Review of Samuel Bostaph, *Andrew Carnegie: An Economic Biography* (Lanham, MD: Lexington Books, 2015), pp. xii, 125, ISBN 978-0-7391-8983-2.

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Samuel Bostaph, Emeritus Professor of Economics at the University of Dallas, has written an Austrian-flavored biography of Andrew Carnegie (1835-1919), one of the most important figures associated with the rise of big business in America. Contrary to the factual detail pertaining to Carnegie's rags-to-riches life characteristic of existing voluminous biographies, Bostaph's rendition, published in the recently launched *Capitalist Thought: Studies in Phiolosophy, Politics and Economics* series edited by Edward W. Younkins, is not only a concise account running merely 120 pages but also an "economic biography." The objective is to provide a "fuller economic portrait" of the Scottish-born steel magnate and philanthropist "than has previously been drawn" (p. 8) by focusing not simply on the man but on the economic actor. More precisely, Bostaph

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argues that Carnegie is best understood as a Kirznerian entrepreneur, whose alertness to profit opportunities and early adoption of innovations allowed him to build a vast industrial empire, with both positive and negative effects for economic coordination in the American economy of the late nineteenth century.

Bostaph justifies this perspective in the first chapter of the book devoted to the notion of the entrepreneur in economic theory by comparing the views of Joseph Schumpeter and Israel Kirzner. Although Carnegie can be depicted as a Schumpeterian entrepreneur, both because he was no inventor and because his introduction of new products, processes and forms of business organization either destroyed his competitors or forced them to adopt similar innovations in order to survive, Bostaph views Schumpeter's entrepreneur as a Weberian ideal type useful for historical typology rather than a proper explanatory tool (p. 7). On the other hand, Kirzner's view of the entrepreneur's role in the market process sheds light on how Carnegie's actions contributed to better coordination of production and consumption plans in the markets in which he competed, while also explaining how his actions were often directed at subverting the market process for personal gain and resulted in significant mal-investment in the American economy.

The remainder of the book follows Carnegie's life in more or less chronological order. Bostaph charts Carnegie's self-made road to wealth from his childhood in Scotland and his first jobs as an early teen in America to his rise up the ranks of the Pennsylvania Railroad Company in the 1850s, where he benefitted from close ties with top executives to make small profitable investments before obtaining favorable contracts for his own ironworks and steel ventures in the 1860s and 1870s, gradually becoming one of the first true captains of industry. In each of his steps on the ladder of success, Bostaph shows how Carnegie used his “alert entrepreneurial eye” (p. 53) to anticipate demand and craft partnerships with other pioneering industrialists in order to introduce new products of the highest possible quality using the latest and most cost-cutting production processes, leaving other rivals behind. With sometimes unscrupulous manoeuvers, Carnegie was able to retain control over these increasingly complex partnership arrangements while pursuing a sustained strategy of horizontal consolidation and vertical integration to create the world’s largest steel firm.

But Carnegie’s success, Bostaph cautions, was not due only to his outstanding alertness to profit opportunities. Indeed, it was a “combination of extortion and entrepreneurship” (p. 106) that allowed Carnegie to accumulate the spectacular wealth that he proceeded to give away after his retirement from business at the turn of the twentieth century. He was able to make his first profitable investments in iron in the context of protective tariffs of the Civil War period, and later build his steel empire thanks to the existence of prohibitive tariffs on what was at the time an infant industry. In fact, although he viewed himself as a moderate protectionist, his firms funded lobbying efforts in favor of protectionist measures (p. 55n5). As a result, while he personally benefitted from being able to operate in protected markets the American economy as a whole suffered, since protectionism, as Bostaph explains, in effect transfers wealth from consumers and users of the protected commodities to those operating in the protected industries (p. 117). More productive current or future uses of these diverted resources were perhaps available.

Bostaph’s analytical account of these positive and negative effects of Carnegie’s actions on the American economy marks a stark difference not only with existing biographies of the man but also with the biography genre more generally. The reader is not simply a spectator of the salient facts regarding the biographee's life, and the biographee's deeds are not simply set against the relevant economic, social and political background. Instead, in addition to the salient facts and the relevant context the reader is provided with what can best be described as a turnkey theoretical framework designed to underscore the positive and the negative. This strategy certainly allows Bostaph to nudge the reader into seeing Carnegie in a light that would no doubt be invisible in the otherwise ordinary biography, the reader of which would be free to appeal to their own theoretical framework to interpret the facts, if indeed inclined to do so at all. Nowhere in the book does this ring more true than in the chapter on labor relations that covers the sadly notorious Homestead lockout and strike of 1892.

For Bostaph, "the tragedy of Homestead is that a mob of ignorant and brutish men and women took destructive actions" (p. 80) that amounted to a "general assault on the rule of law, property rights, and freedom of association" (p. 65). There are obvious differences between this assessment and the account accepted by many historians that the events that transpired at the Carnegie-owned Homestead steelworks constitute an exemplar of aggressive union-busting tactics used against the labor movement at the time. But the more interesting point here is why Bostaph deems that the workers involved were ignorant. Wrongly subscribing to the labor theory of value, the workers were oblivious to the correct theory of value, namely the subjective approach developed by marginalists such as Carl Menger (pp. 79-80). Not surprisingly, they also failed to see that without Carnegie's entrepreneurial efforts the steelworks that employed them would not have been economically viable in the first place. More enlightened workers, some readers might conclude, would have been more docile.

Overall, whatever quibbles one may have with Bostaph's revisionist interpretation of the Homestead strike, or more generally of any other aspect of Carnegie's actions, one must admit that the book delivers exactly what it promises. Minor typographical errors and an incomplete reference list (in particular, Schumpeter and Kirzner are missing) notwithstanding, this is an engaging and well-written little book that portrays Carnegie as a dynamic entrepreneur who had both positive and negative effects on the American economy. The net effect is not easy to assess, and Bostaph does not attempt to do so. Readers hoping to find an unambiguous conclusion will therefore be disappointed. Perhaps this is the natural result of the "economic biography" genre: ascertaining the final effect of all visible and invisible costs and benefits of an economic actor's actions and their unintended consequences is almost always impossible.