

Business law



**ASSIGN
BUSTER**

Main Ideas from the book House of Morgan During the early 1800's, 1835 to be precise, America was immersed in debt with its mother country of England. America had begun to blossom with railroads, turnpikes and canals. The bank of the time which had established reputation and prestige was owned by a man named Peabody, for which his company was so named as well. Peabody did not have a family and therefore had no heirs. He left his banking empire to a man named Junius Morgan. On his inheritance of the financial empire, he called it J. P. Morgan since he was not able to continue to call it ' George Peabody' as it had been previously named.

The bank which we know as J. P. Morgan, has not only established itself globally as a financial powerhouse, but is also the bank of royalty and governments. The bank of J. P. Morgan is incidentally, the bank of choice of the Vatican. The journey from the Morgan family's inheritance of the empire in the early eighteen hundreds to today is long and arduous, and not without difficulty at times. During the Second World War, J. P. Morgan and company face the possibility of non-payment from a newly invaded Austria. In essence, J. P. Morgan is a company which originated in the new America but was rooted in English ancestry. After Morgan inherited the company, his children and grandchildren would illustrate just how integral the company's ties to England really were. Jack Morgan, Junius's son, was fond of living both in England and America, while many of the Morgans had close ties with the royal family back in England.

Having a professional relationship with the company of J. P. Morgan was not only coveted but a privilege reserved only for the wealthiest of people who had a reputation which preceded them.

The great depression of the 1930's did not find the house of Morgan to be

immune, even with a net worth of \$118 million. Due to the severity of the depression and global unrest caused by the Second World War, decision makers in the U. S. government under the Hoover regime, were not prepared for the type of strategizing required to dig America out of the resulting financial rut. The house of Morgan's net worth surfaced after the depression at about \$59 million which means that it was diminished to half of its original value. Interestingly enough, as powerful and prestigious as the Morgan empire had become, it was not able to withstand the crippling effects of the depression of the 1930's leaving little hope for the financial empires of today in our current economic crisis.

The Morgan company often had ties with presidential candidates or other important figure heads, making them seemingly in control of the fate of nations. It was rumored at one time that a partner of the J. P. Morgan company would be paid a minimum of \$1 million a year. The position of partner or affiliate within the J. P. Morgan company, was one of the most prestigious if not the most prestigious position on Wall Street. Essentially, the J. P. Morgan company cornered the financial market and made a name for itself which simply could not be reversed. Such a monopoly though difficult to achieve, ensures long term staying power and continued financial success, but not without careful regard to economic climates of the times.