>97</sup> With help from the GEB and Rockefeller, the South experienced the establishment of over 16,000 high schools costing \$46,000,000 in 1922.<sup>98</sup> Gates and the GEB also planned farm demonstrations in the South using the model created by Dr. S.A. Knapp to improve Southern education.<sup>99</sup> Gates arranged for a demonstration to be held where several men he hoped would serve on the board could observe the actions. This concept proved successful because each of these men viewing the demonstration accepted the position.<sup>100</sup> The GEB eventually broadened their concerns to the entire nation.<sup>101</sup>

The incorporation of the GEB occurred on January 12, 1903. Gates served as a board member with no publicity, revealing that he was there as Rockefeller's representative.<sup>102</sup> Gates played a large role in determining those asked to become involved in the GEB. Gates urged Rockefeller to invite Andrew Carnegie to serve as a trustee on the GEB.<sup>103</sup> He also chose to hire Dr. Wallace Buttrick as executive secretary of the GEB. Gates preferred to employ successful businessmen who would lead along traditional, conservative lines.<sup>104</sup>

Rockefeller suggested that Gates serve as chair of the board of the GEB. Before his resignation from the Board in 1917, Gates had formulated policies, chosen beneficiaries, and

influenced gifts given by the organization.<sup>105</sup> In 1916, Gates published *The Country School of To-morrow* in 1916. The pamphlet appears even more authoritative because of Gates's signature on the document as chairman of the GEB. This pamphlet misled the public by implying incorrectly that the farm demonstrations in the manner used by the GEB both originated with Rockefeller and received complete funding from him. Other entities had contributed funds for the demonstrations to occur. Gates also used present tense in the pamphlet when Rockefeller and company had ended their involvement with canning clubs and demonstrations by that time.<sup>106</sup>

Gates recommended that Rockefeller donate large sums of money to the General Education Board, as well as to the Rockefeller Institute for Medical Research. Gates wished for the sums to be large enough so that the administrator and the funds themselves would become matters of public interest. Rockefeller responded to this request affirmatively by giving ten million dollars to the General Education Board.<sup>107</sup>

Another request that Gates made while acting as Rockefeller's right-hand man included the formation of the Rockefeller Institute for Medical Research.<sup>108</sup> Gates viewed health as potentially being a form of social progress, medicine idyllically being a means of reducing tensions, and ideally "science as a supplement to religion."<sup>109</sup> He also possessed a familiarity with health and medical research because several of his family members were physicians. In addition, his brother Frank was bled from his temporal artery to cure a brain fever and died later from rheumatic heart disease and his first wife Lucia Fowler Parker died from a massive internal hemorrhage, further shaking Gates's faith in medicine.<sup>110</sup> Gates believed the state of the medical field to be quite unbeneficial in its current state. He wished to uncover the true opinions of doctors so he read a textbook used in medical schools. This book only attempted to teach cures

lasting for four to five years causing Gates to realize that most individuals largely ignored the medical field.

In the summer of 1897, Gates wrote a memo to Rockefeller calling for the formation of a scientific medical research institute based on the Koch Institute in Berlin and the Pasteur Institute in Paris and encouraging more planning regarding the concept of forming an institute. This memo included information about infectious diseases and about the yet lack of discovery of many germs. He wrote about the usefulness of the Koch and Pasteur Institute and suggested this new institute could share this same sense of purpose.<sup>111</sup> If nothing else, Gates hoped that Rockefeller's hand in the Rockefeller Institute for Medical Research (RIMR) might spawn the creation of other such institutions or the spending of more funds on research.<sup>112</sup> Rockefeller appeared receptive to Gates's idea. The RIMR experienced its incorporation on June 14, 1901. The RIMR began by supporting scholarships and fellowships through giving grants to eighteen laboratories for research studies in already existent institutions. In June 1902, Rockefeller decided that the Institute needed its own laboratory. In June of 1902, Rockefeller donated one million dollars to purchase land and to provide for the building construction bringing the aspirations of Gates further into fruition.<sup>113</sup>

In 1911, Gates asked GEB Trustee Abraham Flexner, who had reported on the poor conditions surrounding U.S. medical schools, his advice on reforming medical education. Flexner replied that he would give the funds to William H. Welch, an extremely important medical figure of the time and a Johns Hopkins pathologist, who intended to use the funding for both hospital and labs. Gates believed that medical schools should be organized and funded similarly to other academic departments. He also supported the full-time employment policy

regarding faculty. Gates suggested that Rockefeller's donations would include clinical departments, whose faculty would not benefit from private practice.

Gates decided to keep the RIMR separated from existing medical schools because of his recollection of the attempted merger of Rush Medical College and the University of Chicago in 1894.<sup>114</sup> Rockefeller asked Gates to send a letter expressing his disapproval to the merger. If the university would wait, Rockefeller would establish a research institute in conjunction with the university, independent from any existing medical schools. Rockefeller abandoned this idea after not receiving his desired response.<sup>115</sup>

Gates sent Rockefeller a memo in which he recommended that someone more capable and who had more experience than he did handle the medical research issue. Gates introduced Rockefeller to Starr J. Murphy, who could investigate the feasibility of the project and study foreign examples.<sup>116</sup> Murphy recommended that Rockefeller give \$ 20,000 per year to lab workers—a plan which ultimately failed. The failure prompted the formation of a research institute headed by Simon Flexner, a scientist from the University of Pennsylvania who would head the institute for many years.<sup>117</sup>

Gates additionally served on the Board of Trustees representing the RIMR's financial interests.<sup>118</sup> Rockefeller donated \$10,000,000 for the endowment of the Institution. At Gates's suggestion, Rockefeller placed a clause calling for full-time employment of the faculty in the letter used to inform the donation recipients of funding. The full-time clause included the terms that no person on staff at the institution should receive pay for outside practice of medicine, charge for services rendered within the Institute, accept any payments, and that the institution should pay expenses and charge nothing if the staff conducts outside consultation. Any violation of this policy would forfeit the endowment.<sup>119</sup>



Gates also played a key role in the development and implementation of the Rockefeller Foundation. The importance Gates placed on his work with the Rockefeller Foundation emerges in this quote by Gates: “when you die and come to approach the judgment of Almighty God, what do you think he will demand of you? Do you for an instant presume to believe that He will inquire into your petty failures or your trivial virtues? No. He will ask just one question. What did you do as a trustee of the Rockefeller Foundation?”<sup>120</sup> Gates had conceptualized the idea of the Rockefeller Foundation as early as 1905.<sup>121</sup> Gates wrote a letter to Rockefeller on June 3, 1905 outlining a series of specific trusts expected to encourage civilization. Each of these trusts would have an individual charter, board, and endowment. The idea of independent foundations later evolved into the concept of a central organization, which would finance the individual trusts. The Rockefeller Foundation served as this central organization. Gates hoped that the Rockefeller Foundation would gain a perpetual charter from Congress. He envisioned that the Foundation would exist on a national level and would place its offices in the District of Columbia. If granted a perpetual charter, the Rockefeller Foundation could use limitless capital and serve both nationally and internationally. He believed that the Board of Trustees should be self-perpetuating and could be involved with anything pertaining to philanthropy. He hoped that the charter would bring immortality to the philanthropy being accomplished, while the Board would make the Rockefeller Foundation more efficient.<sup>122</sup>

Gates envisioned a proposal that all or a majority of these people could veto board appointments: the United States President, the Chief Justice of the Supreme Court, the president of the Senate, the Speaker of the House, and the presidents of Harvard University, Yale University, Columbia University, Johns Hopkins University, and the University of Chicago.<sup>123</sup> Gates’s vision of the Rockefeller Foundation became closer to reality when Gates signed over

fifty million dollars worth of Standard Oil securities to Gates, John D. Rockefeller Jr., and Harold McCormick to fund the one hundred million dollar Rockefeller Foundation in 1910.<sup>124</sup>

After being the visionary for the Rockefeller Foundation, Gates only served as a trustee of the organization, not as its head. This fact reflects Chernow's notion that the birth of the Rockefeller Foundation coincided with Gates's gradual retreat from Rockefeller's affairs. In August of 1912, Gates resigned from handling Rockefeller's business affairs. Rockefeller, after a period of hesitancy, accepted his resignation in November. For the next five years, Gates continued to chair the General Education Board, but stopped drawing a regular salary and took only a few business trips for Rockefeller.<sup>125</sup>

Gates additionally served as visionary for the Rockefeller Sanitary Commission. Gates placed the figure needed by the Commission to fight the condition of hookworms at one million dollars. Rockefeller agreed to this amount if consulted at each step.<sup>126</sup> Gates, along with John D. Rockefeller, wanted a survey completed of the diseases around the world. After this survey, the Rockefeller entourage decided to organize a worldwide agency controlled by the Rockefeller Foundation to fight against hookworms and other preventable diseases.

Analysts placed the estimated cases of hookworm in the South at two million, later discovered to be an understatement. Experts expected eradication to cost half of a million dollars, but instead cost nearly two million dollars. Gates presented these numbers to John D. Rockefeller and John D. Rockefeller, Jr., who chose to dedicate themselves to the cause.<sup>127</sup>

The interactions occurring between Gates and Rockefeller during the experiences described above helps one to decipher much about the right-hand relationship that developed between the two. Chernow speculates that Rockefeller may have used Gates in part to investigate to save the embarrassment that would come from having a financial analyst discover the poor

investments. Gates supplied many of the ideas for philanthropy, but one must also recognize the role that Rockefeller still played in the endeavors. Rockefeller would veto Gates's ideas or have him alter his proposals at his whim.<sup>128</sup> However, Rockefeller gave Gates the resources and freedoms needed to carry out his duties. Rockefeller gave Gates every possible opportunity that would help in his success.<sup>129</sup> Gates normally carried out business and philanthropic discussions without Rockefeller. However, once Gates did bring a shipbuilder to Rockefeller's house. This meeting served as an anomaly to Rockefeller's policy of not meeting those involved in the business of the ore company.<sup>130</sup>

Gates showed much less reserve towards Rockefeller than Rockefeller demonstrated towards Gates. Gates would respectfully voice his opinion. He also eventually gained the ability to predict Rockefeller's opinion. If Gates expected a conflicting view, he would make his argument stronger, instead of just acquiescing to Rockefeller's wishes. Gates assumed that Rockefeller valued his opinion, not just having Rockefeller's own opinion automatically spouted back to him. In 1896, Rockefeller became less physically involved with his offices on a day-to-day basis and began conducting his affairs with Gates in Rockefeller's home, over the telephone, or through the arrangement of a private wire. When John D. felt well enough to make daily visits to the office, the relations between the two appeared very personal with Rockefeller occasionally confiding in Gates. Rockefeller showed reserve and would not divulge too much information. Most of the information that Rockefeller revealed occurred in times of stress. Gates attributed this trait generally to modesty and good manners.<sup>131</sup>

The nature of the interactions between the two allowed Gates to suggest some changes to the habits that Rockefeller employed before Gates joined his personal staff. Gates helped Rockefeller to shape his priorities to eliminate as much political criticism as possible by giving

less to partisan concerns and more to programs with broad appeal.<sup>132</sup> Gates visited each potential recipient himself, a task Rockefeller found impossible. He also insisted that those receiving aid from Rockefeller would also secure donations from other sources to help meet their needs.<sup>133</sup> Gates observed that Rockefeller donated to individual Baptist churches, which Gates found inefficient. To remedy this situation, he strengthened the central Baptist agencies and sent the applicants to this group instead. Gates also reduced Rockefeller's personal charity lists.<sup>134</sup> Previously, Rockefeller donated a few thousand dollars to the Baptist Foreign Mission Society, as well as running a foreign mission society of his own. However, he did not possess adequate knowledge of the field to run his own society. Gates, on the other hand, cut off each private appeal and sent them to missionary executives in Boston. Gates himself checked the budget of the society yearly.<sup>135</sup> Gates suggested to Rockefeller that he not to confine his wealth either to the United States or to the Baptist denomination. Gates and Rockefeller each wanted to expand donations in the mission field. The Congregational Mission Board approached Rockefeller making this desire possible. Gates believed that the Secretary of the Board Bartons's request called for too much aid prompting Gates to request a new conference. Together Gates and Starr J. Murphy, a Congregationalist, cut out \$ 60,000 intended solely for sectarian means. Gates wrote a letter to Rockefeller suggesting the donation, which Rockefeller approved. After receiving the funds, the Congregational Board did not acknowledge that they had sought out the gift, as Rockefeller preferred to occur with his giving.<sup>136</sup> Gates also dismissed letters from individuals asking for money for personal purposes.<sup>137</sup>

The Congregationalist experience demonstrates the instrumental role Gates played in the development of Rockefeller's concept of philanthropy. Collier and Horowitz theorize that Gates understood the monopolistic principles that had allowed Rockefeller to organize the oil industry

and wanted to use these same principles for philanthropy.<sup>138</sup> Rockefeller and Gates also realized the limited usefulness of some types of philanthropy.<sup>139</sup> Gates took credit for creating the efficient method of giving through donating to groups that would allocate funds to local groups. However, Rockefeller had already begun to conceive of this concept.<sup>140</sup> Rockefeller grew dismayed by his frequent exposure to greedy, Baptist pastors. By 1895, Rockefeller had told Gates that he wanted to give to each of the five main Protestant denominations broadening his philanthropic style. Chernow argues that this news pleased Gates since he had begun attending a Congregational church, a denomination benefiting from the change.<sup>141</sup>

Only after 1900 do the two begin to branch out into a form of modern philanthropy. By this point, Gates had created a team of advisors made familiar with Rockefeller's principles and methods.<sup>142</sup> Gates discovered that the Rockefeller philanthropies could have an international role after realizing how much effort regarding missionaries had increased in a decade.<sup>143</sup>

The attitudes of both Rockefeller and Gates formed from their various interactions towards one another, including their mutual creation of a modern, efficient philanthropic system, largely shaped the development and continuation of the relationship between the pair. One of Rockefeller's first impressions regarding Gates included that he had a great deal of common sense, which Gates believes Rockefeller later implies to be the best possible solution to business problems.<sup>144</sup> Rockefeller would admit that Gates had no technical knowledge about the iron ore endeavor he asked him to examine, but thought that Gates might still be able to obtain some information about actual conditions of the project.<sup>145</sup> Rockefeller also thought highly enough of Gates to donate his educational benefactions solely through Gates's American Baptist Education Society.<sup>146</sup> Collier and Horowitz believe that Rockefeller also seemed pleased that the actions Gates took improved public opinion regarding Rockefeller.<sup>147</sup> Rockefeller's appointment of

Gates as executive secretary of the society reflected his view that Gates joining the society would change the direction towards which the society would be moving. Rockefeller's opinion of Gates evolved very quickly into realizing that Gates could discuss Rockefeller's donations. Historian Allan Nevins speculates that Rockefeller believed that Gates, Harper, and Godspeed could turn the visions involved with the university into reality.<sup>148</sup>

Rockefeller credits Gates with having the unique combination of business ability and a desire to benefit mankind.<sup>149</sup> In an article published in *Forbes* in 1917, the interviewer asked Rockefeller about who was the greatest businessman he knew. Rockefeller in turn asked the interviewer if he had read articles about Gates. Rockefeller carefully credited Gates with being the guiding genius in his giving. Rockefeller commented that Gates had amazing business ability and caring. Rockefeller believed that Gates could distribute funds with wisdom. Rockefeller remarked that Gates combined skill and knowledge better than any other man was Rockefeller had known.<sup>150</sup>

The opinions that Gates formed about Rockefeller contributed equally to the success that Gates would have as Rockefeller's right-hand man. Gates believed that Rockefeller used portions of his money for the public good and usually attempted to create an infrastructure with these donations of which Gates approved.<sup>151</sup> However, Gates did show surprise at some of Rockefeller's characteristics. Rockefeller showed little qualms about making people wait. On February 20, 1889, Gates awaited word about a contribution from Rockefeller that came only after the meeting began. Rockefeller also procrastinated about giving Gates an answer regarding his commitment to the Chicago project.<sup>152</sup> Gates observed that Rockefeller showed precision in his choice of words and in his use of silences.<sup>153</sup> Gates also found Rockefeller difficult with which to deal. Gates found that Rockefeller seldom argued for his beliefs and would remain

silent leaving his observers unclear about his reaction. Gates eventually believed that he began to understand Rockefeller.<sup>154</sup>

Towards the end of his career, the impetus of Gates's influence shifted towards John D. Rockefeller, Jr., who would begin to form his own opinions towards Gates. In 1891, John D. Rockefeller, Sr. contemplated retiring, but remained until 1893 because of the financial panic. However, he began appearing at the office less often. Instead, John D. Junior took a greater involvement in investments and philanthropy.<sup>155</sup> Gates helped Junior to adapt to this new world. One way in which Gates accomplished this included Gates taking trips with John D. Junior looking at investments. He came to agree with many of Gates's theories about how large amounts of money could curse a family and how money should "pay a social dividend."<sup>156</sup> Chernow speculates that Gates provided John D. Jr. with guidance that his father did not provide after Junior's start at the offices of 26 Broadway. Gates also invited Junior to audit business meetings to help him understand the inner-workings involved.<sup>157</sup> Gates also helped John D. Jr. to learn about the philanthropic and investigating side of Rockefeller's fortune. In most accounts, the two appeared to work well together by balancing each other's qualities. Gates provided imagination and drive, while Junior had more sense, caution, and conscientiousness.

After gaining more knowledge and experience, Junior began sharing some of Gates's duties.<sup>158</sup> Rockefeller turned negotiations with J. Pierpoint Morgan about his purchasing Rockefeller's investment in the iron ore business over to Gates and John D. Junior. The pair negotiated selling these investments for \$90,900,000.<sup>159</sup> The two had very different styles of presentation with John D. Jr. preferring to present verbally, while Gates preferred to write out his arguments.<sup>160</sup> In some ways, Gates made Junior feel uncomfortable because of Gates's undisciplined and extremely passionate energies. Gates played the role of the dreamer, while

Junior usually served as the one who would convince John D. Sr. to agree to the plan. Junior also investigated practical matters involved with matters, usually meeting with imminent figures in the field and looking for figures to direct the endeavors.<sup>161</sup> However, Junior did respect Gates and treated him in many ways like a mentor.<sup>162</sup> This mentor role appears when Junior writes to Gates asking for advice on an issue about which he wished to discuss with his father.<sup>163</sup> Gates envisioning the RIMR, while Junior's approachment of Dr. William Welch of Johns Hopkins serves an example of this difference. This trend continued when Junior recruited Simon Flexner to serve as director of the RIMR and found other members to serve on the board, as well as conversing with Rockefeller about the project.<sup>164</sup> Gates and Junior also together advised Rockefeller to give up the title of honorary president of Standard Oil, worried that the controversy surrounding the enterprise would harm their philanthropic efforts.<sup>165</sup>

Junior's more active role signaling the advancing age of Rockefeller prompted Gates to concern himself with the legacy of Rockefeller's philanthropic system that he helped to create. Gates worried that Rockefeller's heirs would "dissipate their inheritances or become intoxicated with power."<sup>166</sup> He wanted to set up "permanent corporate philanthropies" dedicated to the betterment of man. This was a unique concept—private money handled by trustees for public good. These charitable trusts had existed before Rockefeller, but Rockefeller increased the scale immensely.<sup>167</sup> Gates believed that if Rockefeller and his children did not take action someone else would. Gates believed in the need of the Rockefellers to use their fortune towards the cause of benefiting society. He recommended the implementation of well-managed endowment funds. Gates created a list of questions to address in conjunction with the giving of these funds: what is the human need? Can you find men able to administer the aid? What problems could the aid fix?<sup>168</sup> Gates wrote a memo about preparations for after Rockefeller's death, which includes his



belief in the need for a large and permanent fund and that areas helped by this giving should not be limited.<sup>169</sup>

The influence of Gates severely declined after the Ludlow incident leading towards the end of his career.<sup>170</sup> The Ludlow incident involved a labor dispute with miners that resulted in a strike. Gates exhibited the same intolerance towards the unions involved that Rockefeller and Rockefeller, Jr. possessed. Gates refused any sort of cooperation with the workers. This situation forced John D. Jr. to realize that some of his father and Gates's views appear dated in a rapidly changing world.<sup>171</sup> Rockefeller's refusal to accept the resignation of Gates demonstrates the value that Rockefeller placed on Gates. On April 9, 1912, Gates wrote to Rockefeller resigning his position. His resignation included a refusal to accept any more of his salary, hold any more offices, or to serve on any more philanthropic boards. Gates planned still to help Rockefeller with office matters with which he was familiar. Rockefeller adamantly refused to accept this resignation, but allowed Gates a greater degree of freedom through only venturing to the office when he saw the need. Rockefeller does eliminate Gates's salary with a promise to compensate him for his help at the end of the year. Rockefeller convinced Gates that the timing was poor for his resignation since many on Rockefeller's staff were still unfamiliar with the current system of philanthropy. Gates agreed to postpone his decision until November, but did resign from several of his duties. He continued with both his visits and correspondence with Rockefeller. Gates also continued as chairman of the General Education Board for five additional years. He remained active in the GEB and other philanthropies for twelve more years.<sup>172</sup> Gates spent over forty years, from 1888-1928, in service to the Rockefellers.<sup>173</sup>

Gates provided Rockefeller with invaluable aid leading to positive benefits for the country. Gates played a key role in establishing a philanthropic system that ultimately benefited

the nation. Gates helped Rockefeller create a much more effective system of giving, benefiting a greater number of people than the chaotic style of organization that Rockefeller had previously employed. The key to this change in the philanthropic and business investment styles involved the relationship existing between Gates and Rockefeller. Rockefeller trusted Gates and relied on his decision-making skills. He proved himself quite competent and an important addition to Rockefeller's staff. Gates successfully managed to serve Rockefeller in an advisory capacity and as someone able to act in Rockefeller's name to others. Gates's status of Rockefeller's right-hand man allowed the positive attributes of Rockefeller to spread even further than would normally be possible.

## Notes

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  20. *Ibid.*, 52.
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  22. Gates. *Chapters*, 161.
  23. William H. Allen. *Rockefeller: Giant Dwarf Symbol* (New York: Institute for Public Service, 1930) 351.

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  26. John T. Flynn, *God's Gold: The Story of Rockefeller and His Time* (New York: Harcourt, Brace, and Company, 1932) 305.
  27. Gates, *Chapters*, 94; 96.
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  29. *Ibid.*, 211.
  30. *Ibid.*, 211-14.
  31. Gates, *Chapters*, 97-101.
  32. *Ibid.*, 98; 102.
  33. *Ibid.*, 99.
  34. *Ibid.*, 104.
  35. Nevins, *John D.*, 224.
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  37. *Ibid.*, 105-07.
  38. *Ibid.*, 224-26.
  39. *Ibid.*, 108-12.
  40. *Ibid.*, 120.
  41. *Ibid.*, 120.
  42. Nevins, *John D.*, 233-34.
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  44. *Ibid.*, 229.
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  81. Hawke, *John D.*, 206.
  82. *Ibid.*, 208.
  83. Flynn, *God's Gold*, 314.; Nevins, *John D. Rockefeller*, 365.
  84. Gates, *Chapters*, 176.
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  87. Flynn. *God's Gold*, 314.
  88. Allen, *Rockefeller*, 167.
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  91. Nevins, *John D.*, 429.
  92. *Ibid.*, 404-05.
  93. Gates, *Chapters*, 177.
  94. Collier and Horowitz. *The Rockefellers*, 50-51; Gates, *Chapters*, 161.
  95. Gates. *Chapters*, 206.
  96. Nevins, *Rockefeller*, 543-44.
  97. Flynn. *God's Gold*, 384; Gates, *Chapters*, 215.
  98. Gates. *Chapters*, 216.
  99. *Ibid.*, 222.
  100. *Ibid.*, 226.
  101. Collier and Horowitz, *The Rockefellers*, 61-62.
  102. Allen. *Rockefeller*, 361.
  103. Collier and Horowitz, *The Rockefellers*, 61.

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104. Chernow, *Titan*, 484-85.
  105. Gates, *Chapters*, 218.
  106. Allen, *Rockefeller*, 413-14.
  107. Abels, *The Rockefeller Billions*, 328-39.
  108. Gates, *Chapters*, 230.
  109. Bryson, M.D., "Mr. Gates's Summer Vacation," *Annals*, 150.
  110. Bryson, M.D., "Mr. Gates's Summer Vacation," *Annals* 149-50; Chernow, *Titan*, 362.
  111. Gates, *Chapters*, 179-82.
  112. Collier and Horowitz, *Rockefellers*, 60.
  113. Flynn, *God's Gold*, 379.
  114. Bryson, M.D., "Mr. Gates's Summer Vacation," *Annals*, 150-151; Collier and Horowitz, *Rockefellers*,  
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  115. Nevins, *Rockefeller*, 471.
  116. *Ibid.*, 470.
  117. Gates, *Chapters*, 183; Collier and Horowitz, *Rockefellers*, 61.
  118. Nevins, 479.
  119. Gates, 231.
  120. Quoted in Jules Abels, *The Rockefeller Billions*, 294.
  121. *Ibid.*, 292.
  122. Gates, *Chapters*, 233-34.
  123. Chernow, *Titan*, 566.
  124. Collier and Horowitz, *The Rockefellers*, 63-64.
  125. Chernow, *Titan*, 567.
  126. *Ibid.*, 489.
  127. Gates, *Chapters*, 226.
  128. Chernow, *Titan*, 366-68.
  129. Gates, *Chapters*, 239.
  130. J. Rockefeller, *Random Reminiscences*, 123.

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131. Gates, *Chapters*, 240-41.
  132. Chernow, *Titan*, 468.
  133. Collier and Horowitz, *The Rockefellers*, 52.
  134. Nevins, *Rockefeller*, 268-69.
  135. Gates, *Chapters*, 161-162.
  136. Nevins, *Rockefeller*, 534-37.
  137. Gates, *Chapters*, 163.
  138. Collier and Horowitz, *The Rockefellers*, 61.
  139. Nevins, *Rockefeller*, 464.
  140. Chernow, *Titan*, 241.
  141. *Ibid.*, 363.
  142. *Ibid.*, 321.
  143. Collier and Horowitz, *The Rockefellers*, 103.
  144. Gates, *Chapters*, 165.
  145. J. Rockefeller, *Random Reminiscences*, 116.
  146. Gates, *Chapters*, 108.
  147. Collier and Horowitz, *The Rockefellers*, 62.
  148. Nevins, *Rockefeller*, 210.
  149. J. Rockefeller, *Random Reminiscences*, 117.
  150. Gates, *Chapters*, 239-240.
  151. *Ibid.*, 206.
  152. Chernow, *Titan*, 312.
  153. Abels, *The Rockefeller Billions*, 172.
  154. Hawke, *John D.*, 206.
  155. Gates, *Chapters*, 242.
  156. Collier and Horowitz, *The Rockefellers*, 88.
  157. Chernow, *Titan*, 355.



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158. Nevins, *Rockefeller*, 228-290.
159. Hawke, *John D.*, 211.
160. Nevins, *Rockefeller*, 288-290.
161. Collier and Horowitz, *The Rockefellers*, 100.
162. *Ibid.*, 87.
163. Jordan, "To Educate Public Opinion," *New England Quarterly*, 292.
164. Collier and Horowitz, *The Rockefellers*, 100-101.
165. Chernow, *Titan*, 524.
166. *Ibid.*, 563.
167. *Ibid.*
168. Gates, *Chapters*, 208.
169. *Ibid.*, 234.
170. Collier and Horowitz, *The Rockefellers*, 139.
171. Chernow, *Titan*, 576-581.
172. Gates, *Chapters*, 248.
173. Nevins, *Rockefeller*, 680.

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