

2013

Mellon Banks

Alexander J. Field

Santa Clara University, afield@scu.edu

Follow this and additional works at: <https://scholarcommons.scu.edu/econ>



Part of the [Economics Commons](#)

Recommended Citation

Field, Alexander J. 2013. "Mellon Banks." In *Oxford Encyclopedia of American Business, Labor, and Economic History*. Oxford: Oxford University Press.

This material was originally published in *Oxford Encyclopedia of American Business, Labor, and Economic History* edited by Melvyn Dubofsky, and has been reproduced by permission of [Oxford University Press](#). For permission to reuse this material, please visit <http://www.oup.co.uk/academic/rights/permissions>.

This Book Chapter is brought to you for free and open access by the Leavey School of Business at Scholar Commons. It has been accepted for inclusion in Economics by an authorized administrator of Scholar Commons. For more information, please contact rscroggin@scu.edu.

MELLON BANKS

The Mellon banks were a group of financial institutions instrumental in the industrial development of the greater Pittsburgh area in Pennsylvania, as well as, to a lesser degree, of other regions of the United States. Mellon funding played important roles in the development of coal, fabricated (but not primary) steel, aluminum (in particular Pittsburgh Reduction, which became Alcoa), and oil (in particular Gulf). Other notable companies benefiting from Mellon funding and oversight were Carborundum, a maker of grinding materials, and Koppers, a maker of advanced coking ovens that captured rather than simply vented valuable by-product gases such as toluene and benzene. Mellon banks at various times also provided financial resources for real estate development,

lumber, mining, traction, railroad-car construction, and electricity-generating enterprises, both in the Pittsburgh area and elsewhere.

The first Mellon financial intermediaries, ventures of Thomas Mellon, were the East Liberty Savings and Deposit Bank, a joint-stock institution founded in 1867, and T. Mellon and Sons, a private bank founded in 1869. Thomas Mellon's son, Andrew Mellon, cofounded with Henry Frick the Fidelity Title and Trust Company in 1886 and, with others, the Union Transfer and Trust Company in 1889 (eventually Union Trust Company). In 1902, Mellon converted T. Mellon and Sons along with a number of other banks into the federally chartered Mellon National Bank, with Andrew and Richard Mellon—another son—as principal shareholders. In 1946 the Mellon National Bank and the Union Trust Company, along with the Mellbank Corporation, which held various smaller, regional banks, combined to form the Mellon National Bank and Trust Company. Through a succession of subsequent acquisitions and mergers, this institution survives in the twenty-first century as Bank of New York Mellon (BNY Mellon).

Through these banks, investments on their own account, and interlocking directorates, the Mellon family and in particular Andrew Mellon became some of the wealthiest and most influential capitalists in the region and eventually the country. Shrewd businessmen, the Mellons were at the right place at the right time, able to take advantage of new technologies and new materials during the most dynamic period of Pittsburgh's economic development, from the end of the Civil War through World War I. They often took an active role in the management of companies in which they had a controlling interest, although standard operating procedure was to install capable management and then take a relatively hands-off approach unless and until a business ran into difficulty.

Andrew Mellon went on to serve as treasury secretary under presidents Warren G. Harding, Calvin Coolidge, and Herbert Hoover and subsequently as U.S. ambassador to the United Kingdom. He survived an indictment for income-tax evasion, and before he died he donated his art collection and provided the funding for the National Gallery of Art in Washington, D.C.

BIBLIOGRAPHY

Cannadine, David. *Mellon: An American Life*. New York: Alfred A. Knopf, 2006. The best single resource on the evolution of Mellon banks and their contributions to U.S. economic growth and development.

Alexander J. Field