

**Bulletin of the
German Historical
Institute**

Supplement 12 (2016)

IMMIGRANT ENTREPRENEURSHIP

The German-American Experience since 1700

Edited by Hartmut Berghoff and Uwe Spiekermann



**Bulletin of the German Historical Institute
Washington DC**

Editor: Richard F. Wetzell

Supplement 12

Supplement Editor: Patricia C. Sutcliffe

The *Bulletin* appears twice and the *Supplement* once a year; all are available free of charge. Current and back issues are available online at: www.ghi-dc.org/bulletin

To sign up for a subscription or to report an address change, please contact Ms. Susanne Fabricius at fabricius@ghi-dc.org.

For editorial comments or inquiries, please contact the editor at sutcliffe@ghi-dc.org or at the address below.

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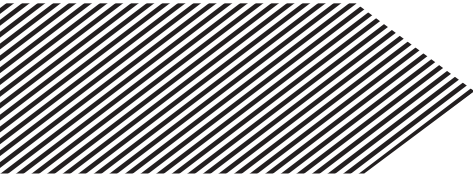
For general inquiries, please send an e-mail to info@ghi-dc.org.

German Historical Institute
1607 New Hampshire Ave NW
Washington DC 20009-2562
Phone: (202) 387-3355
Fax: (202) 483-3430

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ISSN 1048-9134

Cover: German migrants leaving their fatherland: "Seelenwanderung," cartoon in *Fliegende Blätter* 38 (1863): 45.



Bulletin of the German Historical Institute

Supplement 12 | 2016

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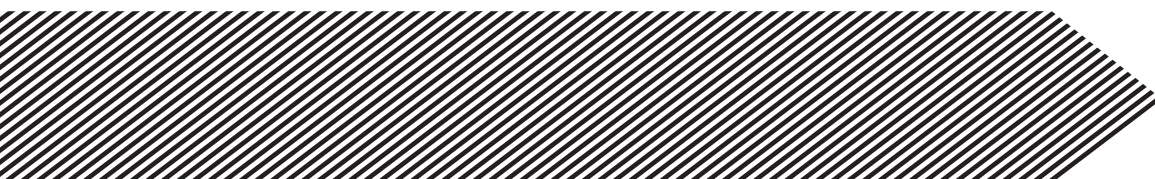
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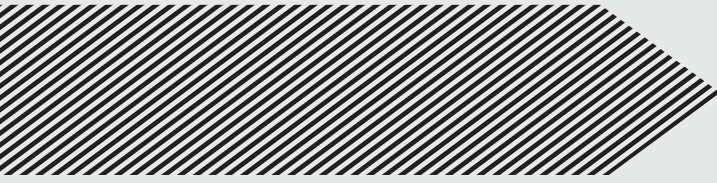
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Introduction

IMMIGRANT ENTREPRENEURSHIP AS A CHALLENGE FOR HISTORIOGRAPHY

Hartmut Berghoff and Uwe Spiekermann

From 2010 to 2016, the German Historical Institute's research project "Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present," explored the entrepreneurial role and the economic performance as well as the social and cultural experience of German-American businesspeople in the U.S.¹ Combining nearly 200 thoroughly researched biographies, it offers a new integrative perspective not only to trace the lives, careers, and business ventures of significant immigrants but also to answer core questions of American, business, and migration history in a new way. Using a freely accessible website, the project presents the results of thorough research not only into the academic world but also into the general public. It is part of the German Historical Institute's ongoing commitment to digital and public history.

The project's *raison d'être* stemmed from the transatlantic and transnational mission of the institute. "Immigrant Entrepreneurship" questions notions of American exceptionalism, situates U.S. history in a transnational framework and studies the formation and changes of an immigrant nation and its business community over a period of nearly three hundred years. A detailed description of the project's rationale is presented in Hartmut Berghoff's article in this volume. The project also aimed to put Germany and the German states in a global perspective: The transnational biographies of migrants allow us to reconceptualize the meaning and relevance of the heterogeneous Western nation-states. Focusing on German-American businesspeople meant focusing on an immigrant nation — the U.S. — and an emigrant state, which itself had turned into an immigrant state by the end of the nineteenth century — Germany. In the twentieth century, in Germany immigration and emigration took place side by side.

The Immigrant Entrepreneurship Project is not an outgrowth of the historiographic trend or sometimes fashion toward transnational history. It was rather primarily driven by the aim to broaden the empirical foundation of immigration and business history in the U.S. The objects of most historiography of German immigration to the U.S. have been mass and group immigration, while the formation of

¹ For details see <http://www.immigrantentrepreneurship.org>.

elites — perhaps with the exception of culture and politics — was regularly neglected. “Facts” on elites, however, are important to examine the promises of modern capitalist societies — the idea of upward mobility and equality of chances.

This is not the place to repeat all of our ambitious research questions.² Instead, this volume will present a few results from the Immigrant Entrepreneurship Project’s research. The eleven rather different biographies included not only span more than three hundred years of German-American immigrant experience, but they also portray the changes of the British colonies and the U.S. from colonial times to the present. The four introductory articles discuss the challenges of the genre of (entrepreneurial) biographies, of transnational history, and give an overview of the project’s empirical findings.

Workflow and Structure of the Immigrant Entrepreneurship Project

As of September 1, 2016, 185 biographies of approximately 8,000 words each had been posted on the project’s website <http://www.immigrantentrepreneurship.org>. Additional manuscripts are still in the editorial and publishing process. More than 2,000 images and ca. 1,000 documents provide additional evidence and allow a detailed understanding of the immigrants’ experience. The research project covers not only the well-documented period of the second half of the nineteenth and early twentieth century, especially the Gilded Age and the Progressive Era, but more than three hundred years of the German-American experience: the project’s website currently presents approximately thirty biographies each for the period before 1840 and after World War II to give vivid insight into the fundamental long-term changes in immigration, entrepreneurship, and the economic, social, political, and cultural framework of the pre- and postindustrial periods.

The main practical task of the project was to transform aspiring research goals into a continuous workflow. The project was headed by two general editors, Hartmut Berghoff and Uwe Spiekermann. Utilizing funds from the German Historical Institute Washington, DC, and substantial support by the German Federal Ministry of Economics and Technology, they established a core group of researchers, editors, and web specialists at the German Historical Institute, and invited an international economic advisory board to formulate

2 See Hartmut Berghoff and Uwe Spiekermann, “Immigrant Entrepreneurship: The German-American Business Biography, 1720 to the Present: A Research Project,” *Bulletin of the German Historical Institute* 47 (2010): 69-82.

the key principles of this large and ambitious research endeavor.³ This resulted not only in key definitions — first of all, a pragmatic answer to the complex question of “Germanness” — but also in detailed plans for the structure of the project: The corpus of biographies was divided into five chronological “volumes.” Five outstanding American scholars were recruited as volume editors — Marianne Wokeck (Indiana University, Purdue University Indianapolis), William J. Hausman (College of William & Mary), Giles Hoyt (Indiana University, Purdue University Indianapolis), Jeffrey Fear (University of Glasgow), and Dan Wadhvani (University of the Pacific). The task of these experts in either business and/or German-American history was twofold: finding well-qualified authors for the individual volumes, and reviewing the incoming manuscripts to guarantee the scholarly quality we expected.

The Immigrant Entrepreneurship Project is an attempt to integrate most of these inspirations and combine advanced business history with the challenges of the many new directions in the historical profession. Critical to a one-dimensional microeconomic functionalism, it reintegrated into business history the entrepreneurs’ values and beliefs, the motivations of leadership, the influence of family, private networks, and employees, and reputation and trust — in accordance with recent suggestions by business historians Philip Scranton and Patrick Fridenson. Entrepreneurs were analyzed as individuals in their different networks shaping and reshaping American society, on the one hand, and in their reactions to their changing social and cultural environment, on the other.⁴

All contributors to the Immigrant Entrepreneurship Project were asked to deliver a biography of around 8,000 words, each of which should deal with similar categories of the given entrepreneur’s life and work (see Figure 1).⁵ The goal was to present individual biographies in a structured and comparable way: the eleven biographical articles in this volume give proof of this.

The authors faced an ambitious research program: First, they were to focus on the family background of the entrepreneurs. This included their geographical background — mostly in the German states or Germany within the borders of 1871 — occupation, religion, education, and social milieu of both the parents and their candidates. The circumstances of migration were also to figure prominently. This included not only the subjects’ motives for leaving their fatherland but also their resources and aspirations in the U.S. and later on as entrepreneurs. Second, the individual biographies were

3 For details comp. Uwe Spiekermann and Hartmut Berghoff, “Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present. Zielsetzungen, Organisation und Herausforderungen eines Forschungsprojektes des Deutschen Historischen Instituts Washington,” *Jahrbuch der historischen Forschung: Berichtsjahr 2012* (2013): 53-61.

4 Philip Scranton and Patrick Fridenson, *Reimagining Business History* (Baltimore, 2013), 201.

5 For more details, see <http://immigrantentrepreneurship.org/resources-for-contributors.php>.

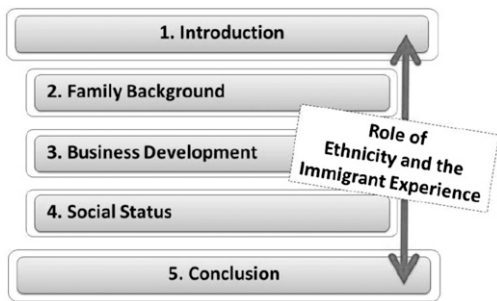


Figure 1: Suggested outline of a biographical article for the Immigrant Entrepreneurship Project.

always to be accompanied by the history of the subjects' businesses: Immigrant firms were de facto often different from those of born Americans, and the subjects' lives were always linked to the development of their businesses. These business history sections were to include the specific resources and obstacles, the comparative advantages and disadvantages of the immigrants, and their particular business strategies. They

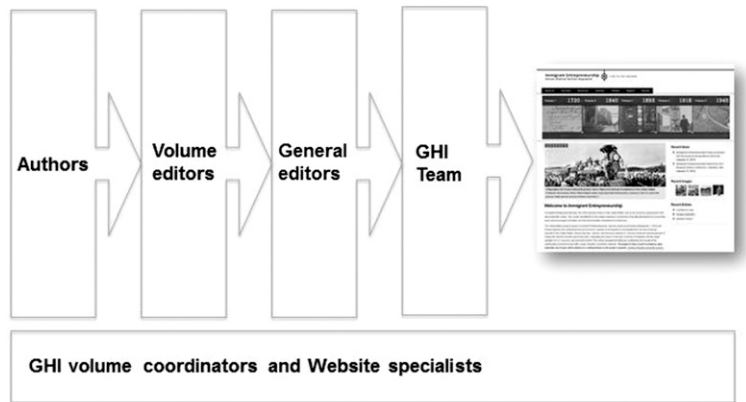
were also to cover questions of success and failure, the role of local, regional, federal, and international politics, access to capital and business networks, and the use of technology. We asked the authors to reflect on the entrepreneurs' significance, and particularly on their contributions to developing new markets and the rise of their particular industries. A third element of every biography was to deal with the subjects' social status, with private networks, with family and public life. Entrepreneurs are representatives of a specific social class and their culture(s). These sections were to include the role of spouse(s) and children, the status of siblings, philanthropic and non-economic activities, religious affiliation, and leisure activities. The candidates' political and social engagement and their ethnic and transnational networks were other important features to be considered. The most challenging and innovative task, however, was to think and write all of this from the perspective of ethnicity and the immigrant experience. Our assumption was that the business careers and the private lives of the entrepreneurs were fundamentally shaped by their experience of being "strangers"⁶ to the new world.

This fairly rigid research outline was intended to enable comparisons across all the biographies. It was to be used flexibly to analyze an individual life and career and help to portray entrepreneurs as variations within the general history. The structure could have reinforced the standard Whig history of success and social advancement. But such a stereotypical narrative was perpetually questioned by intervening factors that were unearthed through empirical results. The project's guidelines were changed several times in response to results of the peer-review process.

The authors also encountered a rigid refereeing process (Figure 2). Every article was reviewed by at least two senior scholars, normally the volume editor and one of the two general editors. After a first

6 Georg Simmel, "The Stranger," in *The Sociology of Georg Simmel*, ed. and trans. Kurt H. Wolff (Glencoe, 1950), 402-408.

round of revisions, the draft version was again reviewed by the GHI team. Content, language, and format were checked in detail. At the same time, the GHI team managed copyrights and the editing of images and documents. This structured workflow



led to a rather high rate of revised and also rejected articles, but this was necessary in the interest of a high scholarly quality. It was particularly important to live up to the standards of the diverse fields from German to American history, from business to migration history, from economic to cultural and social history, and to deal with the specific challenges of biographies, which Uwe Spiekermann highlights in his methodological contribution to this volume.

Figure 2: Workflow of the Immigrant Entrepreneurship Project.

Challenges of a Research Project

The detailed guidelines resulted from intense internal debates on the methodology and the main research questions. Still, the careful approach and the pronounced peer review could not keep the Immigrant Entrepreneurship Project from being challenged by at least six problems:

First, it was very difficult — even for senior scholars — to overcome the retrospective and hagiographic traditions of rags-to-riches careers. The manuscripts emphasized that the American dream had created its own narratives; constant reflection and intervention was necessary to offer more nuanced biographies. Many authors tended to write somewhat heroic success stories of hard-working individuals, neglecting structural and situational preconditions. In addition, the American past was often purged of rather common prejudices against immigrants: widespread anti-Semitism, anti-Catholicism, and anti-socialism had important implications for business careers, both as obstacles and as push factors for niche economies.

Second, the intellectual traditions of unique opportunities and resources in the U.S. setting the respective immigrant entrepreneurs

on a one-way street to success were difficult to overcome. Within these traditions, success is understood as an American accomplishment, not as a result of the newcomers' skills and resources, the knowledge and capital they had brought with them from abroad. It was a big challenge to debunk such clichés that involved the neglect of a detailed analysis of the German origins of the migrants. At the same time, there was a risk of overlooking the immigrants' difficulties in orientation and acculturation: German immigrants, indeed, had immense difficulties with the patronage of the U.S. political machines, restrictive religious and moral codes, and nativist rejection and even violence.

Third, although the Immigrant Entrepreneurship Project is based on the work of approximately 150 authors, it proved very difficult to recruit highly skilled authors willing to accept the project's main research questions. Moreover, approximately one quarter of all commissioned and submitted essays were not accepted.

A fourth challenge resulted from the design of the website: Although the website offers a broad variety of individual lives, the outlines still focused on the reconstruction of a "standard life." The heterogeneity of careers and business models (networks, family businesses, multiple-generation careers, siblings, etc.) was sometimes overshadowed by the standardized biography of one entrepreneur in his or her setting. And short careers that resulted in quickly earned fortunes were largely excluded as we focused on long-term developments.

Fifth, the project's interest in "thick description" of the individual lives and careers often interfered with the general goal of empirically valid generalization. This is the core problem of every biography. Most articles did a fabulous job of clarifying the local circumstances of entrepreneurial significance and success and also of ascribing them as examples of more general economic, social, and cultural patterns. But comparison between different branches, places, times, and ethnic configurations was beyond the scope of any biographical essay — and contextual essays could not add these complex links. Hartmut Berghoff carves out some more general perspectives on the German-American immigrant entrepreneur's experience in his contribution to this volume, but he is fully aware that more work has to be done to arrive at valid generalizations.

Finally, the project's pioneering role generated problems of its own: Due to a lack of comparable projects of other immigrant groups,

cross-ethnic comparisons remained difficult. Although we organized several panels and workshops with leading experts to deal with this dimension, the analysis of the specifics and characteristics of German-American businesspeople is still a core challenge. This is because in the nineteenth century, narratives of national immigrant groups created their own historical reality. The floating definitions and meanings of “nations” make it possible to deconstruct the homogeneity of the “German-Americans” — but they do not make it possible to find answers on *the* German-American business elite in contrast to, for instance, Anglo-Saxon, Irish- or Scandinavian-Americans. Transnational history has dealt with this problem on a theoretical level — but we definitely need empirical work and theories and methodologies that are more nuanced and flexible to deal with the different shades of identities and to compare the broken national identities of German-American immigrants with other immigrant groups in the U.S. and elsewhere. Now that much of the conceptual and empirical work has been completed and most of the biographies have been published, it is time to start such systematic research.

The Purpose of this *Bulletin Supplement*

The goal of this *Bulletin Supplement* is twofold: First, it presents four contributions to the workshop “Immigrant Entrepreneurship in Transnational Comparative Perspective, 18th Century — Today,” which took place at the German Historical Institute in Washington, DC, on June 16-17, 2016. These essays offer additional impulses on how to use the rich materials of the project: Jürgen Finger and Uwe Spiekermann discuss the relevance of (entrepreneurial) biographies for business, migration, and general history. While Finger integrates the project’s work into the broader framework of modern cultural history, addressing the interaction between macro- and micro-levels of analysis, Spiekermann positions the biography as an important methodology for new and more advanced forms of historiography — beyond the dead ends of structural and modern cultural history. Hartmut Berghoff uses the Immigrant Entrepreneurship Project’s biographies to present some lessons from the project’s work and to offer first cautious generalizations on the German-American immigrant entrepreneurship experience. Finally, Rebecca Kobrin’s article broadens and questions our understanding of immigrant entrepreneurship. Her analysis of the transnational business careers of father and son Sender and Meyer Jarmulowsky, travel agents and bankers in Poland, Hamburg, and New York, questions “national”

narratives of immigration and emphasizes the dynamics of business life as a result of individual and political constellations, of rational calculation and dreams of prosperity, of business opportunities and market consolidations. All four articles help readers interpret the eleven biographies that follow in quite different ways: as examples of a broader German-American immigrant experience, as expressions of multiple identities in the transatlantic world, as micro-histories of the fundamental transformation of the (Western) world to a modern industrial one, and as narratives that question stereotypical readings of our past.

The second goal of this supplement is to give a reasonably representative sample of individual biographies from the Immigrant Entrepreneurship Project. This condensed overview is intended to encourage readers to have a closer look at the many more articles, as well as the much more numerous photographs and images, on the project's website. Together they convey an impressive idea of human passion and ambition, of family networks and individual decision-making, of acculturation and a broad panorama of regional, national, and cultural identities.

The biographies illustrate the typical German-American niche economies of the eighteenth and nineteenth centuries. Hans Leaman's contribution on printer and publisher Johann Sauer (1695-1758) leads us into a world of Pietistic religiosity and a German-language subculture dedicated to the praise of the Lord — and profits that were modest and agreeable to God. Religious faith was crucial to the career of gun stocker Johann Andreas Albrecht (1718-1802). Scott Gordon gives instructive insights into a life dominated by the decisions of the Moravian community — and not by the self-made-man ideology of later times. Another example of such German language cultures is the career of political refugee and writer Mathilde Franziska Anneke (1817-1884), analyzed by Stephani Richards-Wilson.

While these early immigrants formed a niche society, late nineteenth- and twentieth-century German-Americans became an integral part of the American nation, although their identities often remained hybrid. Beer magnate Adolphus Busch (1839-1913) kept close ties to Germany and traveled back and forth across the Atlantic extensively. His biographer Timothy J. Holian presents him also as an incarnation of American self-promotion, atypical of the more restrained German-American entrepreneurs. Banker Jacob H. Schiff (1847-1920) represented solidity and integrity in the financial world; he even

rejected big business deals if they did not accord with his moral and religious compass. Biographer Bernice Heilbrunn emphasizes Schiff's eminent philanthropic activities and his conservative family ideals. While Schiff was a core player in the German-Jewish immigrant community of New York, West Coast large-scale project leader Henry J. Kaiser (1882-1967), portrayed by Tim Schanetzky, developed no close relationship to his parents' fatherland and became a leading representative of American business in the interwar period.

The biographies also make clear that entrepreneurship underwent dramatic changes over the centuries. Albrecht was not more than a local carpenter for most of his career, working for local contractors and individual customers. Sauer sold only to the German-American community, while Busch served the whole American nation. Anneke was an important example of social entrepreneurship, while Kaiser, at the peak of his career, was a typical government contractor. Financial investor Peter Thiel (b. 1967) set a very different tone in business, as Meghan O'Dea emphasizes. Based on credit and an idea of future, he has left a global footprint in the world of technology and venture capitalism.

German-American immigrants were often described as shrewd and industrious; and Schiff's narrative provides a good example of this. Investor and financier Henry Villard (1835-1900), however, was a typical robber baron of the Gilded Age, who made and lost several fortunes, as Christopher Kobrak recounts.

Such heterogeneity can also be seen in the world of female entrepreneurship. While in the late nineteenth century figures like Anneke were rare exceptions and seven-eighths of married German women did not work outside the home, this pattern changed in the mid-twentieth century. Ute Mehnert introduces Lillian Vernon (1927-2015) as a housewife who wanted to add money to the family income — and became a leading player in the mail-order business.

While most German-American entrepreneurs built up their businesses in the U.S. and focused on the domestic market, others connected Germany, Europe, and America. Henry Villard attracted German direct and portfolio investments to the U.S., while Florence Ziegfeld Jr. (1867-1932) formed a new style of "American" entertainment. As Heather Hester demonstrates, he searched for new talents in Europe, encouraged them to come to the U.S., and merged different cultural traditions into a new global product named "Broadway" and "American beauty."

The Immigrant Entrepreneurship Project focused on “significant” first- and second-generation immigrant entrepreneurs. This should not be confused with permanent “success” or wealth, as Henry Villard’s career demonstrates. Uwe Spiekermann added the biography of an unknown sibling of the Spreckels family, leading figures in the sugar business, to portray a typical executive and small businessman. Walter P. Spreckels’ (1888-1976) career was interrupted by World War I and Prohibition, both important watersheds for German Americans in general.

While he was only an ordinary man, other immigrant entrepreneurs became American icons who fundamentally changed U.S. business and everyday life. Sauer is still known as a pioneer of the ethnic press in the U.S., Busch deeply influenced U.S. drinking culture, Ziegfeld shaped the image of women and the urban lifestyle, while Thiel, with his investments in PayPal and Facebook, transformed methods of payment and everyday communication. The Immigrant Entrepreneurship Project’s website offers many more examples of these and other topics that were key to the German-American experience and U.S. culture and business.

Acknowledgments

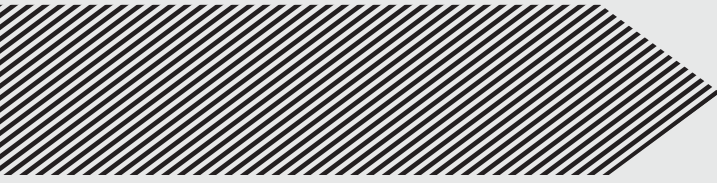
Public resources made the Immigrant Entrepreneurship Project possible: We are very grateful to the German Federal Ministry of Education and Research and the Max Weber Foundation for funding the German Historical Institute in Washington, DC, which provided most of the resources. An endeavor of this size, however, would have not been possible without additional and very substantial financial support by the Transatlantic Program of the Government of the Federal Republic of Germany through funds of the European Recovery Program of the Federal Ministry of Economics and Technology. Apart from financial resources, we benefited tremendously from academic cooperation from the Hagley Museum and Library, the German American Chambers of Commerce, and the Friends of the German Historical Institute.

The biographies would not have been possible without the work of engaged and passionate authors who worked closely with a highly motivated project team, at the GHI project manager Jessica Csoma, research associates Bryan Hart, Christine Le Jeune, Kelly McCullough, Ashley Narayan, Megan O’Dea, Atiba Pertilla, Benjamin Schwantes, Simone Willnath, and Claudia Winkler. The external editors played a key

role. We owe a large intellectual debt to the Immigrant Entrepreneurship Project team: Volume editors Marianne S. Wokeck, William J. Hausman, Giles R. Hoyt, Jeffrey Fear, and R. Daniel Wadhvani.

This volume was proposed by the new GHI director Simone Lässig, who also pledged to maintain the project's website at the GHI in the future. We are very thankful for her support.

Finally, we owe much credit to *GHI Bulletin Supplement* editor Patricia C. Sutcliffe, whose dedicated work added the final linguistic and stylistic polish to the manuscript. It was a wonderful and fruitful experience to work with all of the people involved in the project.



The Analysis of Immigrant Entrepre- neurship

ENTREPRENEUR BIOGRAPHIES AS MICROHISTORIES OF X

Jürgen Finger

In 2009/10, I spent many weeks in a former beverage market in Bielefeld, Germany.¹ The warehouse — as well as I myself — was cooled down to 60° F in order to guarantee optimal conditions for the storage and preservation of the archival and material legacy of Dr. Oetker. This well-known German consumer product brand unites under its umbrella the production of various foodstuffs — this was the origin of the company, which is well known in the U.S. and Canada as a heavyweight in the frozen pizza market — as well as beer and non-alcoholic beverages; wine, sparkling wine and spirits; an ocean carrier (the Hamburg Süd group); a renowned private bank and luxury hotels. Together with two colleagues of mine, Sven Keller and Andreas Wirsching, I had the chance to take materials of my choosing from the long rows of shelves and to have a work station in the archival warehouse, with the most interesting sources within arm's reach. However, in the long run 60° F proved to be way too chilly for me.

After numerous journeys to communal, state and private archives, we were able to write a comprehensive history of Dr. Oetker in the era of the two World Wars.² The book tells a company's history. It also tells the story of a family. Finally, the book tells the story of two men: Rudolf-August Oetker, the third-generation heir of the family business born in 1916; and Richard Kaselowsky, his stepfather, who replaced Oetker's biological father not only in the family but also in the role of the — albeit temporary — patriarch of the family business. Kaselowsky was a circumspect and successful entrepreneur who was prepared to step aside at the moment young Rudolf-August Oetker was ready to assume his inheritance. Up until then, Kaselowsky maneuvered the firm through the hyperinflation, the Great Depression, and a wartime economy. He also was a *Märzgefallener*, a March violet or March windfall, who compliantly adapted to the Nazi ideology in early 1933 and soon became an ardent admirer of Adolf Hitler. Finally, he became member of the Circle of Friends of the Reichsführer SS, Heinrich Himmler.³

These two biographies, mapped out separately in two long chapters, are central pillars to the edifice of our book, supporting the business story, the family story and the political story. They represent two

1 The author gratefully acknowledges funding by the German Academic Exchange Service (DAAD) with resources of the European Union's Marie Curie Actions and the Federal Ministry of Education and Research, grant no. 605728 under FP7-PEOPLE-2013-COFUND.

2 Jürgen Finger, Sven Keller, and Andreas Wirsching, *Dr. Oetker und der Nationalsozialismus: Geschichte eines Familienunternehmens 1933-1945* (Munich, 2013).

3 Jürgen Finger and Sven Keller, "Erhalt als Erfolg: Richard Kaselowsky an der Spitze des Familienunternehmens Dr. Oetker," in *Unternehmer — Fakten und Fiktionen: Historisch-biographische Studien*, ed. Werner Plumpe (Munich, 2014), 143-67.

sequences of life, two generational dynamics: although they are linked one to another and both to the family business, each is of individual interest with its own intrinsic value.

Yet, the broad and differentiated research on Nazi economics and German businesses during the interwar period and World War II that already existed made us question why we should write another study.⁴ Was it necessary to narrate the curriculum vitae of these successful entrepreneurs and emphasize their personal “assets”; to reflect, once again, on the politicization of business, of social and private life; to again test the limits of economic rationality in a dictatorial and hawkish political system?

One strategy to cope with this problem was to expand the findings of the individual case to relevant economic contexts and processes and to the concerned social groups, that is, to understand the biographies as studies of lives *and* times. The ascent of Dr. Oetker, for example, runs parallel to the emergence of the consumer goods industry and to the implementation of new consumer practices in the late nineteenth and early twentieth century.⁵ To give a second example: By constructing Richard Kaselowsky’s life course as a form of bourgeois self-mobilization in favor of the Nazi regime, his biography took on scholarly relevance beyond the dealings of this medium-sized family business in Eastern Westphalia.⁶

As with any case study, one can question its representativeness. More generally speaking, one can challenge the epistemological modus through which entrepreneur biographies — as well as studies on individual firms — get linked to more general questions of scholarly interest. This challenge can be described in various ways: the problem of representativeness, the quest for generalization or the establishment of a link between micro and macrolevels. This problem inspired the present paper, which attempts to conceptualize the link between the individual biographical case and more general questions via the concept of microhistory.⁷

I will not give an account of the suspicions voiced by academic historians towards the genre of biography. This reluctance today is particularly widespread in the economic and business history community, where many scholars are eager to renounce naïve heroic legends of self-made men (rarely self-made women). They favor model-based approaches and a thorough theoretical foundation for their work, allowing them to cozy up to either economics or general

4 Norbert Frei and Tim Schanetzky, eds., *Unternehmen im Nationalsozialismus: Zur Historisierung einer Forschungskonjunktur* (Göttingen, 2010).

5 Finger, Keller and Wirsching, *Dr. Oetker*, 17–18.

6 *Ibid.*, 411–15.

7 I would like to thank Sven Keller (Institute of Contemporary History in Munich/Berlin), who is a veteran discussion partner of mine for problems of economic and business history. The second part of this paper is partially indebted to a piece we wrote for a conference on Bavarian honorary councilors of commerce. It covers the range of biographical topics in a similar yet not identical way: Jürgen Finger and Sven Keller, “Erfolgsgeschichten? Über das Schreiben von Unternehmerbiographien,” in *Die bayerischen Kommerzienräte: Eine deutsche Wirtschaftselite von 1880 bis 1928*, ed. Marita Krauss (Munich, 2016).

historiography.⁸ Furthermore, I will not deliver a recipe or assembly instructions for writing an entrepreneur biography with scholarly validity. Microhistory does not present a solution to the micro/macro-link problem, because microhistorians themselves have not found a universal answer to this question in the last fifty years. Rather, I want to use microhistorical concepts to generate sensitivity for the epistemological problems and narrative pitfalls of the biographical genre, and, in a second step, to give an introduction to the broad spectrum of research questions that may go way beyond the chronological sequence of a biographical subject's life course.

After presenting a brief overview of the methodological foundations of microhistory, in this paper I evaluate publications on German sweets manufacturer Gebrüder Stollwerck AG as examples of microhistories of globalization and of kinship in entrepreneurial families. In a third step, I examine the specifics of entrepreneur biographies, paying particular attention to their narrative structure, as they tend to explain developments from within the black box of the entrepreneur or his family. I suggest avoiding such pitfalls of the biographical method by linking the life of the subject to a reference value, to a research question that, in the best case, provides an experimental cardinal point outside of the object of study. In this sense, biographies — as well as case studies on companies — can be understood as microhistories of X.

Microhistory, an Approximation

What is microhistory? The pioneer of microhistory Giovanni Levi once avoided giving a clear-cut definition or developing a manifesto. He claimed that microhistory was a “historiographical practice.”⁹ In a sort of circular reasoning, one could state that microhistorians know they are microhistorians if they do microhistory. In fact, a uniform theoretical and conceptual basis was never developed for microhistory. As it favored individual research, institutionalization was limited. Researchers and projects often coalesced around periodicals such as the Italian *Quaderni storici* or the German *Historische Anthropologie*.

As a general rule, the foundations were laid in the 1970s and 1980s by studies on premodern and early modern European history. Carlo Ginzburg, Giovanni Levi, Emmanuel Le Roy Ladurie, Natalie Zemon Davis and others wanted to overcome the macro-perspective of structural and social history as advanced by influential parts of the

8 Simone Lässig, “Biography in Modern History — Modern Historiography in Biography,” in *Biography between Structure and Agency: Central European Lives in International Historiography*, ed. Simone Lässig and Volker R. Berghahn (New York, Oxford, 2008), 1–26, 1–7 for general remarks on historians' widespread skepticism towards biographies. The almost natural certainty of Wilhelm Treue, who without much ado associated business history and the biographical method, seems lost today: Wilhelm Treue, “A Journal for Company Histories and Entrepreneurial Biography,” *Business History Review* 31 (1957): 323–36. Even those who prefer not to reflect too deeply about the nature of scholarly biography do at least advocate an alignment of business history in general and the biographical method in particular as a means of providing empirical data for economics: Thomas A. Corley, “Historical Biographies of Entrepreneurs,” in *The Oxford Handbook of Entrepreneurship*, ed. Marc Casson, Bernard Yeung and Anuradha Basu (Oxford, New York, 2008), 138–60, 151–52. For current considerations on the problem, see Uwe Spiekermann's paper “Why Biographies” in this volume.

9 Giovanni Levi, “On Microhistory,” in *New Perspectives on Historical Writing*, ed. Peter Burke (Cambridge, 1992), 93–113, here 93, 95. Citations of French and German literature were translated by the author.

10 These groundbreaking studies are listed in chronological order: Emmanuel Le Roy Ladurie, *Montaillou: Village occitan de 1294 à 1324* (Paris, 1975); Carlo Ginzburg, *Il formaggio e i vermi* (Turin, 1976); Natalie Zemon Davis, *The Return of Martin Guerre* (Cambridge, MA, 1983); Giovanni Levi, *L'eredità immateriale: Carriera di un esorcista nel Piemonte del Seicento* (Turin, 1985); Alain Corbin, *Le monde retrouvé de Louis-François Pinagot: Sur les traces d'un inconnu 1798-1876* (Paris, 1996). In rare cases, women have been placed at the center of these studies, e.g., Laurel Thatcher Ulrich, *A Midwife's Tale: The Life of Martha Ballard, Based on Her Diary (1785-1812)* (New York, 1991). For microhistory's place in the history of historiography, see Georg G. Iggers and Q. Edward Wang, *A Global History of Modern Historiography* (Harlow, 2008), 250-81; and Lutz Raphael, *Geschichtswissenschaft im Zeitalter der Extreme: Theorie, Methoden, Tendenzen von 1900 bis zur Gegenwart*, 2nd ed. (Munich, 2010), 96-116, 173-95, 239-40.

11 "Eine sich ereignete unerhörte Begebenheit" refers to Johann Wolfgang von Goethe's concept of a novella, which emphasizes the mixture of factuality and extraordinariness: "Gespräch mit Eckermann, 29. Januar 1827," in Johann W. Goethe, *Sämtliche Werke nach Epochen seines Schaffens: Münchner Ausgabe*, Vol. 19: *Johann Peter Eckermann, Gespräche mit Goethe in den letzten Jahren seines Lebens*, ed. Heinz Schlaffer (Munich, 1986), 203.

12 On the historical context and examples, see Hans Medick, "Mikro-Historie," in *Sozialgeschichte, Alltagsgeschichte, Mikro-Historie: Eine Diskussion*, ed. Winfried Schulze (Göttingen, 1994), 40-53, 42-43; Otto Ulbricht, "Mikrogeschichte: Versuch einer Vorstellung," »

Annales School or by the German *Historische Sozialwissenschaft*.¹⁰ Inspired by cultural history and by offshoots of social history, such as the history of everyday life (*Alltagsgeschichte, histoire du quotidien*) and history from below, microhistorians focused on local, everyday, and commonplace objects of study. Often, they were intrigued and inspired by exceptionally rich sources on singular persons and events, which they then studied in depth. The goal, however, was not a sequential account of a life course or a most detailed *histoire événementielle*. Neither the biography nor the story of a "real unheard-of incident" were ends in themselves, but they aimed at a more thorough understanding of past lives, societies, and worldviews.¹¹ Driven by an intrinsic desire to develop more complex and plural historical narratives, microhistorians, moreover, doubted the explanatory power of entities and concepts like nation, state, or progress.¹²

For Carlo Ginzburg, the "reduction of scale in observation (not of the object of investigation)" is the central operation of microhistory. He urges the researcher to study one single case as intensely as possible and — referring to ethnologist Marcel Mauss — to use it as a starting point for the generalization of both answers and (new) questions.¹³ Jacques Revel's postulate that microhistory's procedure is like gaming with scales, a "jeu d'échelles," points in a similar direction: The scale of historical study should be changed constantly and consciously, so that the historian can construct complex objects and describe the flaky (*feuilleté*) structure of the social tissue. "What counts is the principle of variation, not the choice of a particular scale."¹⁴ Providing metaphors from photography and cartography, Revel states: "Changing the focal length not only means making things appear bigger (or smaller) in the viewfinder; it also means modifying the object's form and background." Likewise, changing the scale in cartography not only modifies the size of the map or the map

» *Geschichte in Wissenschaft und Unterricht* 45 (1994): 347-67, 348-54; Richard van Dülmen, *Historische Anthropologie: Entwicklung, Probleme, Aufgaben* (Cologne, 2000), 95-98.

13 Carlo Ginzburg, "Some Queries Addressed to Myself: A Panoramic Synthesis of His Career, Realized by Carlo Ginzburg, on the Occasion of the

2010 [Balzan] Awards Ceremony in Rome," in *2010 Balzan Prize for European History* (Milan, 2010), 9-17, 13-14.

14 Jacques Revel, "Micro-analyse et construction du social," in *Jeux d'échelles: La microanalyse à l'expérience*, ed. idem (Paris, 1996), 15-36, 19. The Italian title makes the understanding of échelle=scale clearer:

"Giochi di Scala" (2006). Revel did not mean the game "Jeu d'échelles," known as "Serpents et échelles" or "Snakes and ladders." This reference would provide only a poor metaphor for success and failure in history and — in our case — in entrepreneurial life, since the roll of the dice decides the players' moves on the fixed structure of the gameboard.

section, but also the content of the map, the selection of information that can be represented.¹⁵

Hans Medick gives a more hands-on definition of microhistory as an “experimental investigation into networks of social relations and contexts of action” that takes “social, economic, cultural and political conditions” into account. These conditions influence the networks and vice versa. “By avoiding preexisting categorizations such as *the* family, *the* individual, *the* state, *the* industrialization, new insights into the constitution of historical structures, but also in short-term and longer-term processes are opened up.”¹⁶ In the end, most microhistorians agree on focusing on human behavior in a particular historical context that is — at least partially — constituted by just these humans.¹⁷ In such a “history of the whole in all its particulars” (“Detailgeschichte des Ganzen”), the biographical method, just as other qualitative and quantitative methods, has its place.¹⁸

Critics of microhistory intuitively drew an analogy from the scale of the research object to the scope of the analytical question and thus to the relevance of a study. They confused the investigation area and the object of investigation, and insisted that local history could only have local relevance. But, to cite Clifford Geertz, “the locus of study is not the object of study.”¹⁹ Geertz shifted attention from the spatial limitation, deplored by his critics, to a set of relationships, interpretations, and constructions. One might even amend Geertz’s oft-cited statement: The locus of study is not the object of study, and the latter is not the subject matter studied (the topic). Since a binary coding of local/global, top/bottom, important/insignificant would be misleading, all scales are equivalent; none grants privileged access to history. The global scale is not more relevant; the local scale is not more authentic or more immediate.²⁰ An analytical gain is ensured by the changing of the scales, by the change of perspectives, which can produce alienation effects (*estrangement, dépaysement*).

15 Ibid.

16 Medick, “Mikro-Historie,” 45: “Statt einer vorweggenommenen Kategorisierung in Form unterstellter makrohistorischer Substanzen (*die* Familie, *das* Individuum, *der* Staat, *die* Industrialisierung) erfolgt

hier eine experimentelle Untersuchung sozialer Beziehungsnetze und Handlungszusammenhänge, freilich nie nur in der Fixierung auf diese selbst, sondern immer auch im Blick auf die gesellschaftlichen, ökonomischen, kulturellen und politischen Bedingungen

und Verhältnisse, die in und mit ihnen, durch und auch gegen sie zur Äußerung und Wirkung kommen. Dadurch werden neue Einsichten in die Konstituierung historischer Strukturen, aber auch in kurz- und längerfristige historische Prozesse eröffnet.“

17 Levi, “Microhistory,” 94–95, 106–107, with a philosophical touch: „Thus all social action is seen to be the result of an individual’s constant negotiation, manipulation, choices and decisions in the face of a normative reality which, though pervasive, nevertheless offers many possibilities for personal interpretations and freedoms. The question is therefore, how to define the margins — however narrow they may be — of the freedom granted an individual by the interstices and contradictions of the normative systems which govern him. In other words, an enquiry into the extent and nature of free will within the general structure of human society.” (94–95)

18 E.g. the family reconstitution method employed by Medick, who integrated all available qualitative and quantitative data on the inhabitants of Laichingen in one huge database. Hans Medick, *Weben und Überleben in Laichingen 1650–1900: Lokalgeschichte als Allgemeine Geschichte* (Göttingen, 1996), 21–30, where Medick is referring to Michel de Certeau’s concept of “science of singularity”; p. 24 for the citation.

19 Clifford Geertz, *The Interpretation of Cultures* (New York, 1973), 22.

20 Jacques Revel, “Présentation,” in Revel, *Jeux d’échelles*, 7–14, 12–13. Revel, “Micro-analyse,” 26, 34.

21 Medick, *Weben und Überleben*, 13–16, 20–24. Another classic example is David Warren Sabean, *Property, Production, and Family in Neckarhausen 1700–1870* (Cambridge, 1990).

22 Hartmut Berghoff, “Unternehmensgeschichte als Gesellschaftsgeschichte: Konzeptionelle Grundüberlegungen am Beispiel des Aufstiegs Hohners vom Geheimgewerbetreibenden zum kleinstädtischen Großindustriellen,” in *Kulturalismus, Neue Institutionenökonomik oder Theorienvielfalt: Eine Zwischenbilanz der Unternehmensgeschichte*, ed. Jan-Otmar Hesse, Christian Kleinschmidt and Karl Lauschke (Essen, 2002), 243–51; *ibid.*, *Zwischen Kleinstadt und Weltmarkt: Hohner und die Harmonika 1857–1961. Unternehmensgeschichte als Gesellschaftsgeschichte*, 2nd ed. (Paderborn, 2006), 13–48.

23 Medick, “Mikro-Historie,” 44–45. Levi gives an example of why a specific openness can further our knowledge. Referring to his study on “L’eredità immateriale,” he explains that the idea of a market where prices are determined by supply and demand is anachronistic as it transfers today’s commonplace knowledge to sixteenth-century Italy. Yet, a thorough investigation into transfers of property rights on land showed that to a remarkable extent the price level depended on the timing, different forms of transfer and, especially, kinship. Levi, “Microhistory,” 97–98.

24 Alban Bensa, “De la micro-histoire vers une anthropologie critique,” in *Jeux d’échelles*, ed. Revel, 37–70, 58–62.

25 Jacques Revel, “L’Histoire au Ras du Sol,” preface to Levi, *Le Pouvoir au Village: Histoire d’un Exorciste dans le Piémont du XVIIème Siècle* (Paris, 1989), i–xxxiii. Levi, “Microhistory,” 109–10. Kracauer disapproves >

Microhistory neither rejects theories nor confines itself to a self-contained narrative on local incidents and singular events. The local or individual level is interlinked with the regional, national, or even transnational and global levels. For example, Hans Medick characterized his “local history” of the Württemberg village Laichingen as a “microhistorically grounded general history,” which, for example, made valuable insights into the history of proto-industrialization possible.²¹ In an analogous formula, Hartmut Berghoff wrote a “business history as a history of a society” (“Unternehmensgeschichte als Gesellschaftsgeschichte”) in his study on the accordion manufacturer Hohner.²² Thus, microhistorians, while keeping in mind existing theories and the state of research, try to ensure the experimental character of their studies; the practice encourages their intellectual freedom as they construct their narratives.²³

However, as the different scales of history are not continuous, there is no direct way of generalizing the results of microanalysis, of elevating them to the macro level. The micro constellation cannot be inflated like a balloon in order to get a macro picture. Or, as Alban Bensa put it: Microhistories don’t stand *pars pro toto*.²⁴ Translating the particular to the general level proves to be the major epistemological problem of microhistory. To a certain extent, no solution to this problem has ever been found.

Jacque Revel reduces the problem in his preface to the French version of Levi’s “Le pouvoir au village” to a provocative phrase: “Why make things simple when one can make them complicated.” Giovanni Levi seems to agree with him; however, his harsh solution — the uniqueness of the particular cannot be generalized; the particular may not be sacrificed — is not satisfying intellectually.²⁵ Other exponents of microhistory and historical anthropology also repudiate the idea of generalization and prefer studies on the microlevel. In a more tempered approach, some point out that only on the microlevel can a strong causal nexus be examined, but the micro itself then creates its macrostructures. Historian Angelika Epple suggests that the local and the translocal dimension should always be the starting point of an analysis of overarching structures (regional, national, cultural, global).²⁶

> of this position, wherein meso- and macro-structures are only seen as derivatives of the small entity. Siegfried Kracauer, *Geschichte: Vor den letzten*

Dingen, Siegfried Kracauer *Werke*, vol. 4 (Frankfurt am Main, 2009), 128.

26 Jacques Revel, “Présentation,” 12–13; Angelika

Epple, “Lokalität und die Dimensionen des Globalen: Eine Frage der Relationen,” *Historische Anthropologie* 21 (2013): 4–25.

The micro/macro-link also generates concerns for the structure of a study: Representativeness is difficult or even impossible to achieve, as microhistories often depend on exceptionally rich and dense sources and on the curiosity of individual historians. Even if possible, the sheer multiplication of studies with a similar layout would produce pointless redundancies. Looking for analogies on different scales would also be misleading as we tend to find what we are looking for: Moreover, the logics of agency, social relations, or representation on different levels of analysis are incommensurable. Finally, the idea of mutual pervasiveness of micro- and macrolevels, stated by sociologist and cultural critic Siegfried Kracauer in a posthumous manuscript, is intellectually interesting, but it is not very helpful for the pragmatics of historiography.²⁷

Even if one does not agree with these different preferences and simply sticks to Revel's idea that no scale is to be preferred and that each should be examined in its own right, the great challenge remains to examine the interaction of individuals within different social systems on different scales.²⁸ Probably, the micro/macro-problem can only be solved in a distinct way within each single study.

An Example: Gebrüder Stollwerck AG

Different publications on the Gebrüder Stollwerck AG can illustrate the opportunities and challenges but also the pitfalls of entrepreneurial microhistory. Stollwerck, founded in 1839, was a German, family-owned joint-stock company until banks took over the majority in 1932 as a consequence of the Great Depression. From the 1890s, Stollwerck was a multinational sweets manufacturer and one of the then biggest market players in the U.S. Its business model relied especially on vending machines, which represented both an efficient and trendy new distribution channel. The global commodity flows of cocoa and the ascent of modern consumer practices make Stollwerck an interesting object of study.

Angelika Epple in her 2010 book explicitly suggests reading the family's and firm's history as a "microhistory of globalization." Instead of composing a master narrative along the lines of Christopher Bayly,²⁹ she combines globalization with the allegedly conflicting methodology of microhistory by analyzing Stollwerck in its transnational interconnections over the course of almost a century. She bases her analysis on various macroconcepts, thereby framing her study in advance: the end of the era of nation-states replaced by multinational

27 Kracauer, *Geschichte*, 128–43, here 135. Medick, *Weben und Überleben*, 30–32.

28 Levi, "Microhistory," 96–97.

29 Christopher Alan Bayly, *The Birth of the Modern World, 1780–1914: Global Connections and Comparisons* (Malden, MA, 2004).

corporations (Alfred D. Chandler/Bruce Mazlish); globalization as economic, social, and cultural homogenization (Anthony Hopkins/George Ritzer), which is counterbalanced by cultural heterogeneity and regionalization — or in fancier terms: glocalization (Ronald Robertson) and hybridity.³⁰

Epple proposes to transcend the one-sided coding of *economic* globalization, on the one hand, and *cultural* bonds with strong local ties, on the other hand — an assumption that is often present in the idea of glocalization. She focuses on the dynamic interplay of the various local and global, economic and cultural dimensions: how do they mesh, how are they mutually interdependent, how do they blend, how do they obstruct and how do they hustle things on? Yet, the interplay between global and local sometimes remains abstract. This is evident in the way she describes the family structure and the governance by the second Stollwerck generation. The transposition of ideas of global “homogenization” and “heterogeneity” to the family level and to the level of corporate governance strikes me as a problematic analogy of macro- and micro-analysis.

Epple presents the network of five brothers sharing the management of the family enterprise and performing in horizontal modes of operation. Yet, the scope of this “fraternalism” seems to be limited as it complements the hierarchical structure of patriarchalism towards further stakeholders outside of the fraternal bubble. The concept emphasizes the relation within the (family) management at the expense of their relations — as individuals or as a collective body — towards workers, business partners and, more generally, their social and economic environment.³¹

Epple voluntarily limits not only her focus but also her choice of sources: By putting at the center of her considerations all things global and by focusing on the correspondence between identifiable stakeholders, grouped around the five Stollwerck brothers, she strictly frames the picture and probably accepts microhistorical blind spots.³² Processes sometimes remain abstract; the interplay of the different levels is difficult to assess and to narrate. Epple gives an interesting micro analysis of “fraternalism” but the nexus to the macrolevel remains sketchy, for example, in the way the invisible hand of globalization occasionally seems to guide the family members’ action.³³ No doubt Epple followed advice she gave some years earlier: “think globally, study the local.”³⁴

30 Angelika Epple, *Das Unternehmen Stollwerck: Eine Mikrogeschichte der Globalisierung* (Frankfurt am Main, 2010), 13–35.

31 Epple, *Das Unternehmen Stollwerck*, 25–27, 320–25. Hartmut Berghoff describes a similar constellation without such neologisms: Berghoff, *Zwischen Kleinstadt und Weltmarkt*, 209–20, 143–45. Some of Epple’s findings are more conventional: Economic rationality can be identified only in hindsight; the fraternalist structure necessitates consensus, or, as she puts it, the horizontal production of homogeneity balances the heterogeneity of the fraternal management. Epple, *Das Unternehmen Stollwerck*, 23, 412–16.

32 *Ibid.*, 45–46.

33 Cf. the review by Julia Laura Rischbieter, “Das Unternehmen Stollwerck [Review],” *WerkstattGeschichte* 59 (2011): 116–18.

34 Angelika Epple, “‘Global History’ and ‘Area History’: Plädoyer für eine weltgeschichtliche Perspektivierung des Lokalen,” in *Area studies und die Welt: Weltregionen und neue Globalgeschichte*, ed. Birgit Schäbler (Vienna, 2007), 90–117, 113. Epple’s formula is similar to a series of microhistorian’s set phrases that play with the fact that the paradox is elevated to methodology. For example, Giovanni Levi paraphrased Clifford Geertz: “Historians do not study villages, they study *in* villages.” Levi, “Microhistory,” 96; Geertz, *Interpretation*, 22.

Another way to construct a microhistory of globalization was presented by Julia Laura Rischbieter. Her actor-centered historical analysis, presented as a “micro-economy” of globalization, focuses on a number of stakeholders of the Hamburg coffee trade, who did not directly act on the international level. In this way, Rischbieter makes sure that her analysis does not presuppose the processes of globalization and its long-distance effects on the local level.³⁵

In a certain way, another book on Stollwerck delivered an excellent example of what microhistory can achieve — without calling it microhistory. Tanja Junggeburth linked the perspective of business history to the history of the middle classes (*Bürgertumsforschung*) by taking into account concepts of the New Institutional Economy, the interlocking of capital forms (Pierre Bourdieu), and the idea of a horizon of bourgeois values (“bürgerlicher Wertehimmel” according to Manfred Hettling and Stefan Ludwig-Hoffmann). Junggeburth can show how — to different degrees during a sequence of three generations — kin and business interests were interlocked by bourgeois values and common interest. As one might expect, especially the transfer of property rights to the next generation engendered conflict and dissatisfaction among all stakeholders.³⁶

In a third monograph on Gebrüder Stollwerck AG, the example is used in a completely different way. Its analysis helps us to better demarcate microhistory from another widespread method of gaining and representing knowledge in human science: the case study. Alfred D. Chandler presents in “Scale and Scope” (1990), meanwhile a still influential classic, the family firm as an example of cooperative managerial capitalism. Yet, his analysis is strongly streamlined to make the case fit the concept. Stollwerck represents a case study, oriented to a specific generalization wanted by Chandler: the empirical work was limited, and similar to the *ceteris paribus* assumption, neighboring aspects were not assigned relevance, so that essential contexts were not represented in the picture.³⁷ In contrast, the microhistorian’s approach would — to take the metaphor further — destroy the picture frame.

Yet, it is legitimate to ask whether one needs to resort to the concepts of microhistory and to its sometimes flabby methodology. Couldn’t one simply call each biography a case study? Certainly not. The Chandler example demonstrates that the relation between the particular and the general is different with case studies. Case studies are the traditional instrument for the production, the verification,

35 Julia Laura Rischbieter, *Mikro-Ökonomie der Globalisierung: Kaffee, Kaufleute und Konsumenten im Kaiserreich 1870-1914* (Cologne, Weimar, Vienna, 2011), 8-10, 17-20.

36 Tanja Junggeburth, *Stollwerck 1839-1932: Unternehmerfamilie und Familienunternehmen* (Stuttgart, 2014), 27-35.

37 Alfred Dupont Chandler, *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, MA, London, 1990), 398-409.

and the representation of knowledge in medicine, law, and the social sciences. The idea is to exemplify structures and processes, often already known or deduced from systematic knowledge. This refers also to techniques of subsumption by classifying individual cases under general rules or within a typology (of maladies, of legal provisions), and to techniques of training (e.g., the business education developed by Harvard Business School in the 1920s).³⁸ In order to clarify the wording, one should not speak of “the case of A” when speaking of a case study. Instead, we should prefer to speak of “A as a case of B,” A being the particular and B being the general or the ideal type in a Weberian sense. Both relate to each other in a well defined way by the act of representation.

38 Therefore, the narrative structure is at the heart of research on the methodology of case studies, presented by science history and cultural studies. Johannes Süßmann, “Perspektiven der Fallstudienforschung,” in *Fallstudien: Theorie — Geschichte — Methode*, ed. Johannes Süßmann, Susanne Scholz and Gisela Engel (Berlin, 2007), 7–27, 19–22; Susanne Düwell and Nicolas Pethes, “Fall, Wissen, Repräsentationen: Epistemologien und Darstellungsästhetik von Fallnarrativen in den Wissenschaften vom Menschen,” in *Fall — Fallgeschichte — Fallstudie: Theorie und Geschichte einer Wissensform*, ed. Susanne Düwell and Nicolas Pethes (Frankfurt am Main, New York, 2014), 9–33. Integrating the history of science, literary studies, and moral philosophy: Lucia Aschauer, Horst Gruner and Tobias Gutmann, eds., *Fallgeschichten: Text- und Wissensformen exemplarischer Narrative in der Kultur der Moderne* (Würzburg, 2015); Jean-Claude Passeron and Jacques Revel, eds., *Penser par cas* (Paris, 2005).

39 Hans Renders and Binne de Haan, “Limits of Representativeness: Biography, Life Writing and Microhistory,” *Storia della Storiografia* 59–60 (2011): 32–42, 33–34.

40 Levi, “Microhistory,” 106.

Interim Wrap-up: Microhistories of X

The microhistorical method, in contrast, is not looking for an illustration of existing generalizations. Biographies should not be “commemorative and therefore confirmative,” chosen only on the basis of existing knowledge and already established judgments on their subjects’ relevance.³⁹ Theories may be used as a starting point, but the goal is neither to exemplify a general rule nor to construct a (new) typology. Microhistory tends to dissolve boundaries between the parts and the whole; the relation between the general and the particular is at best dialectical.⁴⁰ The interlinkage between micro- and macrolevels in the construction of a project, as well as the interlinkage in the narration of its results, seem to remain two major problems of microhistory that can only be solved from case to case.

To sum up:

- 1) The locus of study is not the object of study, and the latter is not the subject matter studied (freely adapted from C. Geertz).
- 2) Insight is produced by the conscious variation of the scale and of the perspective of study, which can produce alienation effects (Ginzburg/Revel).
- 3) But, there is no continuous transition from the micro- to the macrolevel: The first doesn’t stand pars pro toto for the latter (Bensa). Therefore, microhistory also is incompatible with the epistemology of classifying case studies.
- 4) Biographies as well as the story of a real unheard-of incident are not ends in themselves.
- 5) Microhistorically grounded biographies have to relate to a cardinal point outside of the object of study. The experimental character (Medick) is ensured by the biographer who chooses

the cardinal point as freely as possible, regardless of existing judgments on the subject's life and his presupposed historical relevance or even irrelevance.

In this sense, biographies can be perceived as microhistories of X. Although a broader subject matter is maintained when scaling down on the individual object of study, the links between the different levels need to be determined in the process of research. The analytical perspective thus oscillates between the various levels.

Medium-range Perspectives

This part of the paper suggests ten abstract dimensions of biographical study, of which some are specific to entrepreneur biographies. Of course, the list is not exhaustive.⁴¹ The perspectives are open to adaptation, and they are compatible, for example, with concepts of New Institutional Economics in business history, like property rights, transaction-cost theory, modes of governance, bounded rationality, etc. However, these are not at the center of my current considerations.⁴² The dimensions should be seen as interconnected. Investigation into the unique setting of these factors is a difficult but promising goal for an entrepreneur biography.

1. *Family and kin*: This perspective is thoroughly connected to all of the following. Family can be seen as either a stabilizing and destabilizing factor in an entrepreneur's life, or both at the same time. An analysis of the differing logics of family and business not only provides valuable insight into structures and relations within the two entities. It can also help to explain conflicts arising from the integration of the two rationales. Family also can include the relations to other stakeholders like members of the management, major shareholders, and even competitors (e.g., Adidas/Puma).

The key challenge for a biographer is to “keep family, household, kin, property, inheritance and production flexible in such a way that they never appear to be rigid categories or mere structuralist concepts but can always be recognized as intersections of social actions.” In other words: “Family happens” since persons (and things!) are interconnected by emotions and interests, constituting a dynamic and intimate tension field with complicated and reciprocal dependencies.⁴³

Family — just like other social institutions, which between the lines of historiographical texts often appear as immutable, a priori, ahistorical in a certain sense — is less precisely limited than commonly

41 A different, more specific set of research questions has been proposed for the GHI Washington's project on “Immigrant Entrepreneurship”: Hartmut Berghoff and Uwe Spiekermann, “Immigrant Entrepreneurship: The German-American Business Biography, 1720 to the Present. A GHI Research Project,” *Bulletin of the German Historical Institute* 47 (2010): 69–82, here 76–80. Another hands-on collection of research topics can be found in Jürgen Finger and Sven Keller, “Erfolgsgeschichten?”

42 Clemens Wischermann et al., eds., *Studienbuch institutionelle Wirtschafts- und Unternehmensgeschichte* (Stuttgart, 2015).

43 Thomas Sokoll, “Familien hausen: Überlegungen zu David Sabeans Studie über Eigentum, Produktion und Familie in Neckarhausen 1700–1870,” *Historische Anthropologie* 3 (1995): 335–48, 339–45, praising the seminal monograph by Sabean, *Property*.

assumed: Who is part of the family and who is not? Why? Is the affiliation contested? How and when do affiliations and assignments change?⁴⁴ Similar things could be said of other categories already mentioned (nation, society, local/immigrant/religious, community, etc.), which often frame our interest. Is the enterprise defined only by corporate law and property rights, or does the entrepreneur perceive his economic endeavor as wider, more complex, and multifaceted?⁴⁵

2. Family and kinship refer to the wider phenomenon of *private life*. Entrepreneurs are not (at least not always) monomaniacal economic heroes.⁴⁶ Family and friends present not only a mere enabling structure for business, delivering comfort, heirs or occasions for recovery. Contrary to what such a functionalist view suggests, private life has a rationale of its own, or even more than one rationale: family, friends, extramarital affairs, hobbies, etc. Gender roles and gender relations can be one important perspective within this dimension, as they structure the family and the business sphere, and shape ideas of economic masculinity and femininity.

3. *Emotions*: The objective of a biographical approach cannot be to unduly psychologize the entrepreneur, his behavior, or his opinions on political, business, or personal issues. Often, adequate sources are not available, and the methodology of psychohistory is virgin soil for most biographers, who occasionally are seduced by speculative layman's psychology.⁴⁷ Nevertheless, we may not pass over experiences of success and failure (in private life, business, and elsewhere), over sentiments of pride, (self-)confidence, or frustration. This is all the more true as success and failure with all of their personal, structural and contingent causes constitute a central momentum in the life of an entrepreneur.⁴⁸ These emotions may be handled with care, especially by avoiding any simplifying causal nexus. The concepts and methodological considerations of a new history of emotions may be helpful in this context.⁴⁹

4. *Business models*: Experiences, formal and informal knowledge, the disposal of property rights, and cultural factors can shape business

44 Simone Derix analyzes the affiliation problem within the Thyssen family, a transnational wealthy family par excellence, and gives further insight into scholarly research on families: Simone Derix, *Die Thyssens: Familie und Vermögen* (Paderborn, 2016).

45 Werner Plumpe, "Unternehmer — Fakten und Fiktionen: Einleitung," in *Unternehmer*, ed. idem, 1–26.

46 Werner Plumpe, "Funktionen der Unternehmerschaft: Fiktionen, Fakten, Realitäten," in *Unternehmertum: Vom Nutzen und Nachteil einer riskanten Lebensform*, ed. Ludger Heidbrink and Peter Seele (Frankfurt am Main, 2010), 43–60, 55–56. For problems of defining an entrepreneur in the emphatic sense, as proposed, e.g., by Joseph Schumpeter: Werner Plumpe, "Unternehmer — Fakten und Fiktionen: Einleitung," 8–11, 13–14, 22–25. Boris Gehlen, *Paul Silverberg (1876–1959): Ein Unternehmer* (Stuttgart, 2007), 24, gives a less emphatic definition: Entrepreneur is the name of the person, who has "decisive influence on strategic decisions in an enterprise, i.e., decisions that are effective in the long term (and who bears the entrepreneurial risk), whereby he is in the formal and actual position to delegate these decisions."

47 Lässig, "Biography," 11–12; Alexander von Plato, "Geschichte und Psychoanalyse: Problemaufriss und Literaturüberblick," *Historical Social Research* 29, no. 4 (2004): 79–117; Nikolas R. Dörr, "Zeitgeschichte, Psychologie und Psychoanalyse, Version: 1.0," *Docupedia-Zeitgeschichte* 29.04.2010, http://docupedia.de/zg/Zeitgeschichte_Psychologie_und_Pschoanalyse.

48 A businessman who stops being successful may not be an entrepreneur anymore: Jürgen Kocka, "Braucht der Kapitalismus erfolgreiche Unternehmer, und wenn ja, gibt es sie?," Sebastian Fischer and

Michael Frese, "Erfolgreiche Unternehmer"; Alfred Kieser, "Braucht der Kapitalismus erfolgreiche Unternehmer: Oder: Warum werden immer mehr Unternehmer charismatisiert?," all in *Unternehmer*, ed.

Plumpe, 81–96, 57–80, and 27–56, respectively.

49 Ute Frevert, "Was haben Gefühle in der Geschichte zu suchen?," *Geschichte und Gesellschaft* 35 (2009): 183–208.

models and forms of organization. Entrepreneurs may choose business models or forms of organization for their functionality or for context-sensitive and highly individualistic, even private, reasons. The formative influence of the entrepreneur's attitudes to (disruptive) innovation and risk, and his willingness to act proactively and with initiative, cannot be overstated. The social role of the entrepreneur cannot be separated from his or her enterprise. At the same time, the urge for autonomy is characteristic of the entrepreneurial lifestyle. Therefore, questions of organization, hierarchy, and deliberative processes may be a touchstone for the entrepreneur's temper and self-image, as they relate to his/her capacity both for leadership and for tolerating reliance on others.

5. *Transfers of knowledge* not only refer to formal education but especially to knowledge about business practices, in particular, and social and cultural practices, in general.⁵⁰ This can include transfers within the family, within industry, regional, or transnational networks, by migrating, or within a particular local, immigrant, or religious community.

6. *Transfers of property rights* refer to different models for mobilizing social, cultural and economic capital, e.g., within kinship networks and across borders, cultures, and generations. The last case has proven to be a major problem especially with family businesses: The prospect of future dynastical succession both intrigues and appalls many founders who consider themselves irreplaceable. The handling of an unscheduled, controversial, or poorly planned succession produces problems not only within the family but also within the corporation or the network of business partners.

Both dimensions of transfer — knowledge and property rights — relate to family and kin, which turned out to be important agents in the constitution of transnational networks.⁵¹ They also influence the constitution of business models or may resonate with the emotional category.

7. *Embeddedness*: The idea of embeddedness of economic activity refers both to social relations in a wide sense of the word (family and kin, friendship, labor relations, business partners, and even competitors) as well as to the cultural embeddedness of markets, sectors, and business procedures.

8. *Space*: The spatial dimension of a businessman's or businesswoman's life can be understood as his or her resonance space. It

50 Sandra Maß, *Kinderstube des Kapitalismus? Monetäre Erziehung im 18. und 19. Jahrhundert* (Munich, forthcoming).

51 Simone Derix, "Transnationale Familien," in *Dimensionen internationaler Geschichte*, ed. Jost Dülffer and Wilfried Loth (Munich, 2012), 335–51; David W. Sabean and Simon Teuscher, "Re-thinking European Kinship: Transregional and Transnational Families," and David W. Sabean, "German International Families in the Nineteenth Century: The Siemens Family as a Thought Experiment," both in *Transregional and Transnational Families in Europe and Beyond: Experiences since the Middle Ages*, ed. Christopher H. Johnson (New York, 2011), 1–21 and 229–52, respectively.

is defined by the spheres of his or her private, social, political, and economic activity.

9. *Temporality*: The idea of taking into account the time of history not only reminds us to situate the object of a biography within a generational succession. It invites us to integrate historical change into the biographical narrative and to reflect on the relation of dynamics and stability, on periods of acceleration and deceleration, and on the possibility of different “speeds” on the various biographical levels (business/family/politics, etc.). Important moments and decisions may be densely narrated, but they are not the only moments of change and dynamics; change over the long run may be as fundamental. Putting the focus on decisive moments can evoke the false illusion of biographical straightness, of an obstacle course from one point of culmination to another. Thinking about temporality may also remind us that the outcome of a decision is unknown to entrepreneurs as they make them.

The life courses of the biographical subjects were not linear — and their biographical depiction should not be either. Supposedly non-decisive phases in the lives of entrepreneurs should not be contracted inappropriately in biographical accounts. The difference between narrated time and narrative time hints at temporal gaps and distortions that are present in the (self-)representation of biographical subjects as well as in our own construction of their life tales. We do not need to renounce them as a means of representation, but we may choose them consciously.

10. *(Self-)Representation*: The self-image of biographical subjects as well as their outside perception and depiction can be important dimensions of biography. This includes the (self-) representation of entrepreneurs within their country of origin, within an immigrant, religious, or local community, or on other levels. Such narratives of self-made men and women versus nouveaux riches, and tales of rise and decline represent unspoken biographies written long before biographers started their work.

Examining these narratives and the ways biographies and even the memories of the subjects have been written, rewritten, and overwritten by the subjects themselves, by family, contemporaries or successors — like some sort of palimpsest — prevents us from unconsciously borrowing for our own historiographical narrative. This might be a particular pitfall in cases where ego-documents — although

rare with businesspeople — exist and are made available to the researcher. They allow a rich and dense narration, they give coherent explanations for decisive moments that often are difficult to assess if written sources are missing and decisions were made only after oral deliberation. Thorough source critique can prevent biographers from overvaluing these instruments of self-historicization and from uncritically adopting the perspective of the person who ought to be the object of study.

Epistemological and Narrative Pitfalls

Understanding entrepreneur biographies as microhistories “of X” can provide us with various epistemological reminders. First of all, microhistory reminds us of the pitfalls of the biographical method, which ought to be not (only) about giving a life story. Biographies tend to individualize corporate decisions, to reiterate the self-perception of businesspeople and their posture of omnipresent dominance within the enterprise. Biographies run the risk of retroactively reinforcing hierarchies as they often neglect forms of cooperation, shared responsibility, and joint management. Scholarly biographies should never be like a saint’s legend, focused on a heroic and monomaniacal entrepreneur. Such people might exist, but in most cases, historical reality is more complicated.

Apart from the problems of macro- and micro-levels, microhistory reminds us also that family, kinship and enterprise, local and immigrant communities, as well as local, regional, national, and transnational fields of activity do not represent secluded and closed up islands. They are interconnected in manifold ways and on different levels. If there were functional relations, they do not resemble a one-way street and were neither evident to the agents nor clear to us.

The problem of (self)-representation reminds us that there are preexisting ideas of how to arrange accounts of entrepreneurs’ lives, ideas that may even have influenced them, and that may predetermine our way of “reading” them, as well as their successes and failures: the ideal of a dynastical order; the idea of preserving an enterprise: not only wealth in an abstract way but a specific ensemble of property rights; the later rationalization of early failures, which are justified by claiming learning effects, or by construing an acid test for the entrepreneurs’ ability to carry on and to make a new start; or, in contrast, complaints about allegedly irrational decisions, jeopardizing the enterprise or complicating generation change in later years.

Microhistory reminds us, finally, to avoid or at least handle with care common narrative patterns that are often inspired more by literature and proverbs than by scholarly evidence. Such narratives may help researchers to cope with the complexity of an entrepreneur's biography — but they tend to obscure more than they reveal. Kim Christian Priemel mentions at least four problematic topoi: “(a) social advancement from humble beginnings; (b) the ability to be a *homo universalis* [i.e., an all-round genius]; (c) the unity of man and work; and (d) individual frugality.”⁵²

These are often integrated into two master narratives that were — and sometimes still are today — common: The myth of the founder tends to boil down the reasons of success to only one factor — the temper of the entrepreneur; his cleverness, agility, and skills. Most often, this narrative is as monocausal as it is linear. Second, such founding myths are integrated into a generational sequence. The subsequent generation often gets moralized, and false historical necessities are constructed. As the personal qualities of the “creative destroyer” (Joseph Schumpeter) cannot be inherited, the “decline and fall” of a once prosperous enterprise seems inevitable.⁵³

Thomas Mann's novel *Die Buddenbrooks* (1901) provides the source for the name of the German variant of this tale of rise and fall, of decadence and punishment: The first generation founds and builds up the enterprise, the second generation secures and may expand the enterprise, but the third generation loses all and fails.⁵⁴ Proverbs from England (“Clogs to clogs in three generations”), Italy, China, and Japan seem to confirm this seemingly natural law, emphasized by the magic number of three. This fable is deeply moral: On the one hand, the sense of justice is engaged against inept heirs and attracts sympathy for the disappointed founder. On the other hand, many observers stress the exceptional nature of the founder and, at the same time, enjoy the triumph of mediocrity in the long run: By means of his incapable heirs, Icarus finally gets punished for his hubris. These observers and storytellers ignore the fact that there are often good reasons for a change in lifestyle, for organizational change and withdrawal from operating business, and, finally, for a shift from entrepreneurship to investment. These changes, even if primarily privately motivated, can be both economically rational and socially accepted.

To put it bluntly: If the narration is too coherent and linear, if the biographical subject is represented as a stereotypical “entrepreneur,”

52 For the following, see Kim C. Priemel, “Wider die Typologie: Entrepreneure, Familien und Manager — Flick 1912–1985,” in *Familienunternehmen im Rheinland im 19. und 20. Jahrhundert: Netzwerke — Nachfolge — soziales Kapital*, ed. Susanne Hilger and Ulrich S. Soénius (Cologne, 2009), 139–58, 139–45; Kim C. Priemel, “Heldenepos und bürgerliches Trauerspiel: Unternehmensgeschichte im generationellen Paradigma,” in *Generation als Erzählung: Neue Perspektiven auf ein kulturelles Deutungsmuster*, ed. Björn Bohnenkamp (Göttingen, 2009), 107–28, 111–17, citation on 111.

53 Edward Gibbon's “History of the Decline and Fall of the Roman Empire” (1776–1789) delivered a long-lasting narrative that inspired historians to write hundreds of books about empires, world orders, and corporations with similar titles (“decline and fall of . . .”, “rise and fall of . . .”).

54 Dirk Schumann, “Buddenbrooks Revisited: The Firm and the Entrepreneurial Family in Germany during the 19th and Early 20th Centuries,” in *Authority and Control in Modern Industry: Theoretical and Empirical Perspectives*, ed. Paul L. Robertson (London, 1999), 221–39.

fit to serve as a textbook example, we have probably overlooked something. This is the last reminder of the microhistorical approach. Its methodological framework fosters our intellectual openness and discourages us from telling easy tales of biographical success and failure.

Instead of a Conclusion

Biographies and group biographies (and the history of individual businesses) can and need to be studied in their own right. Nevertheless, the biographical approach includes the methodological problem of interpreting particular cases against the background of cultural, social, and economic processes. This exceeds the elementary demand for historical contextualization, which, by the way, is not simple at all. It is necessary to look for a surplus of insight that transcends the individual life course, regardless of the scope of the individual's agency: whether it is an immigrant entrepreneur, the miller Menocchio of Carlo Ginzburg's "The Cheese and the Worms," or the biographies of the great men and women who traditionally gather on the shelves of libraries and station bookshops.

It is helpful to understand biographies as microhistories of X, related to a reference value that has to be defined by the biographer. The microhistorical approach encourages us to choose X in an experimental way, putting aside presuppositions and obvious reference points: Relating the biography of Henry Ford to the history of automatization would only lead us to reproduce what we already know about him and the Tin Lizzy.

The flexible selection of methods and sources ensures the openness of the research process, so that existing theories (like globalization, bureaucratization, and managerial revolution) and seemingly timeless categories (like "family" or "enterprise") can be historicized in the individual case; the experimental character of microhistory may help to transcend them. The microhistorical approach can increase the historian's sensitivity to the analytical pluses of the biographical method, since biographies can radiate to different fields of research. Complexity is added not only to a limited area of observation, to the particular biography, but also to relevant theories and conceptions of business, economy and society, which unconsciously underlie our assessment of past and present reality.

Considering the case of immigrant entrepreneurship, at the center of this volume, biographies can relate to broader fields of migration and

society. They may help to explain how family structures and inter-generational relations are influenced by migration, and by a change of national, cultural, and social status; how bourgeois and middle-class culture get shaped; how experiences of individual migration and specific patterns of group migration produce comparative advantages; how these favor or afflict social advancement; how migration fosters cultural coherence and identities, and how it helps to disintegrate them; how religiousness and piety are affected; how globalization affects migration and vice versa; and so on. The biographies of immigrant entrepreneurs, therefore, can be “histor[ies] of the whole in all its particulars” (Hans Medick), relating people — via their economic activity — to their society of origin, migration process and new homeland. In this way, microhistory encourages us to increase the complexity of entrepreneur biographies. It leaves us the freedom and the responsibility to decide on the scales of the study and on our experimental perspectives.

Barbara W. Tuchman once admitted that when she used biographies as a skeleton in her writing, it was “less for the sake of the individual subject than as a vehicle for exhibiting an age, as in the case of Coucy in *A Distant Mirror*; or a country and its state of mind, as in the case of Speaker Reed and Richard Strauss in *The Proud Tower*; or a historic situation, as in the case of *Stilwell and the American Experience in China*.” She didn’t consider herself a biographer, but she occasionally used the genre and its methods as a form “to encapsulate history.” For her, biography was like a “prism of history,” evoking the idea of a modus of history that allows one to fan out the spectrum of insights contained in one single life.⁵⁵ In this same way, exhibiting an age, its culture and economy, its numerous practices and identities should be at the core of a biographical microhistory of X.

Jürgen Finger is a DAAD P.R.I.M.E.-Fellow at the Centre d’histoire de Sciences Po Paris and at the German Historical Institute Paris since 2015. Prior to this he was a Postdoctoral Research Fellow at Ludwig-Maximilians-Universität in Munich and at the University of Augsburg. His major publications on the educational and business history of the Third Reich include *Dr. Oetker und der Nationalsozialismus. Geschichte eines Familienunternehmens* (2013, together with Sven Keller and Andreas Wirsching); *Eigensinn im Einheitsstaat. NS-Schulpolitik in Württemberg, Baden und im Elsass 1933-1945* (2016). He is currently exploring “The Moral Economy of Belle Époque France,” a project that deals with the cultural embeddedness of capitalism.

⁵⁵ Barbara W. Tuchman, “Biography as a Prism of History,” in *Biography as High Adventure: Life-writers Speak on Their Art*, ed. Stephen B. Oates (Amherst, MA, 1986), 93–103, 93 (originally published in 1979).

WHY BIOGRAPHIES? ACTORS, AGENCIES, AND THE ANALYSIS OF IMMIGRANT ENTREPRENEURSHIP

Uwe Spiekermann

In 1883, when nearly 600,000 immigrants arrived in the U.S., a second-generation immigrant poet, Emma Lazarus (1849-1887), wrote a well-known hymn on Miss Liberty, “The New Colossus,” the final lines of which read

“Keep, ancient lands, your storied pomp!” cries she
With silent lips. “Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tossed to me,
I lift my lamp beside the golden door!”¹

In this sonnet, Lazarus gave voice to those who came to the U.S. for a better life and to build a new Jerusalem for themselves and for the emerging immigrant nation and economic power-house. But in this poem, Lazarus also presented an understanding of immigration as a mass phenomenon. And it is probably no coincidence that two years later German-English immigrant geographer Ernest George Ravenstein (1834-1913) formulated the first “laws of migration,” based on British census data.²

One law was that the “immigrant” was not an individual (Figure 1) — a view shared by the social sciences, which were then rapidly expanding; rather, “mass migration” was regarded as a constitutive element of the modern world. While, in public, national stereotypes of German immigrants became popular, German sociologists like Georg Simmel and Max Weber tried to define typologies to deal with these supposed “masses.” In the U.S., the Chicago School of Sociology established a tradition of empirical research, based predominantly on quantitative data, although they also introduced interviews and even biographical case studies into migration studies.³

Up to today, narratives about immigrants are narratives about masses. Alan Kraut’s *Huddled Masses* gives a detailed story of the immigrant in American society. Others focus on more specific groups: Jay D. Dolan tells the story of Irish Americans, Samuel L. Bailey

1 Qtd. In Jonathan N. Burron and Eric Murphy Selinger, eds., *Jewish American Poetry: Poems, Commentary, and Reflections* (Hanover and London, 2000), 2.

2 E[rnest] G. Ravenstein, “The Laws of Migration,” *Journal of the Statistical Society of London* 48 (1885): 167-235.

3 See Ingrid Oswald, *Migrationssoziologie* (Constance, 2007), esp. chs. 3 and 4.



Figure 1: Masses of immigrants, contributing to U.S. labor, industry, capital, agriculture, and a more open-minded society. Source: *Wasp* 7 (1881): 136.

- 4 Alan M. Kraut, *The Huddled Masses: The Immigrant in American Society, 1880-1921*, 2nd ed. (Wheeling, 2001); Jay P. Dolan, *The Irish Americans: A History* (New York et al., 2008); Samuel L. Bailey, *Immigrants in the Lands of Promise: Italians in Buenos Aires and New York City, 1870 to 1914* (Ithaca and London, 1999); Donna Gabaccia, *From Sicily to Elizabeth Street: Housing and Social Change among Italian Immigrants, 1880-1930* (Albany, 1984).
- 5 Kathleen Conzen, *Immigrant Milwaukee, 1836-1860: Accommodation and Community in a Frontier City* (Cambridge et al., 1976); Reinhard R. Doerries, *Iren und Deutsche in der Neuen Welt.* »

ters, autobiographical documents, and statistical materials to offer some idea of a particular female experience of migration.⁹ As there is no long-term source basis, however, these women serve only as pieces of a large image of similar and interchangeable experiences.¹⁰

- » Akkulturationsprozesse in der amerikanischen Gesellschaft im späten 19. Jahrhundert (Stuttgart, 1986).
- 6 See Wolfgang Helbich, "German Research on German Migration to the United States," *Amerikastudien / American Studies* 54 (2009): 383-404; Jan Logemann, "Transnationale Karrieren und transnationale Leben: zum Verhältnis von Migrant-entbiographien und transnationaler Geschichte," *BLOS* 28, no. 1/2 (2015) [2016]: (forthcoming).
- 7 Dirk Hoerder, *Cultures in Contact: World Migrations in the Second Millennium* (Durham and London, 2002); idem, *Geschichte*

compares Italian immigration to Argentina and the U.S., and Donna Gabaccia also focuses on Italian immigrants in her publications.⁴ In the German-American case, early pioneering studies, such as those by Kathleen Conzen and Reinhard R. Doerries, used census data and local statistics to provide more detailed information on this group.⁵ To be sure, research has changed over the last two decades, and now addresses social and gender history, the history of ordinary people, and cultural history.⁶ Nonetheless, the core books of migration history still contain a lot of information on migration regimes and maps with aggregated diagrams and arrows.⁷ Ordinary men and women are interesting only as parts of a larger group, not as individuals.⁸ A good example is the nuanced research on domestic servants that combines individual cases, often pieced together from private let-

- der deutschen Migration. Vom Mittelalter bis heute (Munich, 2010); Jochen Oltmer, *Migration im 19. und 20. Jahrhundert* (Munich, 2013)
- 8 There are, of course, many biographical sketches, for instance, Walter D. Kamphoefner, "Chain Migration, Settlement Patterns, Integration," in *Von Heuerleuten und Farmern: Emigration from the Osnabrück Region to North America in the Nineteenth Century*, ed. idem, Peter Marschalk, and Birgit Nolte-Schuster (Bramsche, 1999), 53-83; and the touching biography of Catharine Marie Christine Höne-mann in the same volume (85-112).
- 9 See Agnes Bretting, "Deutsche Einwanderer-frauen im 'Land der unbegrenzten Möglichkeiten' — Wunsch und Wirklichkeit. Autobiographische Quellen in der Frauenforschung," in *Frauen wandern aus: Deutsche Migrantinnen im 19. und 20. Jahrhundert*, ed. Monika Blaschke and Christiane Harzig (Bremen, 1990), 9-28.
- 10 See Margaret Lynch-Brennan, *The Irish Bridget: Irish Immigrant Women in Domestic Service in America, 1840-1930* (Syracuse, 2009); Silke Wehner-Franco, *Deutsche Dienstmädchen in Amerika, 1850-1914* (Münster et al., 1994).

Tales of extraordinary men and women seem to be an exception, perhaps interesting to read — but only to supplement a dominant research narrative based on aggregated empirical evidence or — more fashionable — dominant discourses. For migration history, it seems, biographies are similar to curvy women and strong men in advertisements: nice to add, but without real value for the product.

Why Biographies? This pressing question is even more relevant if we turn our perspective from migration studies to business history, a subdiscipline that should be interested in immigrant entrepreneurs as such. But “entrepreneurs” are perceived as people with (visible) hands and without faces. For most business historians, the concept of the “entrepreneur” has a function similar to that of the *homo oeconomicus* for economists. It is a functionalist point of reference attractive for its abstract character and its limited relation to “real” life. Complaints of fuzzy and often contradictory definitions are widespread, but neo-Chandlerian, new institutional, and new economic histories offer a functionalist idea of entrepreneurship and the business world. The broader organizational turn of the post-World War II period reduced the “entrepreneur” to a mere agent of impersonal economic forces and rationalities. Although these schools clearly made important contributions to a better understanding of modern business cannot be denied, this focus led to an exclusion of methods and approaches dealing with individuals, their ambitions, convictions, and practices. Nearly three decades ago, then acting Business History Conference president Mira Wilkins described the field not as “economic history, not the history of an industry, not business biography, not social history; it is business history. . . .”¹¹ At that time, her view aligned with the majority of historians who resisted “the notion that an individual life could speak to a larger historical process.”¹²

Against this backdrop, the question remains: Why biographies?

Towards a “New Entrepreneurial History:” Actors and Their Agency as Core Problems

Although historiography and business history have changed fundamentally during the last three decades, there is still a lot of skepticism about biographical approaches. Yet paradoxically, there is likewise a growing interest in actors and their agency, and correspondingly,

11 Mira Wilkins, “Business History as a Discipline,” *Business and Economic History* 17 (1988): 1-7, here 1.

12 Alice Kessler-Harris, “Why Biography?” *American Historical Review* 114 (2009): 625-30, here 625.

- 13 Robert D. Cuff, "Notes for a Panel on Entrepreneurship in Business History," *Business History Review* 76 (2002): 123-32, here 131.
- 14 Philip Scranton and Patrick Fridenson, *Reimagining Business History* (Baltimore, 2013), 201.
- 15 Bengt Johannisson, "Towards a Practice Theory of Entrepreneurship," *Small Business Economics* 36 (2011): 135-50, here 138; Chris Steyaert, "Entrepreneurship as a Conceptual Attractor? A Review of Process Theories in 20 Years of Entrepreneurship Studies," *Entrepreneurship & Regional Development* 19 (2007): 453-77.
- 16 See Kenneth Wiggins Porter, "Trends in American Business Biography," *Journal of Economic and Business History* 4 (1931/32): 583-610; R. Richard Wohl, Noel George Butlin and Hugh G. J. Aitken, "Entrepreneurial Biography: A Symposium," *Explorations in Entrepreneurial History* 2 (1950): 219-32.
- 17 Fritz Redlich, "The Beginnings and Development of German Business History," *Bulletin of the Business Historical Society* 26 no. 3 (1952): 1-82, esp. 14-16, here 37. On the rise and fall of the entrepreneurial biography, see Atiba Pertilla and Uwe Spiekermann, "Living the American Dream? The Challenge of Writing Biographies of German-American Immigrant Entrepreneurs," *Bulletin of the German Historical Institute* 55 (2014): 77-90, esp. 80-84.
- 18 Eyal Naveh, "The Transformation of the 'Rags to Riches' Stories: Business Biographies of Success in the Progressive Era and the 1920s," *American Studies International* 29 (1991): 60-80; Tom Nicholas, "Clogs to Clogs in Three Generations? Explaining Entrepreneurial Performance in Britain since 1850," *Journal of Economic History* 59 (1999): 688-713.

"Entrepreneurship as individual behavior, then, once in the background, has moved to the foreground."¹³ This can be easily demonstrated with reference to influential publications in business history. Three years ago, Philip Scranton and Patrick Fridenson supported Bruno Latour's catch phrase "Follow the Actors,"¹⁴ but they did not mention biographies as a plausible method in their reimagining of business history. In general, case studies have marginalized the analysis of entrepreneurial practice, which is often reduced to anecdotes and leads to a separation of theory and practice, of "science" and storytelling.¹⁵

It seems that business historians' slogan is simply: Don't mention biography! This is surprising because of the genre's long tradition in business history and the general public's strong interest in it.¹⁶ In 1951, German-American immigrant historian Fritz Redlich counted no less than 450 valid "academic" business biographies in the U.S. and 200 in Germany with its stronger tradition of company histories.¹⁷ Accordingly, business biographies were used as revealing sources for analyzing entrepreneurship and the myth of the self-made man in Anglo-Saxon history.¹⁸

While following the actors is no longer uncommon, even current innovative and subtle articles on the practice of entrepreneurship clearly keep their distance from biographical approaches. Sociologists Haveman, Habinek, and Goodman advocated a model of entrepreneurship "sensitive to historical context, one that ties individual actors directly to the evolving social structures they must navigate to acquire the resources they need to found organizations,"¹⁹ and thus one that would reconnect agency and structure; but they did not mention the genre of biography. The same is true of management analyst Dimo Dimov. Arguing that business opportunities cannot be separated from individuals, he favored studying the "actual experiences of real-life entrepreneurs" — but he only talked about "the development of qualitative comparative methodology" without being more concrete.²⁰ Economic historian Daniel Raff wanted to "restore agency, and an open-textured sense of the future to the historical understanding of managers and entrepreneurs," and even to put "choice,

- 19 Heather A. Haveman, Jacob Habinek, and Leo A. Goodman, "How Entrepreneurship Evolves: The Founders of New Magazines in America, 1741-1860," *Administrative Science Quarterly* 57 (2012): 585-624, here 586.
- 20 Dimo Dimov, "Grappling with the Unbearable

Elusiveness of Entrepreneurial Opportunities," *Entrepreneurship Theory & Practice* 35 (2011): 57-81, here 62 and 73.

and above all, actors and their actions, at the center of analysis,”²¹ but again, he did not mention biography. More examples could be given.²² It seems that the “highly subjective” nature of entrepreneurial practice²³ still generates extreme concerns within the profession. Phrases like “what matters to man are his illusions” are perceived as superficial, although entrepreneurship is based on the interaction between individual (and group) perspectives and resources and the historical setting. Skepticism about biographical approaches is also triggered by the socialization within the profession, wherein the company is by far regarded as the dominant unit of analysis, disparate intellectual approaches and traditions are homogenized, and historical context is neglected.²⁴ But anyone who wants to reach the ambitious goals of a modern and integrative business history — a mantra in business and economic history schools after their helplessness during the world financial crisis 2008/2009 — should try to broaden its methodological arsenal and include biographical approaches. The same is true of migration studies — at least in Germany.²⁵

Biographies after the “Biographical Turn”

Skepticism about biographies is often based on an old-fashioned idea of biography as “that branch of history which had been cultivated least successfully.”²⁶ There is a general idea of biography being a less scholarly genre — a perception aggravated by the human touch of biographies and the interest of social creatures in the life and experiences of others; biographies are regarded as popular but not really academic.²⁷ However, biographical research has moved away from treating history “as a sequential accumulation of accomplishments and attributions of priority, associated with individual names.”²⁸ Such harsh statements were based on a heroic model of biography, established in the late nineteenth century, when the British *Dictionary of National Biography* or the German *Allgemeine Deutsche Biographie* not only celebrated the rise of the educated and entrepreneurial bourgeoisie but also linked biographies to the nation.²⁹ This gave way to structural explanations, pushed by the experiences of the world wars, global economic crisis, the rise

21 Daniel M. G. Raff, “How to Do Things with Time,” *Enterprise and Society* 14 (2013): 435–66, here 446. However, he favors “a reconstruction of the lived experience and understandings, and predis-

positions to action, of an organization, and to some extent, of the individuals whose actions comprise it” (ibid., 459).

22 For instance, Andrew Popp and Robin Holt,

“The Presence of Entrepreneurial Opportunity,” *Business History* 55 (2013): 9–28, provides a fascinating analysis of entrepreneurial activity and the historical context.

23 Howard E. Aldrich and C. Marlene Fiol, “Fools Rush In? The Institutional Context of Industry Creation,” *Academy of Management Review* 19 (1994): 645–70, here 651.

24 David Jacobs, “Critical Biography and Management Education,” *Academy of Management Learning & Education* 6 (2007): 104–108, here 104.

25 See Hedwig Richter and Ralf Richter, “Der Opfer-Plot. Probleme und neue Felder der deutschen Arbeitsmigrationsforschung,” *Vierteljahrshefte für Zeitgeschichte* 57 (2009): 61–97; Hedwig Richter, “Die Realität kann sie nicht stoppen. Mythen der Migrationsforschung,” *Frankfurter Allgemeine Zeitung*, 1 June 2016; Albert Scherr, “Mythen über die Migrationsforschung,” *Frankfurter Allgemeine Zeitung*, 16 June 2016.

26 William Roscoe Thayer, “Biography,” *North American Review* 180, no. 579 (1905), 261–78, here 261.

27 Annette Gordon-Reed, “Writing Early American Lives as Biography,” *William and Mary Quarterly* 71 (2014): 491–516, esp. 491.

28 Mary Terrall, “Biography as Cultural History of Science,” *Isis* 97 (2006): 306–13, here 307.

29 Lucy Riall, “The Shallow End of History? The Substance and Future of Political Biography,” *Journal of Interdisciplinary History* 40 (2010): 375–97, esp. 377–80.

of managers, and Keynesianism. In history and economics, some continued to emphasize the relevance of individual organizations and actors — for instance, economist William Jaffé, who analyzed economics as an individual artificial construction with a social and historical dimension.³⁰ But mainstream neoliberal economists, like Chicago-based Nobel Memorial Prize winner George Stigler, excluded such approaches from science: “When we are told that we must study a man’s life to understand what he really meant, we are being invited to abandon science.”³¹ In the academic knowledge markets, a biography served as a career ender — and, consequently, academics avoided this genre, turning instead to abstract structural explanations, and criticized subjectivity.

But things have changed: beginning in the early 1990s, postmodernism and the cultural turn led to a “new biography” or even a “biographical turn” wherein historical inquiry pursued actors, their identities, meanings, and discourses.³² Business and migration history are latecomers to these theoretical and methodological debates. Although biography links rather different theoretical approaches and has developed a variety of different forms, no longer being limited to one prominent person, biographical researchers do constantly have to defend themselves against basic epistemological criticism.³³ Biographical research eventually benefited from theoretical challenges from sociological post-structuralism, micro- and labor history. Gender and race became important research categories and established a fairly reasonable idea of the white spots of traditional biographies.³⁴ In particular, entanglements between individual lives and general history have been extensively discussed.³⁵ Context became an undisputed fundamental element of general history: “Biography is history, depends on history, and strengthens and enriches history. In turn, all history is biography.”³⁶ From the perspective of “new biography,” mainstream historiography and also business and economic history were criticized for failing to realize that the hands of individuals are everywhere, either visible or buried in general assumptions of structures and processes. Today, prosopographical research deals with “minorities” and less prominent social and ethnic

30 Peter Kriesler, “Writing Biographies of Economists,” *History of Economic Ideas* 3, no. 2 (1995): 73-88; Donald A. Walker, “William Jaffé, Historian of Economic Thought, 1898-1980,” *American Economic Review* 71 (1980): 1012-19. For Germany, see Wilhelm Treue, “Die Bedeutung der Unternehmerbiographie für die wirtschaftsgeschichtliche Forschung,” *Tradition* 10 (1965): 254-65.

31 George J. Stigler, “The Scientific Uses of Scientific Biography, with Special Reference to J. S. Mill [1976],” in *The Economist as Preacher and Other Essays* (Chicago, 1982), 86-97, here 91. For Germany, see Martin Kohli, “Wie es zur ‘biographischen Methode’ kam und was daraus geworden ist. Ein Kapitel aus der Geschichte der Sozialforschung,” *Zeitschrift für Soziologie* 10 (1981): 273-93.

32 An overview of the rise of “new biography” is given by Hans Erich Bödecker, “Biographie. Annäherungen an den gegenwärtigen Forschungs- und Diskussionsstand,” in *Biographie schreiben*, ed. *ibid.* (Göttingen, 2003), 9-63; Simone Lässig, “Die historische Biographie auf neuen Wegen?” *Geschichte in Wissenschaft und Unterricht* 60 (2009): 540-53.

33 Prue Chamberlayne, Joanna Bornat, and Tom Wengraf, “Introduction: The Biographical Turn,” in *The Turn to Biographical Methods in Social Science: Comparative Issues and Examples*, ed. *ibid.* (London, 2000), 1-30; Pierre Bourdieu, “L’Illusion Biographique,” *Actes de la Recherche en Sciences Sociales* 62 (1986): 69-71; Anthony Giddens, *Modernity and Self-Identity: Self and Society in the Late Modern Age* (Cambridge, 1991), 76, and *passim*. The core arguments were already made by Siegfried Kracauer, “Die Biographie als neubürgerliche Kunstform »

» [1930],” in *Das Ornament der Masse* (Frankfurt/M., 1977), 75-80.

34 Lois W. Banner, “Biography as History,” *American Historical Review* 114 (2009): 579-86, here 580-82.

35 See Atiba Pertilla and Uwe Spiekermann, eds., “The Challenge of Biography,” *Bulletin of the German Historical Institute* 55 (2014): 39-101.

36 Robert I. Rotberg, “Biography and Historiography: Mutual Evidentiary and Interdisciplinary Considerations,” *Journal of Interdisciplinary History* 40 (2010): 305-24, here 305.

groups.³⁷ Mentalities and meanings, practices and performances, emotions and feelings are examined with the help of biographical approaches. The genre of biography is no longer a backward and conservative method but an experimental field for the historiography of the twenty-first century.³⁸ It allows for a theoretically and methodologically advanced study of history without imposing a meta-narrative upon it.³⁹

The “biographical turn” marks a reflex to changes in the historical, sociological, and economic professions, the rise of reflexive modernization related to neoliberal questions of constructing one’s own life according to market needs, and an attempt to bridge the analysis of macro- and micro-levels, so prominent in economics and sociology; but individual lives and narratives always bring the social context to light. For the living, biography “appears both as long-term plans and as a field of learning where the life project and identity have to be reshaped flexibly on the basis of transitions in the life course.”⁴⁰ This perspective provides an important heuristic lens for the historical analysis of actors and their agency. Although the growing importance of the genre also emerges from the “age of fracture” and a neoliberal reflexive modernity, it is the interaction between the public and the private, the general and the individual, that makes a thorough description of a person’s life possible with empirically solid results that shed light far beyond the individual.⁴¹ Modern biographies are an indispensable tool of historiography, but they offer no silver bullet for significantly better results — compared to the variety of other historiographic approaches.⁴² In addition, “new biography” is an interdisciplinary effort, which questions disciplinary and sub-disciplinary approaches.⁴³ This complicates problems of reception but allows for traditional methods of historiography — including business and migration history — to be rethought and improved upon.

Biographies are surely a challenge for (business and migration) historians because of the subjectivity they entail, but this subjectivity pertains not only to the genre. It also has a bearing on the social role of historians and other scholars doing historical research. If modern

37 For an overview, see Simone Lässig, “Introduction: Biography in Modern History — Modern Historiography in Biography,” in *Biography between Structure and Agency: Central European Lives in International*

Historiography, ed. Volker R. Berghahn and Simone Lässig (New York and Oxford, 2008), 1-26.

38 Jürgen Mittag, “Biografische Forschung und Arbeiterbewegung: Einleitende Anmerkungen,”

Mitteilungsblatt des Instituts für soziale Bewegungen 45 (2011): 5-20; Mark Hearn and Harry Knowles, “Representative Lives? Biography and Labour History,” *Labour History* 100 (2011): 127-44.

39 Ian Kershaw, “Biography and the Historian: Opportunities and Constraints,” in *Biography between Structure and Agency*, ed. Berghahn and Lässig (2008), 27-39, here 31.

40 Ari Antikainen and Katja Komonen, “Biography, Life Course, and the Sociology of Education,” in *International Handbook on the Sociology of Education*, ed. Carlos Alberto Torres and Ari Antikainen (Lanham, 2003), 143-59, here 152.

41 Susan E. Chase, “Narrative Inquiry: Multiple Lenses, Approaches, Voices,” in *The Sage Handbook of Qualitative Research*, 3rd ed., ed. Norman K. Denzin and Yvonna S. Lincoln (Thousand Oaks, 2005), 651-80.

42 Volker Depkat, “Ein schwieriges Genre: Zum Ort der Biographik in der Arbeitergeschichtsschreibung,” *Mitteilungsblatt des Instituts für soziale Bewegungen* 45 (2011): 21-35.

43 Shirley A. Leckie, “Why Biographies Matter in the Classroom,” *OAH Magazine of History* 20 (2006): 7-10, esp. 7.

societies are knowledge societies, and if scholars, as professionals, produce knowledge fundamental to politics, economics, and culture in these societies, then they have to face the same questions normally reserved for the applied social sciences and natural sciences. Biographical research helps us to reflect — individually and collectively as a profession — on how we organize knowledge and why. Doing so will force us to think more honestly and self-critically about the uses and functions of history and historical knowledge in modern societies. The paradox is that we not only attribute agency to others, but as experts, we constantly fight against the subjective knowledge of the majority. Our work — individually and collectively as a profession — is no longer about reconstructing the past as it actually was. Instead, it is about reflecting on what should be reconstructed and challenged — and why.

Biographies in Business (and Migration) History

Taking this fundamental change of the genre of biographies into consideration, business (and migration) historians should overcome their skepticism of such new perspectives and focus on the opportunities that emerge from this actor- and agency-centered perspective. Broadly, we can distinguish two general approaches toward biography within business history today.

The first is to use the biographical approach as a tool to improve entrepreneurial studies inside the framework of established theories, especially institutionalism. Economic historian Werner Abelshausen gave a good example of this in his voluminous biography of German politician and entrepreneur Hans Matthöfer (1925-2009).⁴⁴ This book resulted from the author's dissatisfaction with modern functional and institutionalist approaches in economic history. His own research of the German production regime and leading multinational firms prompted Abelshausen's interest in the causes of institutions emerging and changing. He argued that the mindsets and the behaviors of strategic actors in politics and business were crucial to any explanation of institutional change. An analysis of their thinking and practices could offer a way to analyze, understand, and explain innovations. Abelshausen developed a model of biographical practice based on historical institutions and external challenges and checks. Included are the socialization of the individual, unquestioned binding rules, and the influences of education, on the one hand, and political structures, friends and reference persons, and emotional crises, on the other. Abelshausen argued that the private, business, and political

44 Werner Abelshausen, *Nach dem Wirtschaftswunder. Der Gewerkschafter, Politiker und Unternehmer Hans Matthöfer* (Bonn, 2009). I refer here to the theoretical considerations in chapter 1.

decision-making of strategic actors is based on their institutional settings and external constellations. It is guided by their learned ways of thinking and acting, and on the choice between material and emotional benefits and private advantages, in general. Abelshauser transferred this fairly simple model of biographical practice into a questionnaire, as well as into the structure of this 800-page biography. He justified the use of such “soft” research parameters with his interest in the “black box” of individual decision-making and practices. Biographies are useful tools for gaining a better understanding of structures and events, and they enable improved models even for collective phenomena.⁴⁵

Business historians Dan Wadhvani and Christina Lubinski, both involved in the GHI’s Immigrant Entrepreneurship project, suggested a second approach. They define a “new entrepreneurial history” as “the study of the processes through which actors, individually and collectively, make sense of and pursue the development of future goods, services, and markets, thereby transforming markets, industries, and capitalism from within.”⁴⁶ Such a history is open to including biographical approaches, although they try to distinguish between entrepreneurship and entrepreneurs. From the perspective of “new biography,” this is neither possible nor necessary. Even if their core interest is on “the processes by which futures are made present,”⁴⁷ it is individual actors who engage in these processes, often with rather individual agency, always combining individual ideas and institutional settings. The charm of the new entrepreneurial history lies in its combination of a clear-cut focus with methodological and theoretical openness. This allows business history and entrepreneurial studies to keep up with the theoretical and methodological debates in the humanities and social sciences without losing the profession’s focus.⁴⁸ Examining an actor’s sense-making, temporality, and dealing with uncertainty, the “new entrepreneurial history” is already much more advanced than the business history of the early 1950s, wherein the entrepreneur was understood as “a participating member of a culture in which, and by which, he executes his functions and achieves his ends,” which also tried “to integrate the businessman’s system of action with other relevant (and often non-economic) systems of action.”⁴⁹

The rise and discussion of such new approaches for improving business and migration history reflect important benefits of new biographical approaches:

- 45 For a similar approach from the perspective of company studies, see Friederike Welter, “Contextualizing Entrepreneurship — Conceptual Challenges and Ways Forward,” *Entrepreneurship Theory & Practice* 35 (2011): 165-84, esp. 176.
- 46 R. Daniel Wadhvani and Christina Lubinski, “Toward the ‘New Entrepreneurial History,’” Working Paper for Paper Development Workshop ‘Historical Approaches to Entrepreneurship Theory & Research,’ June 24, 2015, BHC/EBHA Miami, FL (Ms.), 10.
- 47 Wadhvani and Lubinski, “Toward the ‘New Entrepreneurial History,’” 16.
- 48 See Joyce Koe Hwee Nga and Gomathi Shamuganathan, “The Influence of Personality Traits and Demographic Factor on Social Entrepreneurship Start Up Intentions,” *Journal of Business Ethics* 95 (2010): 259-82 (quantitative); Caroline B. Brettell and Kristoffer E. Alstatt, “The Agency of Immigrant Entrepreneurs: Biographies of the Self-Employed in Ethnic and Occupational Niches of the Urban Labor Market,” *Journal of Anthropological Research* 63 (2007): 383-97 (qualitative).
- 49 Wohl et al., “Entrepreneurial Biography,” 220 and 221.

- They offer a test field for more general theories and allow for the atmosphere of a particular past to be integrated into abstract ideas on historical periods. The perception, thinking, and practice of entrepreneurial actors are also important if we ask what those experiences can tell us about the past.⁵⁰ These new “facts” will allow us to identify problems and conflicts not included in general theories.
- The biographical perspective includes a broad variety of research tools, including oral history and prosopography, as well as individual and family histories.
- Such a perspective will contribute to improving current functionalist and institutional theories by giving information on how and why institutions emerge, are established, and change. The perspective of the individual actor not only demonstrates how innovations emerge but also how they are implemented into institutions, firms, etc.
- Biographical approaches can question the appropriateness of any theory or theoretical approach by analyzing contradictory practices and anticipatory behavior. This makes a general critique of the subsequent mainstreaming of historical and individual happenings possible.
- They can demonstrate that life is not really predictable, that “normal” careers are often not intentional, that individual and general uncertainty and political fractures are formative and transformative powers, and that biographical meaning and intentional acting are retrospective endeavors.⁵¹
- Biographical approaches finally allow history to be reconstructed going forward, from the goals and practice of actors, rather than read backwards.⁵²

Surely, more points could be added, but it is more important to remember that biographical approaches are also associated with some structural problems that must be balanced out with reference to more general theories and case studies.

A crucial danger is the overestimation of economic actors and the relative neglect of changes in processes. This includes potentially neglecting the power of institutions and collective phenomenon. Tracing the narrative — the plot of an individual life — can limit one’s analytical distance, which is necessary for any academic endeavor. Another problem even for more advanced biographers is interpreting through the lens of a “hero” or from the perspective of only one

50 Kessler-Harris, “Why Biography,” 626.

51 Lässig, “Die historische Biographie,” 545.

52 Dimov, “Grappling,” 56.

side/person. This includes a strong emphasis on intentional acting overshadowed by the known outcomes of the individual's life. The biographer's personal interests and desires also pose a threat, because "all biography is, in part, autobiographical."⁵³ Finally, readers and writers should be aware that biographies cannot really offer any generalizations. It is possible to define some general patterns and typical ways of thinking and acting, but not more.

Empirical Evidence: The GHI's Immigrant Entrepreneurship Project

The opportunities and difficulties of such a biographic endeavor can be demonstrated by the biographical research project "Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present," headed by Hartmut Berghoff and Uwe Spiekermann. Launched in 2010, more than 150 scholars explored the entrepreneurial, economic, social, and cultural capacity of immigrants by investigating the German-American example in the U.S.⁵⁴ These biographies of businesspeople are intended not only to offer a new integrative perspective on the lives, careers, and business ventures of significant immigrants but also to answer core questions of American, business, and migration history from a different and more subtle point of view. The project's main presupposition was that biographies would make it possible to question notions of American exceptionalism in order to situate U.S. history in a transnational framework and understand the formation and ongoing changes of an immigrant nation over a period of nearly three-hundred years. In addition to provincializing the United States, the project also aims to provincialize Germany and the German states: The transnational biographies of migrants over three centuries allow for the reconceptualization of the meaning and relevance of the heterogeneous Western nation-states and for their well-known self-referential narratives to be called into question. Focusing on German-American businesspeople means focusing on an immigrant nation — the U.S. — and an emigrant nation that turned into an immigrant one — Germany.

The immigrant entrepreneurship project aimed to explore hundreds of biographies; the sheer amount of empirical material aimed to demonstrate that biographies could be useful for answering general questions in addition to analyzing individual lives.⁵⁵ The biographical details should enable scholars and the general public to more clearly understand and to arrange the general patterns of American history as the history of immigration, acculturation, and mobility. The

53 Shirley Leckie, "Biography Matters: Why Historians Need Well-Crafted Biographies More than Ever," in Lloyd E. Ambrosius, ed., *Writing Biography: Historians & Their Craft* (Lincoln and London, 2004), 1-26, here 2.

54 For details, see <http://www.immigrantentrepreneurship.org>.

55 Proof of this is the programmatic article by Hartmut Berghoff and Uwe Spiekermann, "Immigrant Entrepreneurship: The German-American Business Biography, 1720 to the Present: A Research Project," *Bulletin of the German Historical Institute* 47 (2010): 69-82, which does not refer to the genre of biography and its methodology.

significance and function of ethnic, religious, and family network, of gender roles, of business strategies and comparative advantages/disadvantages of strangers — these are relevant questions far beyond the traditional perspective of individual biographies.

The biographies of the immigrant entrepreneurship project are freely available to the public via the project's website <http://www.immigrantentrepreneurship.org>. As of June 13, 2016, 184 biographies (approximately 20 pages each) had been posted. Moreover, many additional manuscripts are in the editorial process, and eventually more than 210 individual contributions will give a detailed and nuanced idea of German-American immigrant entrepreneurship during the last three centuries. The website is comprised of both texts and currently more than 2,000 images and nearly 1,000 documents to provide a fresh idea of the immigrant experience. The research project covers not only the well-documented period of individual capitalism in the late nineteenth and early twentieth century: there are currently approximately thirty biographies each for the period before 1840 and after World War II to give vivid insight into the severe changes in immigration, entrepreneurship, and the economic, social, political, and cultural framework of the pre- and postindustrial worlds.

This is not the place to discuss already available results in detail: However, it becomes clear that crucial entrepreneurial decisions of regional and even national significance cannot be explained without detailed analysis of decision-makers' biographies and their agency. Two examples from my own research underline this:

When Claus Spreckels (1828-1908), the dominant sugar producer in the American West in the late nineteenth century, was asked in 1887 by representatives of the newly established "sugar trust," the American Sugar Refining Company, to become a partner of the planned monopoly, he simply refused.⁵⁶ From a rational entrepreneurial point of view, this response made no sense because the financial results of the new combination would have been more than promising. In addition, fighting a conglomerate with the second-largest capitalization in the U.S. was not very promising even for the probably richest German-American immigrant entrepreneur of this time. But Spreckels, a patriarch and self-made man, wanted to remain his own master. The conflict stirred up when shortly afterwards the sugar trust purchased the last remaining non-Spreckels refinery in San Francisco and slashed sugar prices. This was the start of a fierce and immensely costly "sugar war." Instead of surrendering, Spreckels attacked his

56 Uwe Spiekermann, "Claus Spreckels: Robber Baron and Sugar King," in *IE*.

Eastern competitor with ten times as much capitalization: “This trust has trampled on my toes and I won’t stand it.”⁵⁷ The German-American immigrant refused to compromise with “a Wall-street crowd,” went to the East, invested approximately four million US-dollars to establish the nation’s largest refinery in Philadelphia, and undercut sugar prices. In the early 1890s Spreckels’s sugar empire was close to collapsing, but finally the Eastern investors — not aware of these problems — offered an honorable agreement: Spreckels sustained his independence in the American West, sugar prices were coordinated, and further investments into the California beet sugar industry were supported by the sugar trust. Spreckels would have made a more profitable deal if he had accepted the original offer in 1887. But after first cracks in his dominant position in the Hawaiian sugar business appeared and his four sons grew increasingly independent, fighting his competitors even at the cost of immense financial losses made sense for Claus Spreckels. The skillful entrepreneur, who developed one of the first vertically integrated businesses in U.S. history, was not a rational, calmly calculating and visionary actor but an emotional gambler who tried and made the “bluff” of his life.

Charles F. Pfister (1859-1927), from the early 1890s Milwaukee’s leading investor and co-owner of the largest independent U.S. tanning firm Vogel & Pfister, was another entrepreneur who did not act in accordance with rational choice.⁵⁸ After the death of his adoptive father Guido Pfister, the rich heir made costly investments to fulfill his dreams — dreams the shrewd, elder German-American immigrant entrepreneur had deemed too expensive. His adoptive son, who had not previously functioned as an executive, invested nearly 15-20 percent of his estate to build the prestigious Hotel Pfister in Milwaukee. Opened in 1893, at a time of severe financial and commercial depression, the investment led to heavy losses that took years to turn around. Pfister was also eager to establish himself as a local Republican political boss, that is, as a decisive power player in the background. Supporting leading politicians helped get a very profitable regional streetcar system established, but it implied a break with his father’s sound business principles. When the general public and political opponents called for graft investigations and political consequences, Charles Pfister was even willing to purchase Wisconsin’s leading newspaper, the Milwaukee *Sentinel*, for much more than \$400,000. As a fighting organ of Pfister’s stalwart convictions, it constantly generated losses until it was sold to William Randolph Hearst in 1924. In general, Charles F. Pfister made immense

57 “The Sugar Trust’s Foe,”
New York Times, 18 May
1888.

58 Uwe Spiekermann, “Business and Politics: The Contested Career of Charles F. Pfister” in *IE*.



Figure 2: Claus Spreckels, c. 1890. Source: *The Bay of San Francisco: The Metropolis of the Pacific Coast and Its Suburban Cities. A History*, vol. 1 (Chicago: Lewis, 1892), 348.

profits — far higher than those of his father. But while Guido Pfister was a shrewd businessman who thought twice before making any investments, his adoptive son used his money for prestigious and unprofitable projects and — probably — illicit business. Graft accusations and his interest in achieving a highly regarded public position also prompted him to make immense donations to charity (up to \$90,000 per year).

Business decisions like those of Claus Spreckels and Charles F. Pfister can't be explained without taking a closer look at their private lives, interests, agency and even emotions. The Immigrant Entrepreneurship Project includes many similar biographies with moments of "irrational" decision-making, which nonetheless made sense to the individual entrepreneurs in their particular historical situation.

Although most of the biographies are still quite traditional and do not set new standards, many examples underline the fact that even shorter biographical studies can enrich our empirical knowledge of entrepreneurial activities. They can also aid our understanding of the fundamental role non-economic motives played in (successful!) risk-taking and question easy answers based on general theories of entrepreneurship. The same applies to the broader field of migration studies.

Conclusion

Biographical approaches, migration studies, and traditional case or company studies are allies, not rivals. Biographical research allows migration and business history to deal with new historical fields and to broaden its own research agenda. Although one should fundamentally be skeptical of the human touch of any biography, such approaches generate a broader appeal among readers. Biographical approaches can breathe life into dry functionalist approaches and put faces on tables: They can help to revitalize migration and business history as an integrative discipline relevant not only to business elites but also, and perhaps foremost, to the general public. Biographies generate additional and different "facts" and "empirical" evidence. The profession needs different language and interpretive skills to weave both new and old "facts" into persuasive arguments.⁵⁹ This

59 Kessler-Harris, "Why Biography," 625; Michael Holroyd, "What Justifies Biography?" *The Threepenny Review* 89 (2002): 16-17.

implies that biographies should be more than simply samples to illuminate trends or case studies to exemplify more general topics. Biography is a challenging genre because its perspective on actors and agency challenges well-accepted ideas of business, migration, and history. It gives researchers not the one best approach but an experimental toolbox for analyzing the process of searching for information, evaluating the findings, making decisions and transforming ideas into goods.⁶⁰ Biographies offer different forms of (hi)story-telling, replacing the typical omniscient retrospective with a detailed analysis of forward-looking acts in moments of insecurity.



Figure 3: Charles F. Pfister, c. 1900. Source: *Chicago Daily Tribune*, 5 August 1905, 2.

Although the systematic use of reconstructions of the lives and agencies of entrepreneurs, retrieved and reconstructed from a broad range of sources, is plagued with problems in the habits of researchers and the intellectual perspectives they apply and generalization also remains a serious issue, biographies can contribute to a better understanding of (immigrant) entrepreneurship itself. Actors and their agency were crucial to the rise and the transformation of markets, industries, and capitalism — and they are crucial, as well, to an adequate analysis of these processes.

Uwe Spiekermann is a *Privatdozent* at the Georg-August-University of Göttingen. He was a deputy director of the German Historical Institute Washington DC from 2008-2015, and a general editor of the Immigrant Entrepreneurship Project. He has held teaching and research positions in Bremen, London, Exeter, Münster, and Vienna, and he also served as the managing director of a Heidelberg-based foundation for healthy nutrition. His work focuses on the economic and social history of Germany and the United States in the nineteenth and twentieth centuries, the history of consumption, marketing, nutrition, and the history of science and knowledge. Spiekermann is currently writing a family biography of the Spreckels family, better known as the “Sugar Kings” of the American West.

60 See Ronald Savitt, “On Biography in Marketing,” *Journal of Historical Research in Marketing* 3 (2011): 486-506, esp. 489.

THE IMMIGRANT ENTREPRENEURSHIP PROJECT: RATIONALE, DESIGN, AND OUTCOME

Hartmut Berghoff

The project “Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present” was officially finished in the summer of 2016. It had entered its planning stage in the fall of 2008 and its working phase began in 2010, after a grant from the German Economics Ministry was approved. This project met a strong demand for biographical studies that adhere to scholarly standards. As of May 2016, over 200,000 unique users had visited the site since it went online in February 2012. At the date of publication, we had 2,400 visitors per week.

Rationale and Design

The project’s rationale was to transform the abstract phenomenon of immigrant entrepreneurship into concrete biographies. The aim was to give immigrant entrepreneurs a face and to analyze their private biographies and business ventures together, as both are mutually interdependent. The project looked at individual biographies and business histories rather than at statistical aggregates. It pursued a qualitative not a quantitative approach.¹

Why did we embark on such a vast and time-consuming project? Mostly, we wished to fill this academic void. Immigrant entrepreneurship in general and the role of German immigrants within the American business community are extremely important topics but have been neglected, almost ignored, for many years. This project addresses two central themes in the history of the United States: immigration and entrepreneurship. The topics are closely interrelated, since the U.S. developed a strong culture of entrepreneurship as it became the quintessential receiving country of migrants in the nineteenth century. While entrepreneurship still is a key component of American culture and its value is essentially undisputed, the way immigration is viewed has changed considerably. In the course of the twentieth century, immigration policies have become more restrictive. However, the nexus between immigration and economic growth created by immigrant businesspeople is still strong.

Immigration is a rich source of entrepreneurship. Empirical studies confirm that self-employment offers is a strong pull factor for

1 Hartmut Berghoff and Uwe Spiekermann, “Immigrant Entrepreneurship: The German-American Business Biography, 1720 to the Present — a GHI Project,” *Bulletin of the German Historical Institute* 47, no. 2 (2010): 69–82.

- 2 Charles Hirschman, "Immigration and the American Century," *Demography* 42, no. 4 (2005): 595-620, here 612-13.
- 3 Roger Waldinger, "Immigrant Enterprise: A Critique and Reformulation," *Theory and Society* 15, no. 1 (1986): 249-85, here 249-50.
- 4 Vivek Wadhwa, "Foreign-Born Entrepreneurs: An Under-estimated American Resource," *Kaufman Thoughtbook* (2009): 177-81, here 177.
- 5 Jan Rath and Robert Kloosterman, "Outsiders' Business: A Critical Review of Research on Immigrant Entrepreneurship," *International Migration Review* 34, no. 3 (2000): 657-81. See also Andrew Godley, "Migration of Entrepreneurs," in *The Oxford Handbook of Entrepreneurship*, ed. Mark Casson (Oxford, 2006), 601-10; Hartmut Berghoff and Andreas Fahrmeir, "Unternehmer und Migration. Einleitung," *Zeitschrift für Unternehmensgeschichte* 58, no. 2 (2013): 141-48; and the other essays in this issue of *Zeitschrift für Unternehmensgeschichte*.
- 6 Georg Simmel, "The Stranger," in idem, *On Individuality and Social Forms*, ed. Donald Levine (Chicago, 1971) (German Original 1908), 143-50, here 143 and 146; and Almut Loycke, *Der Gast, der bleibt. Dimensionen von Georg Simmels Analyse des Fremdschens* (Frankfurt a.M./New York, 1992).
- 7 Mark Granovetter, "The Economic Sociology of Firms and Entrepreneurs," in *The Economic Sociology of Immigration. Essays on Networks, Ethnicity, and Entrepreneurship*, ed. Alejandro Portes (New York, 1995), 128-65, here 147.

immigrants, as other avenues of social integration and advancement are often barred or more difficult to access. The experience of navigating between cultures can be uncomfortable and very challenging but, at the same time, it can be "an asset that sparks creativity and inspiration" and creates "new possibilities for entrepreneurship."² In the U.S., immigrants have always been overrepresented among the self-employed.³ Although small and often unstable businesses predominate in immigrant communities, petty trades can act as springboards to the higher echelons of the business world. In 2005, companies founded by immigrants between 1995 and 2005 generated \$52 billion in revenue and had created 450,000 jobs.⁴

Immigrant businesspeople commonly bring a diverse array of skills and a prodigious work ethic with them. They can, in other words, be seen as imported human capital that is crucial for innovation and economic development. Immigrants themselves can benefit from the specifics of ethnic networks like trust-based cooperation and mutual assistance and credit, the internal cohesion of minorities and their families, and lasting relations to their home country that might involve particular commercial opportunities such as trade or the transfer of knowledge and other resources.⁵

For sociologist Georg Simmel the "stranger" was a "freer man." "He examines the conditions with less prejudice . . . His actions are not confined by custom, piety, or precedent." He benefits from the "union of closeness and remoteness." He has the "freedom . . . to experience and treat even his close relationships as though from a birds-eye view."⁶ "Strangers," Mark Granovetter demonstrated decades later, can design social relationships in a way that enables them to reap the benefits of an economically more favorable configuration of closeness and distance. Granovetter speaks of the concurrence of "coupling" and "decoupling." In other words, they are not total outsiders but are still different enough to be "less entangled in local obligations" and less restricted by them.⁷

Immigration today is often seen as a burden or even danger to the receiving country and a threat to its social stability. Our in-depth historical analysis of immigrant entrepreneurship and its interrelation with elite formation has corrected this gloomy picture and hopefully will raise awareness that immigration can also be a source of strength that helps create additional wealth not only by bringing cheap labor to the lower end of the market but by providing fresh talent for strategic business leadership.

Immigrant entrepreneurship was one of the decisive factors in the U.S. rising to become an economic superpower in the late nineteenth century. The country's relative openness and freedom attracted talent from around the world and encouraged minorities fleeing from discrimination elsewhere to try their luck. The lack of petrified social divisions, caste-like systems and feudal structures, as well as the high regard for businesspeople and a superior opportunity structure, must be added to the comparative advantages of the U.S. These sparked a self-reinforcing and beneficial circle of wealth creation and immigration: "No other country refreshes itself in quite the same way by continuous waves of immigration."⁸

Entrepreneurship is a sine qua non of economic development. Economists have long neglected the study of entrepreneurship "exactly because of the bias to the assumption that profitable activities automatically take place."⁹ The market mechanism prompts rational economic actors to react to opportunities. Economics has trivialized entrepreneurship, although it is obvious that there is no automatic supply of entrepreneurs and that it takes more than opportunity structures to motivate people to set up businesses. Since the 1980s entrepreneurship has attracted growing interest in management studies and economic sociology.¹⁰

Although this project was designed to focus on one specific national group, from the very start it also had a wider perspective and benefited enormously from research done on other ethnic groups. The wealth of literature on recent Asian and Latin American immigrant entrepreneurship in the U.S. also proved useful.¹¹ Although these studies focused on recent decades and the non-European ethnic groups who made up the great majority of immigrants to the U.S. in the second half of the twentieth century, the comparison across different centuries was an important asset for the project. This literature developed general concepts of immigrant entrepreneurship that helped us sharpen our understanding of the phenomenon in different epochs and structure the questions of our project. In sharp contrast to these sociological and ethnological studies, neither immigration history nor business history has dedicated much systematic research to immigrant entrepreneurship up to now.

There is, however, considerable research on diaspora networks in business history.¹² Although immigrant and diaspora businesspeople share many common characteristics, the former tend to stay in the destination country permanently, in many cases integrating into the

8 *The Economist* (no date given), quoted in Thomas K. McCraw, ed., *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions* (Cambridge, MA, 1997), 348.

9 Mark Granovetter, "Business Groups and Social Organization," in *Handbook of Economic Sociology*, ed. Neil J. Smelser and Richard Swedberg (Princeton, 1994), 453-75, here 453.

10 Geoffrey Jones and R. Daniel Wadhvani, "Entrepreneurship," in *The Oxford Handbook of Business History*, ed. Geoffrey Jones and Jonathan Zeitlin (Oxford, 2008), 501-28.

11 For example, see Waldinger, "Immigrant Enterprise," and Alejandro Portes, ed., *The Economic Sociology of Immigration* (New York, 1995).

12 Ina Baghdiantz McCabe, Gelina Harlafis, and Ioanna Pepelasis Minoglou, *Diaspora Entrepreneurial Networks: Four Centuries of History* (Oxford, 2004).

new society and assimilating over the course of two to three generations. Diaspora businesspeople fill economic gaps as permanent outsiders and remain distinct groups trying to preserve their distinct identity.¹³ In contrast, successful immigrants whose wealth is increasing try to integrate and move into the established bourgeoisie of their new countries. There can be an overlap between diaspora and immigrant business families, and boundaries might be far from clear in individual cases. Portes discovered “transnational entrepreneurs” among Columbians and Dominicans in the U.S. whose success mainly relies on close ties to their home country. These businesspeople constantly move back and forth and live in various places virtually simultaneously.¹⁴

This project focused on one important and often overlooked nationality and evaluated its contribution to the American economy. 1720 has been chosen as a starting point because around that year immigration reached a new dimension. Germans in particular were arriving in hitherto unprecedented numbers, which, however, were still modest compared to the peaks of the nineteenth century. The project covers this whole century, as well as the twentieth, which saw several fundamental changes in immigration patterns and business careers. It brings the story of German-American immigrant entrepreneurship right up to the present and addresses current debates on immigration. The German-American case is particularly suited to this kind of study as it exemplifies the history of immigrant-related entrepreneurship in the U.S. in an outstandingly rich way. In detail, there are four main reasons to justify this project’s focus on the German-American case:

1. Germans were one of the main sources of immigration to the United States. Today, some forty-three million U.S. citizens claim German heritage, which is about fifteen percent of the total population. For much of the nineteenth century, Germans were the largest group of immigrants.¹⁵
2. German immigration to America never dried up even if it declined markedly in both absolute and relative terms over the course of the twentieth century. Economic crises, political upheavals, and the persecution of minorities and political dissenters during the Nazi period were strong push factors. The continuing attractiveness of “the American Dream,” the multitude of economic opportunities for immigrants, the country’s high level of wealth, and its appreciation of the entrepreneurial spirit acted as powerful pull factors — and still do.

13 Stephane Dufoix, *Diasporas* (Berkeley, 2008); Ioannides Stavros and Ioanna Pepelasis Minoglou, “Diaspora Entrepreneurship between History and Theory,” in *Entrepreneurship in Theory and History*, ed. Youssef Cassis and Ioanna Pepelasis Minoglou (New York, 2005), 163-89.

14 Alejandro Portes, Luis E. Guarnizo, and William Haller, “Transnational Entrepreneurs: An Alternative Form of Immigrant Economic Adaptation,” *American Sociological Review* 6, no. 2 (2002): 278-98; Steven Vertovec and Robin Cohen, eds., *Migration, Diasporas, and Transnationalism* (Cheltenham, 1999); Steven Vertovec, *Transnationalism* (London, 2009).

15 “People Reporting Ancestry,” *2014 American Community Survey 1-Year Estimates*. U.S. Census Bureau, <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk> (accessed 21 July 2016).

3. German immigrants and their descendants played a disproportionately large role in building up the American business community. This impact reached its pinnacle in the late nineteenth century, and it never became insignificant thereafter. This prominence of German Americans in the American business community can be assessed by statistical data. When New York was the financial hub of American industrialization and attracted business elites from all over the country, almost half of its wealthiest inhabitants were foreign-born. Among the 1,571 richest New Yorkers in 1870, 56 percent were natives and 44 percent foreign-born. Among the latter group Germans dominated. They represented almost one quarter of all top-wealth holders (23 percent) in the city, ranking well ahead of the Irish (11 percent) and the British (6 percent).¹⁶

4. In the rich literature on German immigration to the United States, entrepreneurs are often missing completely or only mentioned in passing. They seem to be the “forgotten siblings” of all the oft-mentioned farmers and craftsmen as well as eminent intellectuals and scholars. For some reason or another, they seem to not have been deemed worth historical attention although they did so much to turn the U.S. into the world’s strongest economy. Although the majority of German immigrants in the nineteenth century were farmers or craftsmen, a considerable number of businesspeople entered the country, too, and a considerable number of immigrants became businesspeople after entering the U.S. The emerging industrial economy offered so many opportunities and the country was developing such an almost infectious infatuation with entrepreneurship that immigrants were literally drawn into the world of business.

Andrew Godley compared migrants of Jewish faith to London and New York between 1880 and 1914 and found that in New York immigrants with the same kind of background had a much higher propensity to become businesspeople. In fact, the percentage of businesspeople within the Jewish community increased in New York four times as much as in London at the same time.¹⁷ Obviously, not only the demand for new entrepreneurs was larger but the value system of American society also encouraged entrepreneurship to a significantly higher degree than the European one did. The Horatio-Alger myth of rags-to-riches had an enormous radiance and it appealed to many German immigrants as they tried to adopt the cultural values of their host nation.

16 Sven Beckert, *The Monied Metropolis: New York City and the Consolidation of the American Bourgeoisie, 1850-1896* (Cambridge, 2001), 147.

17 Andrew Godley, *Jewish Immigrant Entrepreneurship in New York and London, 1880-1914: Enterprise and Culture* (Basingstoke, 2001).

In the present discourse on immigration, there is little awareness of this very successful group. Germans are “among the least visible of American ethnic groups,”¹⁸ which in itself is a sign of successful integration and assimilation but also mirrors the legacy of the world wars of the twentieth century, which accelerated the dissociation of German-Americans from their country of origin.

The reason German-American entrepreneurs have so far received relatively little attention and why most of them did not even want to be identified as German Americans for a long time is deeply ingrained in the political history of the twentieth century. Prior to 1914, German Americans proudly presented themselves as eminent Americans of German origin. To mark the 225th anniversary of the arrival of Germans in Philadelphia in 1683, the “Deutsch-Amerikanische Nationalbund” published a 1,000-page “Book of Germans in America” in 1909. It explains how “Germans” helped win independence and the Civil War, and how they built universities and hospitals. German-American “captains of industry,” of course, had their own extensive chapter.

Germans generally encountered positive attitudes. On April 1, 1914, more than 4,000 people gathered in Ann Arbor to celebrate Bismarck’s birthday. The crowd applauded when the university’s president said that 25 percent of the students were of German descent.¹⁹ Four exact copies of the Goethe-Schiller Monument of Weimar were commissioned by German Americans to celebrate their cultural heritage. The monuments were erected in San Francisco (1901), Cleveland (1907), Milwaukee (1908), and Syracuse (1911). The dedications of these respective monuments were well attended: 30,000 people in San Francisco, 65,000 in Cleveland, and 35,000 in Milwaukee.²⁰ In Cleveland, a congratulatory cable by German Emperor Wilhelm II was read aloud. German gymnastics clubs (“Turner”), singing societies (“Sänger”) and many other German-American social clubs, thousands of German-language periodicals, as well as a plethora of festivals and parades bore witness to the rich German-American culture and the proud “public display of German-ness” in late nineteenth- and early twentieth-century America.²¹

Very soon neither self-congratulatory celebrations of German Americans nor their public praise was conceivable. The German-American National Alliance (“Nationalbund”) had to suspend its activities in 1918 following a general rise in anti-German sentiment and a Senate investigation. This sociopolitical umbrella organization, founded in

18 Kathleen Neils Conzen, “Germans,” in *Harvard Encyclopedia of American Ethnic Groups*, ed. Stephan Thernstrom (Cambridge, MA, 1980), 405-25, here 408.

19 See <http://www.celticgerman.com/ethnic-cleansing.html> (accessed 20 July 2016).

20 See, for example, Goethe-Schiller Denkmal Gesellschaft in San Francisco, “Das Goethe-Schiller Denkmal in San Francisco: Erinnerungen an den ‘deutschen Tag’ der California Midwinter International Exposition, 1894, an das ‘Goethe-Schiller Fest’ 1895 und an die ‘Enthüllung des Denkmals’ im Golden Gate Park, San Francisco 1901”; and *Cleveland und Sein Deutschtum* (Cleveland, A blank is missing 1907).

21 Willi Paul Adams, *The German Americans: An Ethnic Experience* (Indianapolis, 1990), chapter 5.

1900 as German immigration had dropped to a sixty-year low, was meant to keep German-American culture thriving. Its membership was between two and three million before it had to fold. From then on most of this group wanted to be inconspicuous largely for political reasons. The cultivation of their language and culture did not stop but lost much of its vigor. This tendency was strengthened by the Second World War and the Holocaust. German Americans became largely invisible for the majority of Americans. When new historical narratives came to the fore in the 1970s, nothing seemed more out of place than studying German-American capitalists. The new social history and, with it, the history of immigration concentrated on the proletariat, on farmers and craftsmen.

This is why a sober look at the German-American business community was long impossible. When we conceptualized this project, we wanted to fill that void without falling victim to worn-out stereotypes such as tales of exceptionalism and superiority. We aimed at an unbiased analysis with strong linkages to immigration and business history to allow comparisons with non-immigrant businesspeople and immigrant entrepreneurs from other countries. Openness to comparative research and interdisciplinary exchanges were priorities from the beginning.

In contrast to many immigration studies that confine themselves to the first generation of foreign-borns, this project deliberately includes the second generation because social mobility and economic success in many cases only take place once the initial difficulties of settling in have been overcome. The native-born children of foreign-born immigrants find themselves in a unique position. They have much higher chances of integrating themselves into the culture of the new country and making use of the economic opportunities it offers. At the same time, they have not yet lost the cultural heritage of their parents' country of origin. In a way, some of them might have "the best of two worlds."²²

The general approach of combining individual biographies with the history of corporations was inspired by the highly praised *British Dictionary of Business Biography*,²³ which was published in the 1980s and is still considered the state of the art for detailed business biographies. But our project was designed to move beyond that model and fully utilize online publishing opportunities. Thus, the biographical entries were published on an online platform that, at the same time, serves as a repository for additional source material like pictures,

22 Hirschman, "Immigration," 597.

23 David J. Jeremy, ed., *Dictionary of Business Biography*, 5 vols. (London, 1984).

diaries, letters, business records, newspaper and magazine articles, as well as advertisements. In addition, to contextualize individual lives, general articles on various epochs, on immigration policy, economic history and special themes like female entrepreneurship are published alongside the biographies. All articles are generally available and can be used free of charge, especially for teaching and research purposes. This platform constitutes a unique and dense collection of historical source material on immigrant entrepreneurs and is meant to serve as a basis for further research. To facilitate the use of the dictionary as a teaching tool, the website also has study aids for college and graduate students as well as instructors.

Preliminary Outcomes

It might be too early to conclude, but based on the broad empirical evidence, six preliminary results of our project stand out.

The Significance of the German-American Experience

We were struck by the sheer number of potential candidates from which we could make a selection. As already pointed out, the political history of the twentieth century dissociated German Americans from their country of origin. It was in their best interest to anglicize their names and hide their German roots. One example is Wilhelm Böing. He came to the U.S. in 1868 and became a timber magnate. His son, William Edward Boeing, founded a firm, which became the Boeing Airplane Company. Boeing today silently passes over that fact and presents itself as an all-American success story.²⁴ Donald Trump, a third-generation immigrant from Germany, claimed to have Swedish roots. His father, a property developer, knew that German descent could harm his business and invented the Swedish connection in the 1920s. Trump repeated this tale over and over again up to the 1990s.²⁵

There are two examples from our sample among many more of people who left an enormous footprint. Joseph Seligman was born into a Jewish family in Franconia. To escape poverty and discrimination he emigrated to the U.S. in 1837. He worked first as a railway clerk, then as a peddler. As he built up a successful mercantile business, Joseph encouraged his brothers to join him. The Seligman brothers turned their attention to California during the gold rush. They sold mostly European products to the miners and sold Californian gold in New York.

24 Brian Schefke, "William Edward Boeing," in *Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present*, vol. 4, ed. Jeffrey Fear. For this and all the other biographies cited from the project (*IE*), visit the website www.immigrantentrepreneurship.org.

25 "Trump's German Roots: Kallstadt's King. How the German Heritage He Has Hidden Shaped Donald Trump," *Economist*, 13 Feb. 2016, 171.

In 1860 Joseph bought a clothing factory just in time to provide the Union Army with uniforms in the Civil War. From there it was a small step into government finance as the government was unable to pay for the uniforms. Then Joseph Seligman helped President Lincoln raise funds in Europe. The Seligman brothers' rise to the top of the U.S. banking community is remarkable. And they truly changed the course of American history. They helped the North to win the Civil War and the U.S. to remain solvent in the decades that followed.²⁶

Henry Kaiser was a second-generation immigrant and built up a construction conglomerate employing 250,000 workers in the inter-war period. His most important accomplishment was building 1,490 transport vessels for the U.S. Navy during World War II, without which the war effort could have hardly been won. Kaiser reinvented shipbuilding by transferring mass-production technology from car manufacturing to the shipyards. While the construction of the first "Liberty Ship" had taken 244 days, the average construction time soon dropped to forty days thanks to a modular building method.²⁷ These examples should suffice to show that German-American entrepreneurs made a difference, even if only a small number had such a decisive influence on the course of U.S. history as Seligman and Kaiser.

Diversity of Motives and Experiences

The reasons for immigration and career patterns were manifold. Emigration in the seventeenth to nineteenth century was motivated by such diverse factors as religious discrimination or poverty, political upheaval, or military conscription. Many young men emigrated without permission in order to avoid military service. Some deserted from the Hessian units that fought alongside the British Army against American independence. Restrictions on marriages also played a role. Upgrades in transportation, better roads, and the removal of tolls on major German rivers in the 1830s made it easier and cheaper for would-be emigrants to reach port cities. The railroads greatly improved transport before and after emigration from the 1840s. Sailing times and ticket cost greatly decreased.

Shipping companies sent out agents who actively canvassed specific areas and sold shipping contracts to prospective emigrants. Emigration agencies relieved them of many obstacles. Very often relatives and friends in America encouraged emigration, paid for the journey, and helped emigrants settle in.

26 Elliott Ashkenazi, "Joseph Seligman," in *Immigrant Entrepreneurship (IE)*.

27 Tim Schanetzky, "Henry J. Kaiser," in *IE* and his article in this volume. See also Tim Schanetzky, *Regierungsunternehmer. Henry J. Kaiser, Friedrich Flick und die Staatskonjunkturen in den USA und Deutschland. Beiträge Zur Geschichte des 20. Jahrhunderts* (Göttingen, 2015).

The superior opportunity structure in North America was a strong pull factor. The availability of land, the scarcity of qualified workers, high wages, and the often exaggerated reports in media and letters from earlier generations of immigrants motivated Germans to leave their homeland. The opening of government lands and land sold by railroads — both heavily advertised — encouraged many of them to cross the Atlantic and move westward. Later on, another pattern of emigration involved the deployment of employees of German firms or members of family firms. For some of them, a temporary stay morphed into permanent residency.

Some people led unusual lives and followed highly unusual careers, even engaging in illicit entrepreneurship. Impoverished Fredericka Mandelbaum (1825-1894) started as a peddler following her arrival in 1850 but then became New York's most famous receiver of stolen property. The article on her life concludes: "She worked with the most gifted shoplifters, bank robbers, and thieves of the Gilded Age and made at least one million dollars over the span of her career."²⁸

In the twentieth century, crises in Germany repeatedly acted as push factors. The hyperinflation period, the Great Depression, and the poverty of the immediate postwar periods are the most salient examples. Besides, anti-Semitism and the Holocaust drove many Germans out of the country. Love also became a strong motive for immigration. The mother of television industry mogul John Werner Kluge took him to the U.S. in 1922 after having met a German-born widower visiting from Detroit.²⁹ After 1945, millions of American troops were stationed in Cold-War Germany; this circumstance, along with academic exchange programs, provided ample opportunities for German-American relationships to blossom. The publisher of children's literature, Marianne Carus, married an American student whom she had met at Freiburg University in 1949 and relocated with him to Illinois.³⁰

After 1945, institutions of higher learning became important avenues of immigration and qualifications for business life, especially in high-tech sectors. Andy von Bechtolsheim (b. 1955) co-founded Sun Microsystems in 1982 and later provided major funding for Google. A Fulbright Award had brought the engineering student from the Technical University of Munich to Carnegie Mellon University in 1975, where he received a master's degree in computer engineering. He then became a Ph.D. student at Stanford in electrical engineering. In 1982 he started Sun Microsystems together with Scott McNealy and

28 Rona Holub, "Fredericka Mandelbaum," in *IE*.

29 Caitlin Cieslik-Miskimen, "John Werner Kluge," in *IE*.

30 Jessica Csoma and Lillian Forman, "Marianne Carus," in *IE*.

Indian-American Vinod Khosla, another immigrant entrepreneur, who had attended Stanford Graduate School of Business.³¹ PayPal's co-founder and later hedge fund manager and venture capitalist Peter Thiel (b. 1967) came out of Stanford Law School and used the cluster dynamics of Silicon Valley.³² John Kluge studied at Wayne College and Columbia University, gaining multiple chances to develop his business acumen along with his economics degree. He ran a shoe, garment, and stationery business and engaged in on-campus gambling, which almost cost him his scholarship.

Entrepreneurs as Transnational Actors

Even after they settled in the U.S. for good, many businesspeople used connections to Europe to foster their American ventures. Heinrich Hilgard was born in 1835 to a financially comfortable family in Speyer, emigrated to the U.S. in 1853, and changed his name to an anglicized version of a former schoolmate's name, Henry Villard. Becoming estranged from his father, neglecting his studies, and financial troubles seem to have motivated this step. Without any knowledge of English, he moved from one odd job to the other and seems to have survived through the support of the German community. He then made a career as a journalist and married an American: the daughter of the well-known abolitionist William Lloyd Garrison.

By the late 1860s Villard began marketing American securities abroad. Through the American networks of his father-in-law and his command of German and English, he had enough contacts and financial competence to sell American securities in Europe. He convinced the Frankfurt banker Jacob S. H. Stern to increase his American railroad investments. With German backing, Villard effectively bought up most lines between Oregon and San Francisco and founded a railway empire that reached its apogee when the second transcontinental rail connection, the Northern Pacific Railroad, was completed in 1883.³³ He was a transatlantic intermediary, raising amounts of money mainly in Frankfurt and New York, and had an enormous impact on the infrastructure of the U.S. Banks like J.P. Morgan — co-founded by Anton Drexel — and Kuhn, Loeb & Company also linked the American and the German capital markets. Many German-Jewish bankers financed the exports of large German firms to the U.S.

The fact that immigrant entrepreneurs not only moved between Germany and the U.S. but also initiated flows of capital and products and of skills and knowledge falls very much in line with the

31 Helmut Werb, Interview mit Andreas von Bechtolsheim, "Mich interessiert nur meine Arbeit," *Karriere.de* (<http://www.karriere.de/karriere/mich-interessiert-nur-meine-arbeit-9266/>), accessed July 20, 2016).

32 Meghan O'Dea, "Peter Thiel," in *IE* and her article in this volume; Mick Brown, "Peter Thiel: The Billionaire Tech Entrepreneur on a Mission to Cheat Death," *Telegraph*, 19 Sept. 2014.

33 Christopher Kobrak, "A Reputation for Cross-Cultural Business: Henry Villard and German Investment in the United States," in *IE* and this volume.

multifaceted effort now underway to situate the American past in a transnational framework. Immigrant entrepreneurs played a key role in the formation — and continuous re-formation — of the American business elite.

Immigration as Skills, Knowledge, and Technology Transfer

The U.S. has always been able to tap into the qualifications of immigrants and to strengthen its own skills base. This was particularly pronounced in sectors that grew out of craft traditions. Johann Andreas Albrecht (1718-1802) was a European-trained gunsmith who supplied arms to Pennsylvania during the American Revolution and trained young rifle makers in the eighteenth century.³⁴ In the nineteenth century August and George Gemünder, producers of high-quality violins, thrived by continuing the Italian, German, and French violin-making tradition, “just as they combined European and American wood in a single instrument.” Their success was due to the merging of “European craftsmanship with American production and marketing strategies.”³⁵ There was also knowledge transfer outside the formalized apprenticeship system. Heinrich Steinweg, later Steinway, was originally a cabinet-maker and organ builder before he became an autodidact in piano construction.³⁶

In the 1930s, Christian Heurich was the most prominent brewer in Washington, DC. Only the government owned more land and employed more people there. In Germany, Heurich had learned to brew beer in an apprenticeship. After two years he went on his obligatory journeyman trip and learned different brewing methods from various master brewers. He wanted to open his own brewery, which was impossible in Germany. The prospect of being able to do so in the US and the encouragement of his sister, led him to follow her in 1866. After several years of work for various German-American brewers, he took over a run-down brewery in Washington. Heurich switched the brewery from wheat beer to the barley-based, light lager he had become familiar with during his time as a journeyman. The ensuing success would have been impossible without the thorough training he had received in Germany.³⁷

Jacob Beringer (1845-1915), who like other European winegrowers brought skills and grapes to California’s Napa County, had worked as an apprentice with a cellar master in Berlin and practiced the wine trade in Mainz prior to emigrating in 1868. He became one of the world’s most successful wine entrepreneurs.³⁸ Claus Spreckels

34 Scott Paul Gordon, “Johann Andreas Albrecht,” in *IE* and his article in this volume.

35 Thomas Baumert, “George Gemünder,” in *IE*.

36 Claudius Torp, “Heinrich Engelhard Steinway,” in *IE*.

37 Mark Benbow, “Christian Heurich,” in *IE*.

38 Kevin Goldberg, “Jacob Beringer,” in *IE*.

(1828-1908), probably the richest and most successful German-American entrepreneur of the late nineteenth century, imported knowledge and technology from Germany after he had come to the U.S. in 1848. Once he had moved into the sugar business, he repeatedly traveled to Germany to learn about beet-sugar production. He worked in a factory near Magdeburg, the center of the beet sugar industry of Germany. Later he set out on fact-finding missions to various European countries and imported machinery as well as beet seeds from Germany.³⁹

When brewer Adolphus Bush encountered quality problems, he took a series of trips to European brewing centers in Bohemia and Bavaria. The amount of back and forth was astounding. Connections to Germany remained intact and were used strategically. In other cases immigrant entrepreneurs imported skilled workers to staff their factories, especially as foremen and supervisors.⁴⁰

The Transitory Character of the Ethnic Enclave

German immigrant businesspeople generally did not remain isolated from their new environment for long. The German-American community did provide essential support at the initial stage from the first orientation in the new environment to social provisions through institutions like the German General Benevolent Society. The ethnic enclave was an important stabilizing factor without inhibiting assimilation and expansion. Most immigrant entrepreneurs learned to speak English pretty fast and built up contacts to other ethnic groups. Even if their customer base was initially German, they sought to expand it sooner rather than later. They chose English product names and advertised mainly in English, and they displayed a high degree of regional mobility.

The optical industrialist John Jacob Bausch began by selling products from home through advertising in a German-language newspaper, but once he moved into an arcade in the center of Rochester in 1853, his customer base outgrew the German community.⁴¹ Henry John Heinz sold his processed foodstuffs to all ethnic groups from the beginning although some of his recipes had German origins.⁴² Emil Julius Brach (1859-1947) opened a small candy shop in Chicago's largely German-American North Side in 1904 out of which grew "the world's largest maker of popular-priced bulk candies." The move from the neighborhood store to the mass market was a step out of the confines of the ethnic enclave.⁴³

39 Uwe Spiekermann, "Claus Spreckels: Robber Baron and Sugar King," in *IE*.

40 Sven Beckert, "Migration, Ethnicity, and Working Class Formation: Passaic, New Jersey, 1889-1926," in *People in Transit: German Migrations in Comparative Perspective, 1820-1930*, ed. Jörg Nagler and Dirk Hoerder (Cambridge, 1995), 347-79.

41 Berti Kolbow, "John Bausch," in *IE*.

42 Robert C. Alberts, *Good Provider: H. J. Heinz and His 57 Varieties* (Boston, 1973); and Nancy F. Koehn, "Henry Heinz and Brand Creation in the Late Nineteenth Century: Making Markets for Processed Food," *Business History Review* 73, no. 3 (1999): 349-93.

43 Leslie Goddard, "Emil Julius Brach," in *IE*.

All businesspeople in our sample fostered an image of themselves as American entrepreneurs even if they remained a part of German-American networks and preserved German traditions in their private lives. At least until 1914, many ostentatiously cultivated their cultural roots by means of clubs and churches or synagogues, the education of their children — often in Germany — and by maintaining the German language. In a way these entrepreneurs had a dual identity and enjoyed the best of two worlds. In the twentieth century, pressure to assimilate mounted, with third and later generations losing interest in their roots. Whereas links to Germany and German culture weakened, there were several cases especially after 1970, in which immigrant entrepreneurs from Germany never even entered the German-American scene.

However, there was ambivalence even before the First World War. From 1858, Henry Miller built up America's largest integrated cattle and meatpacking enterprise from a butcher shop in San Francisco. Although he benefited tremendously from German-American networks on the West Coast, he “displayed almost no desire to stay connected to his German cultural roots.” Unlike the majority of German-American entrepreneurs, he “avoided participating in the social activities of the German community of San Francisco” and never joined “any of this group's many associations.” “All of his correspondence, even with other German companies” and with his own German employees and German friends, was “written in English.”⁴⁴

The American Dream was Real, at least for Some

The project recorded spectacular cases of upward social mobility. On the one hand, this was to be expected as we selected biographies on the basis of “significance,” which was often but not always tantamount to economic success. On the other hand, these rags-to-riches stories are astonishing by their magnificence. As icons of the American dream and sociocultural scripts, they attracted further immigrants in large numbers.

John Jacob Astor (1763-1848) was well known in Germany, nurturing the hopes of many to be able to imitate his success. The son of an impoverished butcher, he excelled in fur trading and moved into real estate. Due to the beginning boom of New York, he became the first multimillionaire of the U.S. It was impossible for most immigrants to follow Astor's example. Failure and disappointment

44 Britta Waldschmidt-Nelson, “Henry Miller: The Cattle King of California,” in *IE*.

prevailed among those who wanted to become rich in America. Even those who accumulated considerable wealth later on often went through struggles and flops.⁴⁵ Astor did not remain the only self-made millionaire. Claus Spreckels, a former farmhand, arrived virtually penniless but died one of the wealthiest Americans of his time.

These kinds of meteoric careers were not limited to the nineteenth century. Christel DeHaan, who met her husband on a U.S. army base in Germany and followed him to Indianapolis in 1962, started an ironing and typing business in her home. Later she built up a timeshare-vacation business. When she sold her company in 1996, she became one of the wealthiest American women.⁴⁶ Lillian Vernon (1927-2015) was one of the most successful female entrepreneurs in the U.S. She was born into a wealthy Jewish family in Germany that fled the Nazi regime. With an entrepreneurial spirit inherited from her family but without their financial backing, the “Queen of Catalogs” built her mail-order empire from scratch, “to be precise from her kitchen table. . . . 30 years later her company” became the first business founded by a woman to be publicly listed on the New York Stock Exchange.⁴⁷

Conclusion

It is hard to summarize the varied findings of this rich project. I’ve presented some key aspects. I hope it has become clear that these biographies deserved to be taken out of obscurity. The project has demonstrated that immigrant entrepreneurs matter even though general historical accounts hardly ever acknowledge their significance. The transnational dimension of the U.S. rising to become an economic superpower is regularly missing, and this project amply demonstrates that the ability to draw on immigrant entrepreneurship has always been a key factor in the economic dynamism of the United States.

It is for others to evaluate the quality of the articles on the project’s website. In all modesty, I do believe that this online dictionary adds significantly to our knowledge of immigration and entrepreneurship. The facets of these lives have increased our knowledge of the German-American community, of U.S. business history and the value of immigrant entrepreneurship in general. These findings have not only a high scholarly value but also important policy implications.

45 Alexander Emmerich, “John Jacob Astor,” in *IE*.

46 Dane Starbuck, “Christel DeHaan,” in *IE*.

47 Ute Mehnert, “Lillian Vernon,” in *IE* and her article in this volume.

Hartmut Berghoff was director of the German Historical Institute Washington DC from 2008-2015. He currently is director of the Institute for Economic and Social History at the University of Göttingen. He has researched and taught at the University of Bielefeld, the University of Tübingen, Humboldt University Berlin, the Beisheim Graduate School of Management Koblenz, Harvard Business School and Maison des Sciences de l'Homme, Paris. For his extensive publications in the fields of business history, cultural and economic history, and the history of consumption and consumerism, Hartmut Berghoff has received numerous awards and honors. He serves on the editorial boards of several journals.

A CREDIT TO THEIR NATION: EASTERN EUROPEAN JEWISH IMMIGRANT “BANKERS,” CREDIT ACCESS, AND THE TRANSNATIONAL BUSINESS OF MASS MIGRATION, 1873-1914

Rebecca Kobrin

The summer of 1914 thrust the world into an unfathomable war. The gruesome events in Europe often overshadow the transformations that took place on the other side of the Atlantic. Indeed, one of the first casualties of the war in America was the world of immigrant banking, a network of enterprises that had financed and fueled mass migration through its sales of ship tickets on credit. But as ships used by the Hamburg America Line were seized by the Kaiser to transport troops, entrepreneurial immigrant bankers faced a crisis of their own. Much ink has been spilled on the mounting financial crisis that unfolded as political crisis escalated in Europe. Less is known of the reverberations in the United States. While New York State banking officials were uncertain of the damage that war would cause European financial centers, they remained confident that the “neutral” United States and its financial capital in New York City would continue to operate unscathed.¹ But as war became inevitable, immigrants in New York panicked.² Fearing the worst, thousands ran to withdraw their savings from their “banks” to transmit back to their countries of origin in Europe.

Overwhelmed by the sea of depositors rushing in to take out their money, several of the largest Jewish immigrant banks were forced to suspend business. Even though these institutions were not chartered by the state, Eugene Lamb, New York State Banking Superintendent, closed the banks of A. Grochowski, the Deutsch Brothers, Adolf Mandel, M & L Jarmulowsky, and Max Kobre because he felt that they did not have enough funds in reserve to return their depositors’ assets.³ The Jarmulowsky bank alone had 15,000 depositors with over \$1,667,000 in deposits in the bank.⁴ It had sold hundreds of thousands of ship tickets in the foregoing decades. But that paled in comparison to the banks of Max Kobre, who had branches on the Lower East Side and in Brooklyn that claimed over 23,000 depositors who had entrusted \$3,700,000 to him after booking their passage through his firm.⁵

1 Liaguat Ahamed, *Lords of Finance: The Bankers Who Broke the World* (New York, 2009), 29-32.

2 The editorial pages of the Yiddish press capture the terror that seized the Jewish immigrant community upon seeing the events of July 1914 unfold. See *Forverts*, July 31, 1914, 4; and August 14, 1914, 5; *Varheyit*, Aug. 1, 1914. For a discussion of the larger reaction to the outbreak of war in the Yiddish press, see Joseph Rappaport, “The American Yiddish Press and the European Conflict in 1914,” *Jewish Social Studies* 19, no. 3/4 (1957): 113-28. See, in particular, *Forverts*, July 29, 1914.

3 “Information RE: Private Bankers,” P3/1542, Judah Leib Magnes Papers, Central Archives for the History of the Jewish People, Jerusalem.

4 *Ibid.*

5 *Ibid.*

Enraged, the depositors organized a protest to make their “struggle” known.⁶ “A mob of 5,000 depositors angered by their inability to draw their deposits,” reported the *New York Times*, staged a “demonstration” in front of Sender Jarmulowsky’s bank on Orchard Street to express their outrage with “the State Banking Department, and the District Attorney, who, they thought, should get their money back for them.”⁷ Carrying Yiddish banners proclaiming “the 60,000 unfortunate depositors of the East Side banks demand their rights from the Governor of New York State,” the mob marched to city hall where they attacked clerks. Reserve policemen were called in as “clubs were swung and fists were struck out.”⁸ The riot ended with police arresting nine men and women.

The riot concerned New York City’s officials as it raised questions about the stability of banking institutions in New York City, the financial capital of the United States. Since 1863, New York had served as the backbone of the expanding U.S. banking system.⁹ Banking riots in New York City had to be addressed immediately. Uncovering that much of this institution’s missing assets were tied up in real estate investments that could not be quickly liquidated, the New York State Banking Superintendent would act decisively, and would urge the courts and state legislators to craft new laws requiring increased regulation of private immigrant “banks.” These new laws fundamentally altered the practice of immigrant banking in New York City, a city that functioned as the pre-paid ship-ticket sales capital of the world. Within a few years, hundreds of other entrepreneurial immigrant businesses that similarly made a profit from selling ship tickets through firms based in Germany were forced to shut down. But such drastic measures were deemed necessary by New York state officials who believed such regulation would protect New York State from other failures and riots.¹⁰

The coming pages draw from a larger project that raises questions about the place of immigrant banking in early-twentieth-century America, highlighting the historic interplay between banking regulation and immigrant entrepreneurship in American history. Through its close analysis of the rise and fall of the world of Eastern European Jewish immigrant banking, my larger project reinserts Eastern European Jewish immigrant bankers into the narrative of American economic history. Moreover, these immigrant entrepreneurs demonstrate the role entrepreneurs have played historically in economic change, not only by opening new markets but by also prodding the

6 “Depozitors poderen az di ar-beyter bavegung zol oypnemen zeyr kampf,” *Forverts*, Aug. 30, 1914, 1.

7 “5,000 RIOT IN FRONT OF CLOSED BANKS; Reserves Called to Disperse East Side Depositors Who Demand Their Money; MARCH TO SEE WHITMAN, Police Forced to Use Clubs to Quell Angry Crowd,” *New York Times*, Aug. 30, 1914, 10.

8 *Ibid.*

9 Richard Sylla, “Federal Policy, Banking Market Structure, and Capital Mobilization in the United States, 1863-1913,” *Journal of Economic History* 29 (1969): 657-86. Under the national banking system, national banks outside of New York were required to maintain 15 percent of their reserves, of which three-fifths, or 9 percent, was held on deposit in New York. If a bank were seen as failing in New York City, it could create a panic throughout the country.

10 Daniel Hochfelder, “Where the Common People Could Speculate: The Ticker, Bucket Shops, and the Origins of Popular Participation in Financial Markets, 1880-1920,” *Journal of American History* 93 (2006), 335-58, here 340; Jackson Lears, *Something for Nothing: Luck in America* (New York, 2003).

state to create new regulations.¹¹ To be sure, the influence of Jews on banking in the United States is far from uncharted territory.¹² But when asked how immigrant Jewish entrepreneurs and their business practices shaped twentieth-century American banking, most scholars would rattle off the names of famous German-Jewish immigrant bankers such as Jacob Schiff, Paul Warburg, and Henry Lehman, who shaped the investment banking sector. However, isolating a few prominent examples of Jewish economic achievement obscures the formative roles unregulated Eastern European Jewish-run immigrant banks played at the turn of the twentieth century; these banks with offices in New York and German port cities faded into oblivion after 1914. Part of a broader trend in banking catering to immigrants, entrepreneurial Eastern European immigrants deployed innovative credit mechanisms and speculative investment strategies that shaped the very process of migration to the United States. The credit that these institutions offered to immigrants directly contributed to their ability to come to America and their economic practices once they arrived. The rise and fall of these transnational Jewish immigrant businesses left an imprint far beyond one community, as the system of American banking regulation took shape in direct response to risks taken by these immigrant entrepreneurs and the unregulated financial institutions they founded.

Throughout my project, I use Jewishness as the lens through which to look at the world of immigrant banking — but we must remember that this was a diverse world with individuals from many different countries and backgrounds. Working in their respective immigrant communities, immigrant bankers together transferred over \$300,000,000 overseas to dozens of different countries in 1909 alone.¹³ By examining

11 The role entrepreneurs play in taking advantage of and creating new markets has been discussed by many interested in economic growth. Fewer discuss how they set economic change in motion by prodding the government to increase regulation. Several classical approaches to studying entrepreneurs and economic growth are Joseph Schumpeter, "The Creative Response in Economic History," *Journal*

of Economic History 7 (1947): 149–59; idem, "Economic Theory and Entrepreneurial History," in *Change and the Entrepreneur: Postulates and Patterns for Entrepreneurial History*, ed. Robert R. Wohl (Cambridge, 1949), 63–84; William Baumol and Robert J. Strom, "Entrepreneurship and Economic Growth," *Strategic Entrepreneurship Journal* 1 (2008), 233–37. For a general overview of this theme, see R. Daniel

Wadhvani and Geoffrey Jones, "Schumpeter's Plea: Historical Methods in the Study of Entrepreneurship," *Academy of Management Best Paper Proceedings* (2006), revised and republished as "Schumpeter's Plea: Historical Reasoning in Entrepreneurship Theory and Research," in *Organizations in Time: History, Theory, Methods*, ed. Marcelo Bucheli and R. Daniel Wadhvani (New York, 2014), 192–216.

12 Stephen Birmingham, *Our Crowd: The Great Jewish Families of New York* (Syracuse, 1996); Vincent P. Carosso, "A Financial Elite: New York's German-Jewish Investment Bankers," *American Jewish Historical Quarterly* 66, nos. 1–4 (September 1976–1977); Barry E. Supple, "A Business Elite: German-Jewish Financiers in Nineteenth-Century New York," *Business History Review* 31 (1957): 143–78; Naomi Cohen, *Jacob H. Schiff: A Study in American Jewish Leadership* (Hanover, NH, 1999); Susie Pak, *Gentlemen Bankers: The World of J. P. Morgan* (Cambridge, MA, 2013).

13 United States Senate, *Reports of the Immigration Commission: Immigrant Banks*, 61st Congress, 3rd Session, Vol. 37, Senate Doc. 753 (Washington, DC, 1911 [reprint, 1970]) [hereafter referred to as *Reports of the Immigration Commission*, Vol. 37], 260–64.

primarily Jewish immigrant banking entrepreneurs, I deal head-on with the anti-Semitic implications that have pervaded any inquiry into Jewish economic history. Ever since Werner Sombart wrote his 1911 *Die Juden und das Wirtschaftsleben* [*Jews and Modern Capitalism*], which held Jews responsible for bringing capitalism into the world, the question of distinctive Jewish financial practices, proclivities, or behaviors has been avoided in scholarship.¹⁴ Such avoidance obscures how in early twentieth-century Europe, immigrant Jews from Eastern Europe struggled to gain a foothold in Europe's dynamic economy. Discriminated against in Tsarist Russia, Germany and the United States, Eastern European immigrant Jews were forced to experiment with new credit arrangements to address their unmet needs. Some of these experiments succeeded while others failed, but they all deserve attention, as U.S. historian David Hollinger points out, because the absence of any straightforward historical and social-scientific study into what enabled Eastern European immigrant Jews to succeed economically in the United States has perpetuated a mystification of Jewish history.¹⁵ Through close analysis of the business methods, international trade networks, and credit mechanisms of the two most prominent Eastern European Jewish immigrant bankers, Sender Jarmulowsky and Max Kobre, who worked in both Hamburg and New York City, I will highlight the ways these entrepreneurial immigrants transformed not only the world of immigration but commercial banking and its regulation in the United States as well.

14 Werner Sombart, *The Jews and Modern Capitalism*, trans. M. Epstein (London, 1913; repr. New Brunswick, 1982). Recent scholarship that grapples with Jewish economic behavior notes the shadow cast by Sombart. See Jonathan Karp, *The Politics of Jewish Commerce: Economic Thought and Emancipation in Europe, 1638–1848* (Cambridge, 2008), 268–69; Derek J. Penslar, *Shylock's Children: Economics and Jewish Identity in Modern Europe* (Berkeley, 2001), 256–62; Jerry Z. Muller, *Capitalism and the Jews* (Princeton, 2010), 1–3.

15 David Hollinger, "Rich, Powerful, and Smart: Jewish Overrepresentation Should Be Explained Rather than Mystified or Avoided," *Jewish Quarterly Review* 94 (Fall 2004): 596.

16 Jeremiah W. Jenks and W. Jett Lauck, *The Immigration Problem: A Study of American Immigration Conditions and Needs* (New York, 1911), xv, 96. This idea is further expanded in *Reports of the Immigration Commission* 37:212–13.

17 Jared N. Day, "Credit, Capital and Community: Informal Banking in Turn-of-the-Century Immigrant Communities in the United States, 1880–1924," *Financial History Review* 9, no. 1 (2002): 65–78.

The Problem of the Immigrant "Banker" in the United States

In the numerous early twentieth-century conversations concerning immigration, nothing troubled U.S. officials more deeply than the growing ranks of unqualified immigrant entrepreneurs who called themselves "bankers."¹⁶ Unlike traditional bankers who worked in businesses that possessed state charters, these immigrant businessmen usually did all their business in a foreign language and operated out of other commercial enterprises, such as saloons, grocery stores, bakeries, or boarding houses.¹⁷ Most importantly, their banks were not chartered or regulated by any governmental authority. Thus, they did not hold funds in reserve as state-chartered banks were expected to do. As the 1909 Senate Commission on Immigration bemoaned, this lack of regulation enabled these enterprises to use the deposits left with them for a myriad of speculative investments. Describing the methods by which immigrants become

ensnared by immigrant bankers, the Senate Commission noted in its report:

Nothing is more natural than that the immigrant should take his savings to the agent [who brought him to America] and ask that the agent send them home for him. Having made the start, it is natural that he should continue to leave with the agent for safe-keeping his weekly or monthly surplus, so that he may accumulate a sufficient amount for another remittance or for the purpose of buying a steamship ticket to bring his family to this country or to return to Europe. It is not long before the agent has a nucleus for a banking business and his assumption of banking functions quickly follows.¹⁸

Few individuals better illustrated the ways in which ship-ticket brokers developed into bankers in the United States than Sender Jarmulowsky. Born in 1841 in Grajewo, in the Lomza province of Russian Poland, Jarmulowsky was orphaned at the age of three and then raised by the rabbi of Werblow.¹⁹ Growing up close to the German border, Jarmulowsky was fluent in German, Russian, Polish, and Yiddish. Impressed by Jarmulowsky's intellect, the rabbi sent him to the Volozhin Yeshiva, where he received rabbinical ordination.²⁰ As was common in Lithuania, though penniless, Jarmulowsky made a good match with Rebecca Markels, the daughter of a wealthy merchant, on account of his great intellect.²¹ While this match enabled Jarmulowsky to pursue his career in the rabbinate on a full-time basis, he opted instead to enter the business world.

In 1868, Jarmulowsky and his new wife moved to Hamburg, where he opened a "passage and exchange" office through which he bought and sold steerage class tickets to the United States. Jarmulowsky was a business innovator in the ways he connected individual migrants to larger shipping companies. He pioneered a system that extended credit to prospective passengers and sold them prepaid tickets on

18 *Reports of the Immigration Commission* 37:212-13. To be sure, this report is a rich primary source on the multi-ethnic character of turn-of-the-century immigrant

banking, but its limitations are nicely summed up by Oscar Handlin in his *Race and Nationality in American Life* (New York, 1957), 93.

19 "Yarmulowski gebrakht tsu kvure mit groys koved [Jarmulowsky was brought to his burial with great respect]," *Morgn zhurnal*, June 4, 1912.

20 On the highly esteemed reputation of the Volozhin Yeshiva, see Shaul Stampfer, *Yeshivah ha-Liṭa'it be-hithayutah* (Jerusalem, 1995). Immanuel Etkes, *Yeshivot Liṭa: Pirḳe Zik hronot* (Jerusalem, 2004), paints a vivid portrait of life in this yeshiva and the high regard its graduates enjoyed.

21 Glenn Dynner, *Men of Silk: The Hasidic Conquest of Poland* (New York, 2006), ch. 4; Shaul Stampfer, "Heder Study, Knowledge of Torah, and the Maintenance of Social Stratification in Traditional East European Jewish Society," *Studies in Jewish Education* 3 (1988): 271-89.

installment.²² He built his fortune by arbitraging these prepaid tickets, which were valid for a year. His business model revolved around purchasing hundreds of tickets in bulk from the Hamburg America Line when prices were lower during the winter season; he then wrote out the tickets to fictive people since name changes on tickets were processed at no extra charge. During the summer months, when prices increased, he sold these tickets to prospective migrants with an extra profit margin. Charging 6 percent more for tickets paid in four installments, Jarmulowsky offered credit to poor migrants who had few other credit options so that they could buy their tickets. If prices dropped or tickets could not be sold in time, his loss was limited to the 5 percent cancellation fee.²³

Jarmulowsky became a critical middleman for shipping lines by developing a new multilingual ticket, with which he drew prospective migrants from all over Eastern Europe to his office. The biggest challenge facing maritime companies was attracting as many migrants as possible to fill their boats. They relied on a host of agents in ports of embarkation to do this job, as they did not have the networks nor the languages to reach prospective migrants. Through his use of an addendum that translated the ticket terms into eight different languages, Jarmulowsky made sure all his clients, regardless of where they hailed from, understood the terms of their tickets. This boilerplate document earned him the trust of many prospective migrants, linking them not only to shipping companies but to a larger world system that saw migrants as commodities.²⁴

Selling tickets on installment along with his translation addendum helped make Sender Jarmulowsky immensely successful; yet he was nonetheless denied residency in Hamburg (as a result of his birth in Eastern Europe). He ventured to America in 1873, leaving his son who had just married into an established Hamburg Jewish family to run his office in Hamburg.²⁵ He expanded his business by offering Eastern European Jewish immigrants already in the United States a way to “pay out” in installments the cost of bringing their European relations to America. His business quickly flourished. As S. L. Blumenson recalled, “on the [Rutgers] Square stood the green, iron-grilled skyscraper which housed the Jarmulowsky bank, a

22 Torsten Feys, “Prepaid Tickets to Ride to the New World: The New York Continental Conference and Transatlantic Steerage Fares 1885-1895,” 2-3 (I would like to thank Torsten Feys for sharing this article with me). Jarmulowsky, who worked in Germany, used methods developed in England earlier in the century. See Nicholas Evans, “The Role of Foreign-Born Agents in the Development of Mass Migration through Britain, 1820-1923,” in *Maritime Transport and Migration: The Connections between Maritime and Migration Networks*, ed. Torsten Feys et al. (St Johns, 2007), 49-61; Pamela Nadell, “From Shtetl to Border: East European Jewish Emigrants and the ‘Agents’ System’, 1868-1914,” in *Studies in the American Jewish Experience*, Vol. 2, ed. Jacob R. Marcus and Abraham J. Peck (Cincinnati, 1984), 49-78.

23 CII IV: Die Behörde für das Auswandererwesen Hamburg: Folder IV B I., no. 14: Sender Jarmulowsky, Folder No. 3323: Alexander Jarmulowski [1873], No. 36268 Albert Jarmulowski [1890, 1896, 1901], Staatsarchiv Hamburg. The following New York Civil Court cases also describe this business system: Sender Jarmulowsky vs. Oscar Rose, November 11, 1889 [JL-1889-351]; M. Rosencranz v. S. Jamelowsky [sic], Fourth District Court, September 28, 1890. This case is discussed further below.

24 Dirk Hoerder, “Segmented Microsystems and Networking Individuals: The Balancing Functions of Migration Processes,” in *Migration, Migration History, History: Old Paradigms and New Perspectives*, ed. Jan Lucassen and Leo Lucassen (Bern, 1997), 73-84, here 84.

25 On the difficulties Eastern European Jews faced in Hamburg in this era

concerning residency and status see Rainer Liedtke, *Jewish Welfare in*

Hamburg and Manchester, 1850-1914 (New York, 1998), 142-63.

name known in every town, village and hamlet across Europe. It was Jarmulowsky who provided the *shiffskarten*, the steamship tickets, to probably half the immigrants during the last two decades of the nineteenth century.”²⁶

As Blumenson’s recollections evocatively capture, “bank” and “ship ticket salesman” were interchangeable terms in the Eastern European Jewish immigrant world. Soon, by not only extending credit but also operating in the foreign currency markets and taking deposits, Jarmulowsky became known by “every Jew in both the old and new world.”²⁷ His business dealings “brought him into contact with thousands of immigrants” as he booked their passage through his office, since “the name Jarmulowsky was the guarantee of honesty.”²⁸ Sender Jarmulowsky was one of the brokers, as W. H. Van den Toorn of the Holland America Line pointed out, who had cornered the market on pre-paid tickets through his “passage and exchange offices” in New York and Hamburg.²⁹

Investigations by shipping companies along with court cases shed light on how entrepreneurial Jewish immigrant brokers like Jarmulowsky continued to make money off each ticket sold on installment throughout the 1890s despite shipping companies’ increased regulation of the market. Starting in 1885, the largest European shipping lines — the Holland America Line, North German Lloyd, Hamburg America Line and the Red Star Line — joined together to form the Continental Conference to regulate competition on the transatlantic fares and maximize their profits.³⁰ One result was a coordinated effort by the shipping companies to investigate agents selling tickets on installment as American officials were increasingly penalizing shipping lines for the growing number of impoverished passengers arriving claiming they had debts (as a result of buying their tickets on installment). Employing a group of detectives posing as migrants, several of the main shipping lines caught Jewish immigrant bankers such as Max Kobre, Sender Jarmulowsky, the Markel Brothers, and others who all required a down payment of five to ten dollars followed by weekly installments of one dollar.³¹ As a result, the shipping lines imposed fines on Jarmulowsky and all other ship ticket salesmen they found offering credit through the sale of tickets on installment.

» Transatlantic Steerage Fares 1885-1895,” *Revista de Historia Económica* 26 (2008): 173-204, here 176. See The Holland America Line Collection (hereafter GAR, HAL) Folder 318.04: Passage Department, 221-226, Letters June 14, August 6, 23, September 5, & September 19, 1895.

30 Erich Murken, *Die grossen transatlantischen Liniereederei-Verbände: Ihre Entstehung, Organisation und Wirksamkeit* (Jena, 1922), 44-50.

31 Van den Toorn was the representative of the Holland American Line in New York City who launched the investigation. He reports that one woman was charged \$59.50 for her passage and that of her child from Antwerp to New York while the gross rate charged by the lines amounted to \$44.25. See GAR, HAL, 318.04, Passage Department, 221-226, letter July 8, 1899. He notes the same margin was used by Max Kobre: see GAR, HAL, 318.03, Passage Department, 563, minute 122 October 22, 1896, 541 August 15, 1900. All these sources are quoted in Torsten Feys, “A Business Approach to Transatlantic Migration: The Introduction of Steam-Shipping and Its Impact on the European Exodus, 1840-1914” (Ph. D., University of Ghent, 2008), ch. 3.

26 S. L. Blumenson, “Culture on Rutgers Square,” *Commentary* 10 (1950): 66.

27 “Reb Sender Yarmulowski,” *Tageblatt*, June 2, 1912.

28 Ibid.

29 Torsten Feys, “Prepaid Tickets to the New World: The New York Continental Conference and »

Fines imposed by the shipping lines, however, did little to deter the agents from selling on installment as illustrated by an 1890 New York State Supreme court case — Michael Rosencranz v. Sender Jarmulowsky. As one of Sender Jarmulowsky’s clerks testified at an 1890 trial, Jarmulowsky made up to \$16 profit per ticket. As the clerk noted, during the winter season, Jarmulowsky purchased tickets for \$8 and \$9, and he sold them “for up to \$24 (during other seasons).”³² Indeed, Rosencranz was suing Jarmulowsky because tickets he had arranged to pay on installment in New York for \$10 and to be sent to Jarmulowsky’s office in Hamburg for his wife and children were not honored. But while Jarmulowsky may have made a handsome profit, he was trustworthy. Indeed, Rosencranz’s wife was stranded in Hamburg, as the trial revealed, because six weeks earlier her husband had booked passage with another ship ticket salesman by the name of Wolff, whose business failed, leaving his wife with no ticket to reach the United States. After receiving a letter from her husband that he had purchased tickets at a certain price for her and the rest of the family at the Jarmulowsky bank, she went to the Jarmulowsky office in Hamburg to claim her ticket. The Jarmulowsky branch office denied this purchase. At her wit’s end, she paid a higher price for the tickets after a clerk in Hamburg told her (as he testified in the trial), “Payment in full is always required. Because the price of tickets change[s] sometimes and we want to satisfy [the purchaser] that if the prices are higher, we won’t ask for more payment.” Rosencranz sued Jarmulowsky to return the extra money his wife had paid, since he had arranged a different price on installment. Ultimately, Rosencranz lost his case, but not because he did not sufficiently prove his claim. Rather, the judge did not feel it was in his jurisdiction to adjudicate a business dispute concerning a transaction that actually transpired in Germany. Indeed, the transnational character of Jarmulowsky’s entrepreneurial dealings saved him from being penalized in New York City Civil Court.

32 M. Rosencranz v. S. Jamelowsky [sic], Fourth District Court, September 28, 1890, found in the New York Civil Court Archives, Chambers Street, New York.

33 In the matter of Max Kobre and Moses Ginsberg, co-partners doing business as Max Kobre’s Bank at 1783 Pitkin Ave, Brooklyn, NY, November 13-18, 1914, Folder 5263 NARA, p. 253.

Investigations of Max Kobre’s business further demonstrate how ship-ticket sales on installment became the bedrock of Jewish immigrant banking. Kobre worked in Hamburg as well with his father in law, Samuel Hershmann, who ran a boarding house at the docks. Seeing that guests in the boarding house were all looking for a reliable ship ticket salesman, he began selling ship tickets. But New York City had become the center for ticket sales by the 1880s. Leaving his brother-in-law in Hamburg, Kobre soon ventured to New York City in 1882 to expand his business.³³ Kobre employed a wide

range of newcomers who worked as peddlers to sell tickets to many different ethnic groups. As historian Torsten Feys points out, Kobre soon became infamous among representatives of the British and Dutch shipping lines for his practice of selling tickets on installments through these newly arrived peddlers.³⁴ Kobre also introduced new selling methods such as cheaper cash orders, enabling him to further pierce the divided ethnic markets common in the sale of ship tickets. In fact, Kobre sold so many tickets that the Holland America Line secretly sent an agent to investigate his business practices in the 1894. As Van den Toorn, the representative of the Holland America Line in New York, reported, Kobre exemplified the corrupt business practices of Eastern European Jewish entrepreneurs; their sale of ship tickets on installment through peddlers proved impossible to eradicate as they undersold the shipping lines' established rates. While fined for his practices, Kobre resumed his business in less than a week as the demand for prepaid ship tickets on installment was so high.

As the trial and shipping line investigations highlight, trust was central to the treacherous business of mass migration. Would-be passengers had to make sure that they were giving over their life savings to a person who would safely transport their families to their desired destination and charge them fairly. Indeed, Jarmulowsky's success hinged on his appreciation of these concerns and his ability to use his unconventional banking role to his business advantage. Specifically, he stressed his piety (reinforcing the impression that as a rabbi he would not cheat his customers) and focused his efforts on ensuring that people reached their destinations. As Louis Lipsky recalled about his mother's migration:

The guardian who received my mother at the boat was Sendor [sic] Jarmulowsky . . . His name stands high in the memory of our family. As far as we were concerned, he was the *Hachnosas Orchim* [spirit of hospitality] incarnate. He was known to thousands of Jewish families. He . . . remains in the memory of thousands of Jews as the man who freed them on the soil of the United States. I have met Jews from Pittsburgh, from Chicago, from Boston and other places, all of whom remember his name with warmth. He considered it his duty to receive personally the immigrants on arrival at Castle Garden. He provided them with a night's lodging, a good meal, and then dispatched them to their new homes,

34 Feys, "A Business Approach"; GAR, HAL, 318.04, Passage Department, 221-226, Letter July 23, 1901.

personally accompanying them to the railroad station to say goodbye.³⁵

From Ticket Broker to Trusted Banker

Trading on piety was common among Jewish immigrant entrepreneurs. So when the North Atlantic Passenger Treaty signed by all the thirty shipping lines active in the North Atlantic made selling tickets no longer profitable in 1895, Jarmulowsky and Kobre shifted to operating “banks” to earn a profit. Jarmulowsky centered his business on the Lower East Side and Hamburg, while Max Kobre set up branches on the Lower East Side and in Brooklyn and expanded his Hamburg office by opening a branch office in Rotterdam.³⁶

Jarmulowsky and Kobre’s businesses shared several common features with many other immigrant banks. As historian Jared Day points out, immigrant bankers relied heavily on the loyalty of working-class immigrants as customers whom larger banks — which employed only English-speaking tellers — rarely tried to serve.³⁷ They also provided “a wide range of ancillary services very specific to the immigrant community,” most notably, easy liquidation of accounts, the sale of ship tickets on installment, the offering of credit and loans with no collateral, and the processing of small money transfers overseas. To be sure, Jarmulowsky and Kobre charged borrowers 6 percent interest on loans, but they were seen as providing a much-needed service for their “unbanked” immigrant customers who could not get loans from chartered banks.³⁸

In short, Max Kobre and Sender Jarmulowsky’s ultimate successes were not related to any revolutionary or unique service they offered, but rather that they acted like thousands of other immigrant bankers who offered financial services and other services — such as letter writing and document translation from German and Russian — that mainstream American banks refused to provide. Mainstream American banks may have been a safer choice, as they were chartered, regulated, and constantly supervised by the state banking authority, but they made foreign depositors feel “unwelcome,” rarely employing “translators” and allowing their “staff [to] treat immigrants with impatience.”³⁹ Jarmulowsky for example, “fixed his bank hours to suit the convenience of his patrons” — with Sunday being his longest day of business, when every other bank in New York was closed. All these services were provided in Yiddish to insure little confusion occurred.⁴⁰ By providing all these services and employing only Yiddish, Eastern

35 Louis Lipsky, *Memoirs in Profile* (Philadelphia, 1975), 12-13.

36 Kobre’s main branches were in Williamsburg and Brownsville. Alfred Kazin observed Brownsville was a place “that all measured all success by [one’s] skill in getting away from it.” Alfred Kazin, *A Walker in the City* (New York, 1951), 12.

37 Day, “Credit, Capital and Community,” 67.

38 In the matter of Max Kobre and Moses Ginsberg, co-partners doing business as Max Kobre’s Bank at 1783 Pitkin Ave, Brooklyn, NY, November 13-18, 1914, Folder 5263 NARA, p.449d. It appears to be arbitrary, though all were charged 6 percent interest.

39 Day, “Credit, Capital and Community,” 70.

40 Reports of the Immigration Commission, 214-18.

European Jewish immigrant bankers became the key middlemen between first-generation immigrants and the ever-evolving American banking system.

The Jarmulowsky family was able to amass a great fortune by the end of the nineteenth century by acting as such middlemen. Sender Jarmulowsky did not offer interest on deposit accounts but placed his bank's reserve funds in mainstream banks in that offered 4 percent interest. Moreover, he charged a 5-percent commission on all overseas money transfers. He charged 6 to 7 percent interest on loans he offered to men he considered "pious" and "honest." Since no one else would offer them credit, many took out loans from Sender Jarmulowsky's bank to build businesses or invest in real estate.⁴¹

All told, America had been good to Sender Jarmulowsky, the orphan from Lomza, and he became committed to constructing for the Lower East Side an edifice to mark his achievement. Hiring the esteemed architectural firm of Rouse & Goldstone, who had just completed the resplendent Langdon Hotel, the Jarmulowskys contracted in 1912 to erect a twelve-story loft building on the same corner of Canal Street Sender Jarmulowsky had established himself on thirty years earlier. Hoping this building would bring "uptown elegance and class to the Lower East Side," the Jarmulowskys purchased only the finest materials, with the lower section of the building composed of rusticated limestone. The bank stood apart from surrounding buildings, by its sheer size and its giant, circular roofed tempietto that rose fifty feet above the building to a dome, appearing as an altar from which all could worship capitalism. Inside, there was a place to worship as well, under the trading floor, as Jarmulowsky did not want to have to venture far for learning and prayer in his bank. The bank's façade and marble interior were thoroughly discussed on the pages of the *New York Architectural Digest*. Great excitement and a parade accompanied its grand opening on May 6, 1912. Advertisements in the Yiddish press noted how this bank and its dedication would be remembered forever, as it would change the course of Jewish life in America.⁴²

Sender Jarmulowsky did not live to see his temple to capitalism transform America, as he died less than a month later on June 2, 1912. As a revered philanthropist and celebrity of the Lower East Side, his obituary made the front page of all the major Yiddish newspapers.⁴³ Even the wealthier leaders of the Kehillah, or Jewish community, convened an emergency meeting of the executive board "to discuss

41 Numerous cases lodged in New York City Civil Court shed light on these business practices. See *Jarmulowsky v. Meyer Greenberg*, August 20, 1893 [LJ-1893-422]; *Sender Jarmulowsky v. David Block*, January 23, 1893 [L.J. 1893 — B 287]; *Sender Jarmulowsky v. Charles Bloom*, November 6, 1893 [PL -1893-J 16]; *Sender Jarmulowsky v. David Block* November 9, 1893 [LJ 1893 — D 315]; *Sender Jarmulowsky v. Morris Kahn et al.*, May 31, 1895 — [JL 1895 428]; *Abraham L Lowenthal v. Sender Jarmulowsky*, November 15, 1901 [JL 1901 398]; *Meyer Jarmulowsky and Louis Jarmulowsky (M.L. Jarmulowsky) v. Jennie Kind, et al.*, March 11, 1908 [PJ 1908 192].

42 *Forverts*, May 4, 1912, p. 3.

43 "Sender Yarmulowski," *Froverts*, June 2, 1912; "Reb Sender Yarmulowski," *Tageblat*, June 2, 1912; "Yarmulowski gebrakht tsu kvure mit groys koved," *Morgn zhurnal*, June 4, 1912.

44 “Yarmulowski in eybige ruh,” *Tageblatt*, June 3, 1912.

45 “Only \$501,053 Left By Jarmulowsky: East Side Banker Had Been Reputed to be Multi-Millionaire,” *New York Times*, August 14, 1912.

46 See *Boss v. Jarmulowsky*, R. W. S., “Landlord’s Tort Liability to Tenant for Injuries Caused by Negligence of Independent Contractor,” *University of Pennsylvania Law Review and American Law Register* 87, no. 6 (April 1939): 731.

47 For a discussion of Jews in New York real estate, see Clarence I. Freed, “Romance of Reality: Men Who Have Become Masters of the Metropolis through Real Estate Enterprise,” *American Hebrew* 120 (April 1927): 742-43; Andrew Dolkart, “From Rag Trade to Riches: Abraham E. Lefcourt Builds the Garment District,” in *Chosen Capital: The Jewish Encounter with American Capitalism*, ed. Rebecca Kobrin (New Brunswick and London, 2012), 62-92; Deborah Dash Moore, *At Home in America: Second Generation New York Jews* (New York, 1981), 19-60. For a discussion of Chicago, see Beryl Satter, *Family Properties: Race, Real Estate and the Exploitation of Black Urban America* (New York, 2009).

48 Discussions of Jewish entrepreneurial niches including portable assets can be found in Sarah A. Stein, *Plumes: Ostrich Feathers, Jews, and a Lost World of Global Commerce* (New Haven, 2008); Alicia Oltuski, *Precious Objects: A Story of Diamonds, Family, and a Way of Life* (New York, 2011); Veerle van den Daelen, “Negotiating the Return of the Diamond Sector and Its Jews: The Belgian Government During the Second World War and in the Immediate Post-war Period,” *Holocaust Studies* 18, nos. 2-3 (Autumn-Winter 2012): 231-60.

the great loss to the Jews of New York” and how they could continue his “work for the unity of Jews” from all areas of New York.⁴⁴ Leaving his bank to his sons Meyer and Louis Jarmulowsky, many were shocked that this supposed multi-millionaire left an estate worth only approximately half a million dollars.⁴⁵ Many wondered where Sender Jarmulowsky’s fortune had gone. The answer lay in the New York City real estate market and the speculative real estate dabbling of his son Meyer.

Jewish Immigrant Banks and New York City Real Estate

In the years leading up to 1914, the world of immigrant banking and its credit-accessing strategies transformed the ever-expanding world of New York real estate.⁴⁶ Starting at the end of the nineteenth century, real estate emerged as the ideal industry for ambitious immigrants who lacked capital and were willing to take risks. Scholars have long pondered Jewish immigrants’ embrace of real estate investment, which took place in numerous cities throughout the world in this period.⁴⁷ Unlike other commodities in which Jews invested during this period, real estate did not present its investor with an easily portable asset.⁴⁸ Rather, it exemplified an entrepreneurial spirit: it promised great profits to those willing to take large risks and live with much uncertainty.

The Jarmulowsky family clearly illustrates the ways Eastern European Jewish immigrant entrepreneurs became involved in real estate investment. Beginning in the 1890s, one finds several court cases in which Sender Jarmulowsky sued an individual who defaulted on a loan payment for the mortgage of a certain property. Jarmulowsky appears to have regularly made loans to aspiring Eastern European Jewish immigrant real estate developers. Some succeeded but others failed, and Jarmulowsky then found himself the owner of over twelve buildings on the Lower East Side as a result of their defaulted loans. The elder Jarmulowsky was well placed to succeed in what was then a new arena for wealth acquisition.

As the *New York Times* reported in 1903,

[A] new industry or a new method of investment for persons of small capital has arisen and has attracted the attention and the energies of many who had been engaged in other lines of activity. Speculative tenement building, to give it a name that best seems to describe it, has become a recognized business in part of the city . . . and has given

occupation to scores of men who have saved a few thousand dollars by laborious work in the sweatshops of that district.⁴⁹

In a manner reminiscent of how Jarmulowsky had leveraged and speculated on ship tickets in Germany, he also bet on real estate. Jews were far from the only immigrant group to invest in real estate. Such behavior was common, as the Dillingham Senate Immigration Commission noted: “there is a great tendency about immigrant bankers to invest funds entrusted to them in real estate and stocks . . . speculation in real estate is not infrequent. The tying up of funds in this way caused many failures during the panic of 1907.”⁵⁰ Another investigator for the New York State Tenement House Commission, Elgin Gould, explained the allure of such investments:

The work is done as cheaply as possible as it is all done on credit . . . Every penny saved means so much more profit to the building as he is not a holder for investment but builds to sell as soon as the building is completed or even before completion, should he be fortunate enough. Such a tenement built on an inside lot, would cost at the present time from \$16,000 to \$19,000. The cost of the lot varies, let us say, from \$15,000 to \$18,000. The total investment would therefore amount to about \$34,000. Rentals are fixed so that if the building keeps full and all rents are collected, from 12 to 12.5 percent gross would be received.⁵¹

Though not the only ones to engage in this venture, Jewish immigrant bankers became particularly heavily involved in real estate at the turn-of-the century because they emerged as the main source of loans to ambitious immigrants. Many contemporary observers have noted this fact, but few scholars have yet to address it.⁵² Jewish entrepreneurs’ appreciation of real estate as a commodity may have been directly linked to their premigration experiences: since Jews were “forbidden to own land,” they “never developed an attitude of reverence and permanence toward land.”⁵³ Jews may have differed from other immigrant groups in their lack of sentimentality towards land but they clearly diverged in their forward-looking attitude: when other groups began moving into specific neighborhoods, they moved elsewhere and developed new communities. Rather than limiting their involvement to Manhattan, Eastern European Jewish immigrants specialized in developing the outer boroughs of New York City. As George Cohen noted in 1924,

49 “Many Big Tenement Houses Built with Little Capital,” *New York Times*, September 13, 1903, 30.

50 United States Senate, Reports of the Immigration Commission: Immigrant Banks, 61st Congress, 3rd Session, vol. 37, Senate Doc. 753 (1911) [hereafter: Reports of the Immigration Commission], p. 244.

51 Elgin R.L. Gould, “Financial Aspects of Recent Tenement House Operations in New York,” in *The Tenement House Problem*, vol. 1, ed. Robert DeFrost and Lawrence Veiller (New York and London, 1903), 355-66, here 358.

52 Richard Wheatley claimed that Jews in New York not only owned close to \$200,000,000 in real estate but their constant trade of real estate holdings was responsible for more “than five-eighths” of all real estate deals in New York City. See Wheatley, “The Jews in New York,” 325. Also see Abraham Shachter, “Jews as the Builders of New York,” *American Hebrew*, July 4, 1912, 10.

53 Edward Shapiro, *A Time for Healing: American Jewry Since 1945* (Baltimore, 1992), 121.

The purchase of real estate and the building of new houses has become a Jewish business in New York, and in the other large cities where Jews are represented in appreciable numbers. Whole stretches of hitherto uninhabited territory, like the Bronx, Borough Park and Bensonhurst in New York City, Douglas Park section in Chicago and similar sections in the other cities have been converted into veritable cities, where block after block of fine suburban residences house the Jewish population. Land values within ten years have risen to an extent undreamed of. Barren and deserted spots have been turned into fine residential sections with all the latest advantages of a modern community. The tenement sections into which they migrated several decades earlier have been to a certain extent rebuilt; numbers of old private houses and slum dwellings have been converted into up-to-date double decker apartments.

Perusals of the real estate columns of the daily newspapers bring out the fact that the overwhelming majority of buyers of real estate are Russian Jews. The vast heterogeneous population of New York City is sheltered in Jewish homes. The Real Estate Record and Guide might be mistaken for a Jewish directory of the city.⁵⁴

Jewish immigrant entrepreneurs of all groups relied on their ethnic networks to build the types of dwellings that would entice other Jewish immigrants to move.⁵⁵ But the system that built up the tenements and new neighborhoods was heavily dependent on credit access and risk. Eastern European Jewish immigrant bankers' easy offers of credit helped immigrant Jews become a central force in the expansion of new areas of New York City. Eastern European Jewish entrepreneurship was critical in reshaping northern Manhattan, in particular the Harlem neighborhood, which has been called Manhattan's first suburb.⁵⁶

Harlem, long viewed as a bucolic retreat from the hectic life of the burgeoning metropolis, had remained relatively untouched for centuries. The phenomenal growth of Harlem in the late nineteenth century was a byproduct of the development of New York City, whose population soared to over a million people in 1880, with the elevated train expanding to its northern reaches.⁵⁷ Anticipating immigrant Jews' influx into Harlem to escape the cramped and impoverished conditions of the Lower East Side, Jewish investors started buying up

54 George Cohen, *The Jews in the Making of America* (Boston, 1924), 127-28.

55 Donna Gabaccia, "Little Italy's Decline: Immigrant Renters and Investors in a Changing City," in *The Landscape of Modernity: Essays on New York City, 1900-1940*, ed. David Ward and Oliver Zunz (New York, 1992). Indeed, scholarship on the role of Jews in New York real estate development has focused mostly on the interwar years when the outer boroughs became speckled with small apartment buildings erected by Jewish entrepreneurs in the Bronx along the Grand Concourse or in Brooklyn, along Eastern Parkway. These Jewish builders relied on their ethnic networks to build the types of dwellings that would entice middle class Jews. See Deborah Dash Moore, *At Home in America* (New York, 1983), 19-59.

56 Gilbert Osofsky, *Harlem: The Making of a Ghetto* (Chicago, 1996, reprint), 71; Jeffrey Gurock, *When Harlem Was Jewish* (New York, 1979).

57 Osofsky, *Harlem*, 74; Walter Laidlaw, *Population of the City of New York, 1890-1930* (New York, 1932), 51.

Harlem's ready supply of cheap lots. Indeed, this purchasing spree prompted lot values to skyrocket literally overnight, but Harlem was seen as both a new residential haven for Jews and a place that promised quick riches. So many Jewish entrepreneurs tried their luck in Harlem's real estate market that Abraham Cahan, editor of the *Jewish Daily Forward*, the most popular Yiddish daily newspaper, coined the Yiddish term "realestatenik" (combining the words real estate and *alrightnik* [nouveau riche]) to refer to the growing ranks of real estate speculators in the Jewish immigrant world.

As Cahan evocatively depicted in his classic tale of Jewish immigrant life, *The Rise of David Levinsky*, "huge fortunes seemed to be growing like mushrooms all over New York . . . I saw men who three years ago had not been worth a cent and who were now buying and selling blocks of property."⁵⁸ The "intoxicating" real estate "boom," Cahan explained, attracted all "the small tradesmen of the slums" to "invest their savings in houses in lots."⁵⁹ These "realestateniks" would gather in Harlem on the corner of Fifth Avenue and 116th Street, where their "gesticulating, jabbering, [and] whispering" made them resemble "the crowd of curb-brokers on Broad Street."⁶⁰ Echoing Cahan's fictive portrayal of the role Eastern European immigrant Jews were playing in New York City's real estate boom, George Cohen noted that tenement construction had emerged in New York as a particularly Jewish economic niche.⁶¹

Meyer Jarmulowsky, scion of one of the most influential Eastern European Jewish immigrant banking families, was one of the most successful "realestateniks" around. Before the suit that revealed the extent of their holdings, Meyer had his father's permission to use bank assets to build up a real estate empire. By 1912, he not only owned over twenty properties in central Harlem; he also became a prominent leader in the "redlining" movement to limit African-American settlement to a district north of 135th Street to the Harlem River in order maintain property values.⁶² In 1912, he spoke at St. Philip's Church, Harlem's premier African-American church, on "The Housing Problem from the Owners' Point of View."⁶³ There, he made the dubious argument that the effort to restrict African-American residences in Harlem stemmed not from racial prejudice but from the fact that African Americans did little to avert the deterioration of property. Comparing Harlem in 1912 to the Lower East Side in the 1870s, he urged his African-American audience to buy property and learn from his family's success and to "Be a factor in the business world."⁶⁴

58 Abraham Cahan, *The Rise of David Levinsky* (New York, 1917, reprint, 1969), 480.

59 *Ibid.*, 464.

60 *Ibid.*, 486.

61 George Cohen, *The Jews in the Making of America* (Boston, 1924), 127-28.

62 On Jarmulowsky's holding, see the records of the Real Estate Board of New York.

63 *New York Age*, Dec. 26, 1912. This whole encounter is discussed by Steven Bloom in his dissertation, "Interactions Between Blacks and Jews in New York City, 1900-1930, as Reflected in the Black Press" (Ph. D., New York University, 1973), 167-71.

64 "Be a Factor in the Business World: Advice of Meyer Jarmulowsky, East Side Banker, to Negroes," *Amsterdam News*, December 26, 1912. The intricate ways Meyer Jarmulowsky acknowledged and played upon issues of race demonstrates some of the ways immigrant Jews saw themselves "acquiring the prejudices associated" with America as they "scrambled for social status" in the race-conscious nation. See Eric Goldstein, *The Price of Whiteness: Jews, Race and American Identity* (Princeton, 2006), 82.

Only after the elder Jarmulowsky's death would the extent of Meyer's investments in Harlem become clear. During his life, Sender Jarmulowsky had amassed a huge fortune, which he had donated generously within the Jewish community and flaunted freely. He even commissioned the building of an ostentatious bank on the very corner of Canal Street where he had established himself thirty years earlier. And yet, when he died, in June 1912, this supposed multi-millionaire left an estate worth only approximately half a million dollars to his wife.⁶⁵ Where had the money gone? It was swallowed up by Meyer's real estate investment strategy to expand the Jarmulowsky bank's profits. After hearing rumors concerning the construction of a new subway line along Second Avenue, Jarmulowsky purchased thirty-seven properties with bank assets in East Harlem, believing they would make him even more money than his previous investments had.⁶⁶ But his lofty ambitions were thwarted by events that transpired in Europe.

On June 18, 1917, Judge Augustus Hand presided over the bankruptcy hearing for Sender Jarmulowsky's bank. Seizing all buildings owned by the Jarmulowsky family, Hand set up a receivership, which he called the Loretta Corporation.⁶⁷ All anxiously awaited for the auction of the Jarmulowsky properties, estimated to be worth \$2 million in 1918. While the auction room was filled with many bidders and some former depositors of the bank, the great interest did not turn into great profits; in the end only \$371,850 was realized from the sales. Watching the claimants who held the government responsible, even though the Jarmulowsky bank was not chartered or checked by the New York State Banking Authority, Hand joined forces with the State Banking Superintendent to craft increased regulation of private banks along with new legislation to protect depositors and the state from corrupt immigrant entrepreneurs who called themselves "bankers." The effort to transform these proposed regulations into law illustrates how these immigrant entrepreneurs — far from just operating on the periphery of the economy and transforming the immigrant economy — were also able to set changes in motion that altered the shape of American banking at its core.

Immigrant Bank Closures and the Expansion of New York State Banking Law

The years immediately following the closures of the Jewish immigrant banks marked a watershed moment in the history of commercial banking in New York City. To be sure, long before 1914, as historian

65 "Only \$501,053 Left by Jarmulowsky: East Side Banker Had Been Reputed to be Multi-Millionaire," *New York Times*, August 14, 1912.

66 "FIRST AVENUE FOR SUBWAY; Reasons Why East Side Line Should Be There," *New York Times*, November 19, 1904; "FOR FIRST AVENUE SUBWAY; East Side Improvement Association Treasurer Argues for It," *New York Times*, February 2, 1905. Indeed, rumors of the construction of this subway line are still being debated. Michael Grynbaum, "Further Delays Possible for Second Avenue Subway," *New York Times*, July 22, 2009.

67 See the following cases: JARMULOWSKY C.A.2 1919, Circuit Court of Appeals, Second Circuit, May 14, 1919; no. 161. *Robbing v. Bank of M. & L. Jarmulowsky*, 90 N. Y. Supp. 288.

Jared Day notes, “numerous immigrant bank failures” provoked the creation of new regulations. Failures in 1907 prodded “the New York state legislature to pass what came to be known as the ‘Wells Law’. This law provided that all private bankers who accepted money for the sale of steamship tickets or for transmission abroad had to file a \$15,000 bond to assure that the transactions were faithfully executed.”⁶⁸ While the Wells Law addressed issues of corruption in the world of immigrant banking, the only crime committed by the Jewish immigrant bankers was their heavy investment in real estate that could not be liquidated quickly. In response, banking and legal authorities crafted the Banking Law N.Y. § 156 in 1919, which gave “persons making deposits for safekeeping or transmittal preferred claims against certain funds upon a private banker’s insolvency,” and to recover any “money which he can trace and identify.”⁶⁹ The law would enable depositors to make claims against Jarmulowsky’s massive real estate holdings. Banking Law N.Y. § 156 would go on to define banking insolvency law until 1930.

But the most revolutionary change set in motion by the immigrant bank closures of 1914 concerned the world of private banking, of which immigrant banks constituted the largest segment. “Until the passage of the present law, no private banker,” explained the New York State Banking law, “was subject to the supervision of the superintendent of banks.”⁷⁰ Indeed, several court cases in the years leading up to 1914 had “recognized” the definition of a private banker as “a person or a firm engaged in the banking business without authority from the banking department and not subject to the banking law or the supervision of the superintendent of banks.”⁷¹ But as the *New York Times* reported, just months before the war broke out, the Senate Banking Committee held a hearing and decided that immigrant bankers must be supervised and regularly checked to avoid failure. Calling for increased regulation of private banking firms, ironically, Meyer Jarmulowsky himself admitted that “the security of the depositors depends entirely on the honesty, conservatism and business wisdom of the banker.”⁷² Under questioning, he admitted that real estate investments of private bankers should be more closely supervised. Thus, in response to his own advice, New York State revised its banking laws, declaring in Chapter 369 of Section 2 of the Consolidated Banking Laws of New York that anyone who wanted to call himself a “private banker,” or who “makes use of any office sign bearing thereon the word “bank” in his business must be regularly supervised by the New York State’s Banking Superintendent.” No

68 Day, “Credit, Capital and Community,” 75-76; David Warfield and Margherita Arlina Hamm, *Ghetto Silhouettes* (New York, 1902).

69 This law can be accessed and read in full through Westlaw, Document 14_39_33_4300.

70 George Wilson Morgan and Amsa Parker Jr., *Banking Law of New York: Chapter 2 of Consolidated Laws, Chapter 369, Laws of 1914 with Notes, Annotations and References* (New York, 1919), 5.

71 *Ibid.*, 5-6.

72 “All Do Not Favor State Regulation,” *New York Times*, January 17, 1914.

entrepreneur can just claim to be “a banker” without a state charter. The State Banking Superintendent would monitor all immigrant banks to insure they kept enough assets in reserve and did not loan funds to risky borrowers. The entrepreneurial practices of Eastern European Jewish immigrant bankers paved the way for the expansion of the state power into immigrants’ financial lives and the limitation of places where they could gain access to credit.

The Annual Reports of the Superintendent of Banks from the 1920s illustrate how the state policy of advising immigrant entrepreneurs to incorporate their enterprises as state banks altered banking in New York City.⁷³ “The department “advised private bankers to incorporate because of the additional protection afforded the depositors,” the 1927 Annual Report of the Superintendent of Banks noted, with the result that the number of private bankers declined from year to year.⁷⁴ At least 36 private banks incorporated as state banks or became a part of ordinary financial institutions between 1915 and 1932 (see Table 1). Meanwhile, between 1914 and 1932, the department liquidated approximately 101 private banks — the same number of private banks that were under the supervision of the Superintendent of Banks at

73 I would like to thank Shira Poliak for all her research assistance with these figures and charts. *Annual Report of the Superintendent of Banks, 1924*, 7; *Annual Report of the Superintendent of Banks, 1927*, 7; *Annual Report of the Superintendent of Banks, 1922*, 6.

74 *Annual Report of the Superintendent of Banks, 1927*, 7.

75 A 0 indicates that the report specified that no new private bank was authorized or liquidated. A space indicates that the Annual Report did not specify if new banks were created, liquidated, or became incorporated banks in the given year. I would like to thank Shira Poliak for creating this table.

Table 1: Number of Private Banks Authorized, Liquidated, and Incorporated as State Banks, 1915-1932⁷⁵ (Source: *Annual Reports of the Superintendent of Banks, 1914-1932*)

Year	Number of Private Banks	Number of New Private Banks Authorized	Number of Private Banks Liquidated	Number of Private Banks Incorporated or Absorbed by Incorporated Institutions
1915	75	29	3	1
1916	76	11	5	1
1917	80	9	4	1
1918	84			
1919	91	10		2
1920	101	10		
1921	98	3	4	
1922	95	3	5	
1923	90	0	6	
1924	82	1	5	
1925	74	0	0	4
1926	68	0	4	8
1927	59	0	7	2
1928	50	0	6	
1929	44	0	7	17
1930	33	0	18	
1931	20	0	21	
1932	17	0	6	
Total			101	36

its peak in 1920. Many of these liquidations were involuntary, which highlights how the Banking Department expanded state authority to clamp down on immigrant banks they deemed to be financially unsound.

The Banking Department's efforts to liquidate immigrant banks transformed the strategies that immigrant entrepreneurs who remained in the world of unregulated financial services for the immigrant working class used. Real estate development and investment became markedly less popular as the annual report of the New York State's Superintendent of Banks suggests: the percentage of real estate and mortgages these banks held, as Table 2 illustrates, dropped significantly. In 1915, real estate and mortgages comprised 36 percent of the total assets of these banks, and this figure dropped to as low as 7 percent by 1923. This change is significant because it suggests that the Banking Department's efforts to pressure private banks led Eastern European Jewish immigrant bankers to restructure and become safer — moving away from risky, illiquid and highly speculative assets like real estate which had alarmed the Superintendent of Banks in his initial review of their books in 1914.

After 1914, instead of seeing immigrant banks as offering credit and services to “unbanked” immigrant workers, banking regulators became convinced that these informal financial institutions were suspect and fraudulent. They mobilized public pressure and lobbied for new banking laws to suppress immigrant banks' capacities. As the New York State Superintendent of Banks Joseph Broderick declared in support of amendments to New York State banking laws in 1930, “The amendment will not only act as a deterrent to the formation of new bootleg banking concerns, but will serve either to drive those in existence under the supervision of the Banking Department or out of business.”⁷⁶ Drawing on Prohibition-era discourse, Broderick made clear that unregulated immigrant bankers were akin to renegade bootleggers.

76 Memorandum from Joseph Broderick to Mr. Samuel Rosenman, Counsel to the Governor, n. d., Legislative Bill Jacket 1930, chap. 678, Reel #5, New York Public Library — Science, Industry and Business Library, New York, NY. I would like to thank Shira Poliak for pointing me to this source.

Table 2: Percentage of Real Estate and Mortgages of Total Assets of Private Banks under the Supervision of the Superintendent of Banks, 1915-1926 (Source: *Annual Reports of the Superintendent of Banks, 1915-1927*)

Year	Percent of Real Estate and Mortgages of Total Assets
1915	36
1916	30
1917	20
1918	15
1919	11
1920	10
1921	9
1922	8
1923	7
1924	8
1925	8
1926	7

By 1930, Broderick had made credit access for immigrants as difficult to find as an alcoholic drink. He made it illegal for private banks holding deposits under \$500 to accept any sums, thereby preventing those surviving immigrant banks from providing the basic service it clients needed.⁷⁷ The efforts of the Banking Department significantly curtailed private banks' capacities, so by 1932, only seventeen immigrant banks remained under the Superintendent of Banks' supervision — a huge drop from the over one thousand immigrant banks the Dillingham commission found in 1909.⁷⁸

Conclusion

In the decades following 1914, immigrant banking would be virtually erased from the streets of New York City. While the edifices constructed by various luminaries of the world of immigrant banking still stand on New York's Lower East Side, their owners' names and their entrepreneurship have faded into oblivion as a result of increased regulation crafted by the New York State Banking Authorities. As the banking capital of the nation, New York, with its legislation and action, served as a model for other states for addressing the problem of "immigrant banking," a "problem" that would be eliminated from the United States in the coming years.

So what historical lessons can be learned from paying closer attention to the lost world of Jewish immigrant entrepreneurs who sold ship tickets and set up enterprises called banks? First and foremost, Jewish immigrant bankers were far from exceptional: dozens of other immigrants inserted themselves in the American economy by conducting businesses that depended on connections on both sides of the Atlantic. Utilizing their native tongue, these entrepreneurs took advantage of the new markets that opened up as a result of migration. Far from exceptional, Eastern European Jewish immigrants — to use the words of Claude Lévi-Strauss — I argue are "good to think with" about this larger network of immigrant entrepreneurs as their clients often brought them to court, laying bare many of their business practices.⁷⁹ By offering credit to prospective migrants in Germany and engaging in other business practices, these entrepreneurs both fueled and shaped this mass population shift. Indeed, as many often forget, the world of immigrant banking made mass migration to America possible. Once their migrant clientele arrived in America, continued access to credit transformed not only immigrant economic adaptation to America but also the physical landscape of New York City.

77 Van Horn, "The Small Private Banker in New York and Regulatory Change," 116.

78 *Annual Report of the Superintendent of Banks*, 1932.

79 Claude Lévi-Strauss, *Totemism* (Boston, 1963), 89.

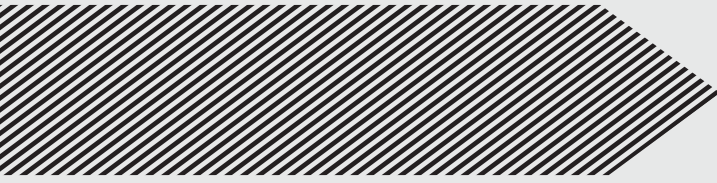
The virtual erasure of immigrant bankers from the annals of American economic history has ultimately obscured the crucial role immigrant entrepreneurs played in the development of American commercial banking. While many scholars reflect upon the critical link between entrepreneurship and growth in opening up new markets, fewer reflect on the role entrepreneurship plays in creating new types of regulations and legal structures that shape the world in which all entrepreneurs can even operate. Immigrant bankers not only provided a vehicle through which unbanked immigrant masses could participate in American finance; they prompted new types of regulations that forever changed the face of commercial banking in the United States. Far from operating on the periphery of the world of banking, these Eastern European Jewish immigrant entrepreneurs transformed American banking at its core as their unchartered banks provided new models for how the foreign-born could access credit in New York.

In the end, a closer examination of Eastern European Jewish immigrant entrepreneurship contributes not only to the growing literature on the economic dimensions of immigration history but also to the larger discussion on the interrelationship between American character, immigrants, and capitalism. Perhaps discomfort with immigrant bankers was rooted in a larger general anxiety about the role speculation played in America's rapid advance as a world economic power.⁸⁰ While America's founding myth identifies American affluence as rooted in celebrated Protestant values of hard work, saving, and methodical planning, those closer to the world of immigrant banking faced the limitations of thrift and circumspection for those trying to get a footing in the new world. Speculation — in real estate, ship ticket sales, or banking — was the engine that drove America's economic expansion in first decades of the twentieth century. There were those who worried, however, that the speculative ethos that these men exemplified undermined the "frontier spirit" that had molded America's geographic expansion and character in the previous generation. As the lost world of Jewish immigrant banking illustrates, much economic development was precipitated by the innovative approaches and entrepreneurial spirit of fearless immigrants on the frontiers of credit in their new world. Indeed, in revisiting this lost world we gain "a richer and deeper understanding of entrepreneurship and how it shapes and reshapes the modern world" both through opening up new markets and through creating new regulatory structures.⁸¹

80 Jackson Lears, *Something for Nothing: Luck in America* (New York, 2003), 5.

81 Wadhvani and Jones, "Schumpeter's Plea: Historical Reasoning," 216.

Rebecca Kobrin is an associate professor of American Jewish History at Columbia University and the author of several books, including *Jewish Bialystok and Its Diaspora*. She served as the Hilda Blaustein Post-Doctoral Fellow at Yale University (2002-2004) and the American Academy of Jewish Research Post-Doctoral Fellow at New York University (2004-2006). Her areas of specialty include American Jewish history, immigration history, international history, and Jewish economic history. Her research, teaching, and publications engage in the fields of international history, urban history, Jewish history, American religion, and diaspora studies.



Entrepre- neurship in the Mirror of Biographical Analysis

JOHANN CHRISTOPH SAUER: PIONEER OF THE GERMAN-AMERICAN PRESS

Hans Leaman

Johann Christoph Sauer (born ca. February 2, 1695 in Ladenburg, Electoral Palatinate; died September 25, 1758 in Germantown, PA) was the most active publisher of German-language print in colonial America. Through his publishing work, based in Germantown, Pennsylvania, he became the mouthpiece for many German immigrants' opinions on the political and religious controversies of the mid-eighteenth century. Contemporaries recognized that the path to winning the political support of German-speaking settlers in the mid-Atlantic colonies ran through his printing press, and Germans on both sides of the Atlantic looked to him as a prime conduit of information between Europe and America.

Sauer imported the first set of German type to America, edited the most successful German-language newspaper and almanac in the colonies, and published the first European-language Bible in America. The first editions of many German-American churches' hymnals and devotional books also bear his press's imprint. Both his son and grandson, who bore his name, continued his major printing projects after his death and remained prominent voices for sectarian German-Americans during the French and Indian War and the American Revolution.

Family and Ethnic Background

Sauer was born into a Reformed pastor's family in the Electoral Palatine town of Ladenburg, situated along the Neckar River halfway between Heidelberg and Mannheim. His father, Johann Christian Sauer, and mother, Anna Christine, had him baptized in the parish church on February 2, 1695. He had at least one older brother, one older sister, and one older step-brother from his father's first marriage. Sauer's father had studied theology at Marburg and took up a post as pastor and schoolmaster in Ladenburg in 1681. Soon after Sauer was born, the family moved to Feudenheim, closer to Mannheim, where Johann Christian pastored until his death six years later in 1701. It is uncertain where Sauer spent the rest of his childhood, but by the age of 18 he was living in Schwarzenau, in the County of Wittgenstein, and working as a young tailor. The presence of a Sauer

- 1 Donald F. Durnbaugh, "Christopher Sauer, Pennsylvania-German Printer: His Youth in Germany and Later Relationships with Europe," *Pennsylvania Magazine of History and Biography* 82 (1958): 316-40, here 319-23.
- 2 *Ibid.*, 222-23; Hans Schneider, *German Radical Pietism*, trans. Gerald T. MacDonald (Lanham, MD, 2007), 89-97, 107-12; Donald F. Durnbaugh, "Was Christopher Sauer a Dunker?" *Pennsylvania Magazine of History and Biography* 93 (1969): 383-91.
- 3 Sauer to Brethren and Friends (Germantown, Dec. 1, 1724), handwritten copy, Niedersächsische Staats- und Universitäts-Bibliothek, Göttingen, Cod. Ms. Hist. 821, 10r-18v, here 15r, translation at R. W. Kelsey, "An Early Description of Pennsylvania. Letter of Christopher Sower, written in 1724, Describing Conditions in Philadelphia and Vicinity, and the Sea Voyage from Europe," *Pennsylvania Magazine of History and Biography* 45 (1921): 243-54, here 249.
- 4 News from Sauer was often first published in Germany in the radical Pietists' religious journal *Geistliche Fama, Mittheilend Einige Neuere Nachrichten von Göttlichen Erweckungen* (Berleburg, 1730-1744). Sauer, in turn, frequently reprinted material from *Geistliche Fama* in his early publications.
- 5 Daß Leben deß Herrn Charles Hector Marquis St. George de Marsay von ihm selber beschrieben nebst dem Leben der mit ihm vermählten Fräulein Clara Elisabeth von Callenberg, Archiv der Evangelischen Kirche im Rheinland, Düsseldorf, BM 4/1, 294, quoted in Durnbaugh, "Christopher Sauer," 324. On de Marsay and his wife, see Schneider, *German Radical Pietism*, 95-97.

family in the records of two nearby towns, Laasphe and Berleburg, has led historians to posit that the widowed Anna Christine moved to Wittgenstein with her children soon after her husband's death. Around 1720 Sauer married Marie Christine Gross (née Gruber), the widow of a Reformed pastor, and the couple moved to Laasphe, where they welcomed the birth of their only child, Johann Christoph II, on September 26, 1721.¹

During the years that Sauer lived in Wittgenstein, it had become a center of refuge for radical Pietists like Ernst Christoph Hochmann von Hochenau (1670-1721) and Alexander Mack (1679-1735), who founded the Schwarzenau Brethren in 1708. (Because of their practice of adult immersion baptism, the Brethren became known as "New Baptists" or "Dunkers," and, in colonial America, as "German Baptists".) Sauer had personal contacts with Mack in Schwarzenau, and the absence of Sauer's son from the baptism rolls of the local parishes likely indicates that Sauer had become a separatist by 1721. There is no record that Sauer ever became a member of the Brethren, but his sympathies toward the group were apparent in his writings, and his son eventually became a bishop for the German Baptists in Pennsylvania.² Sauer's contacts within the networks of German Pietists and other sectarians proved integral to his later printing career.

In autumn 1724, Sauer left the German lands with his wife and son, arriving in Philadelphia on November 1. Writing to friends in Wittgenstein one month after his arrival, Sauer recounted the journey favorably and described Pennsylvania as a "very good and blessed land, like an earthly Paradise."³ ("... so ist dieses Land für vielen einen andern Ländern ein sehr gutes und gesegnetes Land, und gleichsam ein weltliches Paradies . . .") This would be the first of many dispatches from Sauer that gained a wide audience among the sectarians of his home region.⁴ One contemporary in Wittgenstein, the French mystic Charles Hector Marquis St. George de Marsay, recorded in his diary in 1725 that at least one hundred persons from the area had resolved to leave for Pennsylvania after learning from Sauer's letters that "One could live there as a good Christian in solitude, as one pleased," and that if "one wants to work a little, especially craftsmen . . . then one could earn his livelihood with abundance."⁵ Toward the end of his life, Sauer claimed that his letters from Germantown, describing the "civil and religious liberty" that he found there, had been "printed and reprinted" in Germany and

“provoked many a thousand people” to emigrate to the Pennsylvania colony.⁶

As for earning his own livelihood, Sauer set his tailoring craft largely aside once he was in Germantown and instead began making clocks and repairing pots and pans. He explained to friends in Wittgenstein that tailoring in Pennsylvania required working in people’s homes rather than in his own shop, necessitating too much travel from Germantown to find enough business. Marie Christine also combed wool to provide the family with some supplemental income. Wages, Sauer estimated, were two to four times higher in Germantown than they were in the German lands, and a day laborer or artisan without any debts could buy one hundred acres and a “soundly built” stone house within two or three years.⁷

For Sauer it took less than two years to buy his own property. In 1726, Sauer purchased a fifty-acre farm in Lancaster County, Pennsylvania, another area where many sectarian German immigrants were settling. But a significant family change led him to abandon farming and return to Germantown in 1731: Marie Christine left Sauer and their young son to pursue a contemplative life alongside Conrad Beissel (1691-1768) in the woods of northeastern Lancaster County. Beissel, initially a leader of the German Baptists in Lancaster County, had split from the church after he began advocating celibacy and worship on the Sabbath. As one of Beissel’s earliest followers, Marie helped him form the religious community of the Seventh-Day Baptist Brethren in nearby Ephrata and eventually became the assistant prioress of the “Sisterhood” there, taking on the name “Sister Marcella.” It was not unusual for married partners to join the Ephrata community and commit themselves to celibacy. But Sauer distrusted Beissel’s unique theology and accused him of displaying messianic tendencies and a “mercurial” spirit.⁸ Even so, Sauer’s connections to the Ephrata community proved very beneficial: when he took up printing, the Seventh-Day Baptist Brethren provided him with his earliest contractual work, and after the Brethren developed their own print shop in the mid-1540s, he partnered with them on several projects. Marie Christine returned to her family in Germantown in November 1744 and died eight years later on Dec. 14, 1752.⁹

When Sauer gave up farming in Lancaster County, he continued to pursue clock-making and added a number of other trades. A letter from one acquaintance in Pennsylvania to another in Germany reported that Sauer had opened an apothecary shop,

6 Sauer to Gov. Robert Hunter Morris (Germantown, Mar. 15, 1755), Cassell Collection, Juniata College, Huntington, PA, MS 95, printed at Martin Grove Brumbaugh, *A History of the German Baptist Brethren in Europe and America* (Mount Morris, IL, 1899), 377, and Donald F. Durnbaugh, ed., *The Brethren in Colonial America* (Elgin, IL, 1967), 32.

7 Sauer to friends and acquaintances at Schwarzenau, Berleburg, Laasphe and Christianseck (Germantown, Aug. 1, 1725), Fürstliches Archiv zu Sayn-Wittgenstein-Berleburg, Bad Berleburg, K 36, translation at Donald F. Durnbaugh, “Two Early Letters from Germantown,” *Pennsylvania Magazine of History and Biography* 84 (1960): 219-33, here 229, 230, 232; Durnbaugh, “Christopher Sauer,” 324.

8 In 1739, Sauer wrote a pamphlet to air his objections to Beissel’s self-image. *Ein abgenöthigter Bericht, Oder: Zum öfftern begehrte Antwort. . .* (Germantown: Christoph Sauer, 1739). See also Jeff Bach, *Voices of the Turtledoves: The Sacred World of Ephrata* (University Park, PA, 2002), 42, 85, 111. The controversy between Sauer and Beissel is well-documented in Julius Friedrich Sachse, *The German Sectarrians of Pennsylvania: A Critical and Legendary History of the Ephrata Cloister and the Dunkers* (Philadelphia, 1899-1900), 328-44.

9 Brumbaugh, *German Baptist Brethren*, 352-53.



Figure 1: Contemporary photograph of the Saal (meetinghouse) and Saron (communal residence for the monastic sisters) at the Seventh-Day Baptist Brethren's Ephrata Cloister near Ephrata, Pennsylvania. The Saal is on the left-hand side of the image and the Saron on the right-hand side. Used under Creative Commons.

performed bloodletting and surgeries,¹⁰ erected a lathe shop next to his home where he made spinning-wheels and cabinets, and built a glazier shop where he made frames and lead grooves. These ventures, along with the sale of his farmland in Lancaster County, apparently earned him a comfortable income: by 1739, soon after he

began printing, he had built along the main road in Germantown a two-story stone house, which was described as “very spacious.” In the absence of his wife, he paid an elderly woman to keep house for him and his teenage son.¹¹

By his last decade, his reputation as “a conscientious and ingenious man” (“*ein ehrlicher gewissenhafter schickter Mann*”) was well-established on both sides of the Atlantic.¹² As one of the leading journals of ecclesiastical history in Germany introduced him in 1751, “He went to America as a tailor, and has become printer, apothecary, surgeon, botanist, maker of small and large clocks, cabinetmaker, bookbinder, editor of newspapers . . . maker of lead and wire, paper-maker, and so forth.”¹³

Business Development

Sauer’s desire to become a printer merged his mechanical know-how with his religious interests. In the decade before he established his printing press in 1738, he had already become tied into a network of religious book-dealing that spanned the Atlantic. In 1729 he wrote to Christoph Schütz (1689-1750), the prolific hymn-writer for the Inspirationist community based in Homburg vor der Höhe (which became the forerunner to the Amana Church Society in America), to ask if he might send some of his hymnals or other religious books

10 An apothecary recipe book that once belonged to Sauer is held at the Abraham H. Cassell Collection (Collection 1610), Historical Society of Pennsylvania, Philadelphia, Ms. 22.

11 Christoph Schütz to Heinrich Ehrenfried Luther (Homburg vor der Höhe, Oct. 3, 1740), printed in *Die Egenolff-Luthersche Schriftgiesserei in Frankfurt am Main und ihre geschäftlichen Verbindungen mit den Vereinigten Staaten von Nordamerika* (Frankfurt am Main, 1926), 36-37 (quoting a letter from a fellow correspondent in Springfield Manor, Pennsylvania, Oct. 6, 1739), partial translation at Edward W. Hocker, *The Sower Printing House of Colonial Times* (Norristown, PA, 1948), 17-18.

12 Ibid., 36.

13 “Copey eines merkwürdigen Schreiben des Herrn Sauers in America,” *Acta*

historico-ecclesiastica 15 (Weimar, 1751): 210-26, translation at Durnbaugh, *Brethren in Colonial America*, 120. This

introduction preceded the publication of a letter that Sauer had sent to a Frankfurt book dealer.

for poor German immigrants who were not getting sufficient exposure to spiritual literature. At the time, there was almost no German-language printing in America. Only the year before did the Philadelphia printers Andrew Bradford (1686-1742) and Benjamin Franklin (1705/1706-1790) begin to publish the first German prints in America, but between 1728 and 1738 they managed to put out fewer than a dozen German books and hymnals.¹⁴ Bradford also printed a German-language almanac between 1730 and 1732,¹⁵ and Benjamin Franklin put out a short-lived German newspaper in 1732.¹⁶ Both used Roman (*antiqua*) type, which most Germans were unaccustomed to reading. Schütz responded to Sauer's petition by sending over eight hundred pounds of Bibles and other devotional works at his own expense, which Sauer then distributed to the poor for free or, for families with some means, for a nominal cost that went towards further charitable endeavors. As church organizations in the German lands received more petitions from the colonies for donated religious literature, Sauer became a regular middleman for distributing the books.¹⁷

At the same time, Sauer also set his sights on a more permanent solution to the shortage of German-language books in the colonies. He expressed to Schütz his desire to found a small press in Germantown to address what he identified as the two great needs of German colonists: theological matter and home remedies for illnesses. If he could obtain a set of German type, he wrote, he envisioned printing an almanac that would include reading material on both topics.¹⁸

Sauer had no training in printing, a profession that men usually joined only after serving long years of apprenticeship. That this German custom was no impediment to taking up the trade at will, however, was one of the aspects of American life that Sauer most appreciated: in one of his first letters to the German lands, he listed first among the advantages of life in Pennsylvania the fact that "there are neither guilds nor burdens from the authorities."¹⁹ To get his start as a printer, he turned to his Pietist connections in the German lands, writing in 1735 to Gotthilf August Francke (1696-1769), whose father — the renowned Pietist theologian, Biblical scholar, and philanthropist, August Herman Francke (1663-1727) — had run a printing press in Halle in order to disseminate inexpensive Bibles. Sauer sought Francke's help in purchasing and exporting a set of Gothic (*Fraktur*) type. Francke expressed

15 *Der Teutsche Pilgrim: Mitbringende Einen Sitten-Calender . . .* (Philadelphia, 1730-1732).

16 *Philadelphische Zeitung* (Philadelphia: Benjamin Franklin, May 6-June 24, 1732).

17 Schütz to Luther (Oct. 3, 1740), at Egenolff-*Luthersche Schriftgiesserei*, 35; Robert E. Cazden, *A Social History of the German Book Trade in America to the Civil War I* (Columbia, SC, 1984), 3-6.

18 *Ibid.*, 36.

14 Karl John Richard Arndt & Reimer C. Eck, eds., *The First Century of German*

Language Printing in the United States of America I: 1728-1807, comp. by

Gerd-J. Bötte and Werner Tannhof (Göttingen, 1989), 1-6.

19 Sauer to Friends (Aug. 1, 1725), at Durnbaugh, "Two Early Letters," 228.

20 Gottlieb August Francke to Friedrich Michael Ziegenhagen (1735) (referring to a letter from Sauer to Francke, dated June 15, 1735), printed in W.J. Mann und B.M. Schmucker, eds., *Nachrichten von den Vereinigten Deutschen Evangelisch Lutherischen Gemeinen in Nord-America, absonderlich in Pensylvanien*, 2 vols. (Allentown, PA, 1886-1895), 1:58-59, also quoted in Durnbaugh, "Christopher Sauer," 325-26. On Francke and Ziegenhagen's desire to keep Pietist printing tightly controlled from Halle, see Thomas Müller-Bahlke, "Communication at Risk: The Beginnings of the Halle Correspondence with the Pennsylvania Lutherans," in Hartmut Lehmann, Hermann Wellenreuther & Renate Wilson, eds., *In Search of Peace and Prosperity: New German Settlement in Eighteenth-Century Europe and America* (University Park, PA, 2000), 139-55.

21 Durnbaugh, "Christopher Sauer," 328; *Egenolff-Luthersche Schriftgiesserei*, 30.

22 Sauer to Heinrich Ehrenfried Luther (Germantown, Oct. 11, 1740), in *Egenolff-Luthersche Schriftgiesserei*, 39; *The Pennsylvania Town and Countrymen's Almanac 1755* (Germantown, 1754), 40.

23 Comp. Patrick Erben, "William Rittenhouse," in *IE*.

24 In Franklin's account book for 1738, he made entries for two extensions of credit totalling more than £96 (approximately \$12,500 in 2011 dollars) to Conrad Weiser for the purchase of 178 reams of paper, including 52 reams from Genoa. George Simpson Eddy, ed., *Account Books kept by Benjamin Franklin*, 2 vols. (New York, 1928), 1:52; cited in Paul A. W. Wallace, *Conrad Weiser, 1696-1760: Friend to Colonist and Mohawk* (Philadelphia, 1945), 103; see also Sachse, *German Sectarians*, 319-320, 326-328; John Samuel Flory, *Literary Activity of the German Baptist Brethren in the Eighteenth Century* »

"doubt whether a printing press in the West Indies would be of any particular value" ("... so zweifle ich auch, daß durch eine Drückerei in Westindien sonderlicher Nutzen geschafft werden möchte"),²⁰ but Sauer found interest three years later from individuals in Frankfurt am Main, the other main center of German Pietist activity. With Christoph Schütz's mediation, Sauer successfully petitioned Dr. Heinrich Ehrenfried Luther (1700-1770), the owner of a Frankfurt type foundry, to ship five to six hundredweight of type in the autumn of 1738. Although Sauer discovered that some of it was defective, leading to some difficulties in his first publications, Luther sent replacements and, in 1740, a set of *antiqua* type as well.²¹

While Sauer needed to procure his type from Germany, he did not need to import a press. Instead, he put his cabinet and clock-making skills to work to build his own. He also employed his knowledge of chemistry to mix his own lampblack for the press, which he later marketed to the public as "Sauer's Curious Pennsylvania Ink-Powder."²² Maintaining a sufficient supply of paper proved to be the most troublesome piece of the printing process. Andrew Bradford's family had a long-standing business relationship with the Rittenhouse paper mill, giving him first option to buy paper for his press.²³ Benjamin Franklin, on the other hand, had a close relationship with Dutch immigrant entrepreneur William Dewees (ca. 1677-1745), the only other local source of paper in 1738. In order to complete his first book, a large hymnal for the Seventh-Day Baptist Brethren called the *Zionitischer Weyrauch-Hügel, oder: Myrrhen Berg*, Sauer obtained the paper from Franklin at wholesale. But the cost of the paper was so high that the colonial diplomat Conrad Weiser (1696-1760), who had joined the Ephrata community, had to travel to Philadelphia to make the purchase on Sauer's behalf. Franklin, who had printed Ephrata's earlier hymnals, was willing to extend credit to Weiser for the large purchase, but not to Sauer. The hymnal was printed, in part, with paper that Franklin imported from Genoa, and since Franklin himself had to pay cash for the imported paper, he likely needed assurance that payment would follow more quickly than Sauer was able to provide.²⁴ By 1744, however, Franklin accepted Sauer's credit, and Sauer took out smaller orders of paper from him each year before paying his

» (Elgin, IL, 1908), 60-61, 78. My thanks to James N. Green, Librarian of the Library Company of Philadelphia, for directing me to Eddy's *Account Books* and for describing

Franklin's paper trade. Green has also alerted me to a strong documentary link between Weiser's paper purchase and the *Zionitischer Weyrauch-Hügel*: within the holdings

of the Library Company of Philadelphia is an uncut, unfolded sheet from the hymnal bearing the distinctive watermark of Franklin's Genoa paper manufacturer.

account in full in 1748.²⁵ Like Franklin, Sauer frequently advertised for rags from his readers, which he gave to local mills to produce paper at a discount. To gain more control over his paper supply, Sauer's son eventually built his own paper mill on the Schuylkill River.²⁶

Through his choice of publications, Sauer wedded his religious convictions with astute identification of the kind of reading that many Pennsylvania German immigrants were seeking. In his correspondence with Dr. Luther, Sauer wrote of his press as a type of religious and humanitarian mission. He held strong opinions that his press should not be used to create mere diversions for the reading public, but rather provide texts that would be for the "glory of God and the physical or eternal good of my neighbors." "Whatever does not meet these standards," he claimed, "I will not print . . . I am happier when I can distribute something of value among the people for a small price, than if I had a large profit without a good conscience."²⁷

These standards appear to have guided both the content of his publications and his business model. His early printing projects were almost entirely religious in character and predominantly oriented toward radical Pietism and Anabaptism. The first publication to roll off Sauer's press was a German translation of a religious broadside by Benjamina Padley (1658/1659-1687), a female Quaker prophet from England. Establishing a pattern that can be traced for many of his publications, the translation was reprinted one year later in the Rhineland, indicating that Sauer's press served as an important link in the transmission of ideas between English and German Pietist groups on both sides of the Atlantic.²⁸

Sauer's first two books soon followed — an "ABC Book" likely written by the local Mennonite schoolteacher, Christopher Dock (1738),²⁹ and the hymnal for the Ephrata community, including many of Conrad Beissel's original works (1738-39). Soon other German churches came to Sauer to print their own collections of hymns. Sauer is thus the publisher of the first American hymnal for the Mennonites and Amish (*Ausbund*, 1742), the Moravians (*Hirten Lieder von Bethlehem*, 1742), the German Baptists (*Das Kleine Davidische Psalterspiel der Kinder Zions*, 1744), the German Reformed (*Geistreiche Lieder*, 1752), and the Lutherans (*Vollstaendiges Marburger Gesang-buch*, 1757). His son also completed the publication of the Schwenkfelders' first American hymnal (*Neu-Eingerichtetes Gesang-Buch*, 1762).

Additionally, Sauer supplied many of the doctrinal and devotional texts most valued by the German churches: for the Lutherans and Reformed,

25 Eddy, *Account Books*, 2:113-14.

26 Eddy, *Account Books*, 2:16-18; Hocker, *Sower Printing House*, 84.

27 Sauer to Luther (Oct. 11, 1740), in *Egenolff-Luthersche Schrifftgiesserei*, 39; quoted in Durnbaugh, "Christopher Sauer," 329.

28 Sauer's edition, however, named the author as a male: Benjamin Padlin, *Eine ernstliche Ermahnung, an Junge und Alte: zu einer angeheuchelten Prüfung ihres Hertzens und Zustandes* (Germantown, 1738).

29 [Ein ABC Buch bey allen Religionen ohne billigen Anstoß zu gebrauchen (Germantown: Christoph Sauer, 1738) (no known copies survive)], as advertised in *Der Hoch-Deutsch Americanische Calender 1739* (Germantown, 1738), 23; Arndt & Eck, *German Language Printing*, 6; Walter Klinefeldter, *The ABC Books of the Pennsylvania Germans* (Breinigsville, PA, 1973), 10-14; Cazden, *German Book Trade 1*, 269.



Figure 2: Frontispiece of Sauer's *Hoch-Deutsch-Americanischer Kalender* for the year 1747. Courtesy of the Library Company of Philadelphia.

he published the first American editions of Luther's *Small Catechism* (1744) and the *Heidelberg Catechism* (1748); for Pietists, he printed texts by theologians like Gerhard Tersteegen and John Wesley (1744, 1747, 1748); for Anabaptists, he published the martyr Thomas von Imbroich's *Confessio* (1751) and works by Georg Frell and Christian Hoburg (1748); and for all groups he reprinted German translations of classics like Thomas a Kempis' *Imitation of Christ* (1742, 1749, 1750) and part of John Bunyan's *Pilgrim's Progress* (1755).³⁰

Sauer also quickly implemented his plans to publish an annual almanac, which he titled *Der Hoch-Deutsch Americanische Calender*. First published in the fall of 1738 for the upcoming year, it predictably included the aspects and phases of the moon and plan-

ets, times of sunrise and sunset, general weather forecasts, practical advice for using herbs as medicinal aids, dates for court sessions and market fairs in the mid-Atlantic colonies, historical anecdotes, and, eventually, blank pages for each month where farmers could keep their accounts. Beginning with twenty-four pages, the almanacs gradually grew in size until they featured forty-eight pages in 1750. The almanacs initially cost nine pence (approximately \$5.25 in 2011 dollars),³¹ but after 1748 Sauer also offered a two-colored version for one shilling each (approximately \$6 in 2011 dollars).³² The almanacs received a loyal following among German-speaking farmers throughout the American colonies, reaching far beyond the Pennsylvania sectarian communities who made up the core market for his book publishing. By the time his son published the

30 See bibliography of Sauer's prints at Anna Kathryn Oller, "Christopher Saur, Colonial Printer: A Study of the Publications of the Press, 1738-1758," Ph.D. diss., University of Michigan, 1963, 288-302.

31 Colonial-era currency figures are, unless stated otherwise, in pounds Pennsylvania. Conversions to US Dollar values are based on the relevant average monthly or annual exchange rates between the pound Pennsylvania and British pound Sterling provided in John J. McCusker, *Money and Exchange in Europe and America, 1600-1775: A Handbook* (Chapel Hill, 1978), 183-86, 315-17. Relative 2011 values for pounds Sterling were then calculated through the website »

» "Measuring Worth" (<http://www.measuringworth.com/ukcompare>), using the "purchasing power" or "historic standard of living" value derived from the pound Sterling's "retail price index." Conversions from pound Sterling to 2011 US Dollar values were based on the average exchange rate for 2011 of

1.541 US Dollars per GB Pound. Financial historians, however, continue to debate the comparative purchasing power of colonial currency in light of standard of living differences between the colonies and Great Britain. For an introduction to the debates and evidentiary difficulties, see Ron Michener,

"Money in the American Colonies," in Robert Whaples, ed., *Economic History Association Encyclopedia*, Oct. 18, 2013, <http://eh.net/encyclopedia/money-in-the-american-colonies> (accessed Dec. 12, 2013).

32 Hocker, *Sower Printing House*, 19-21, 23.

last issue in 1777, the almanac had an annual circulation of almost ten thousand.³³

In his first almanac, Sauer addressed public speculation that he would use his new press for a newspaper. At that time he rejected the idea, writing that fixation on the news was a waste of “precious time” and that such periodicals were often filled with falsehoods. (“. . . daß mir gar nicht gesinnet ist, die edle Zeit solcher Gestalt zu verderben.”) Instead, he preferred to publish broadsides and distribute them gratuitously at churches and other public places when some “use” might arise for rapid dissemination of the news.³⁴ But by the following year he acquiesced, announcing in the *Calender* his plans to begin running “a collection of useful and remarkable events . . . in these times of wars and rumors of wars.”³⁵

On August 20, 1739, the first issue of the newspaper appeared, titled *Der Hoch-Deutsch Pensylvanische Geschicht-Schreiber, oder Sammlung Wichtiger Nachrichten aus der Natur und Kirchen-Reich* (*High German Pennsylvania Recorder of Events, or Collection of Important News from the Realms of Nature and the Church.*) In 1745, Sauer changed the name to *Hoch-Deutsch Pensylvanische Berichte*, and from 1762 to 1777 his son published it under the name *Germantowner Zeitung*. The paper typically included news from Europe, others colonies, Pennsylvania politics, a local crime report, and occasional editorial comments from Sauer. Sauer culled his foreign news from a collection of sixteen newspapers that he received each month from Europe, making his newspaper the prime conduit of information from across the Atlantic for the German-speaking population in America.³⁶

Sauer presented the newspaper largely as a public service to the German-speaking community. Even the advertisements, for which Sauer did not initially charge, were primarily public service announcements, notifying readers of a lost coat, for example, or a stray animal. When advertisement submissions became too numerous, he began charging non-subscribers: five shillings (approx. \$28 in 2011 dollars) for an advertisement in three issues, with the possibility of a rebate if the goal of the advertisement was accomplished after the first or second issue. In 1741, he began listing a price of three shillings (approx. \$18 in 2011 dollars) for a year-long subscription, but he did not seem to make strenuous efforts to obtain payment from subscribers. By 1751, according to an editorial, Sauer had four thousand subscribers. But many of them, he lamented, had neglected to pay for their subscriptions even after receiving the paper for several years. At that

33 Edwin Wolf II, *Germantown and the Germans: An Exhibition of Books, Manuscripts, Prints and Photographs from the Collections of the Library Company of Philadelphia and the Historical Society of Pennsylvania* (Philadelphia, 1983), 96.

34 *Der Hoch-Deutsch Americanische Calender 1739* (Germantown, 1738), 23.

35 *Der Hoch-Deutsch Americanische Calender 1740* (Germantown, 1739), 23.

36 *Der Hoch-Deutsch Pensylvanische Geschicht-Schreiber*, July 16, 1743; Abraham H. Cassel, *A History of Sower's Newspaper* (unpaginated manuscript, Sept. 1, 1885), Collection Am. 1596, Historical Society of Pennsylvania, Philadelphia.

time, Sauer noted that 330 issues were being transported inland by a distributor along the Conestoga Road, where German settlements were growing quickly. Bundles of newspapers would be dropped off at centrally-located shops. Initially Sauer paid for the transport, but because of insufficient subscription payments, he asked the rural recipients to pay for the cost of the shipping. To facilitate payment, Sauer developed a network of agents in towns along the inland road. The distributor eventually ceased delivering papers for subscribers who did not pay for his services.³⁷ That Sauer himself did not more quickly cease to send papers to delinquent subscribers indicates that he thought more was to be gained by keeping a larger number of papers in circulation throughout the areas of the colony where many new settlers were arriving.

The success of the paper can be measured in its increasing frequency and size. For the first decade, it was a monthly publication. But beginning in 1748 Sauer often printed two issues per month to accommodate the large number of advertisements and announcements he was receiving. By 1751, he printed two issues per month on a regular schedule. Apparently the advertisements paid for the cost of the extra issue because Sauer never raised the price of the subscriptions, despite doubling his labor time and use of paper. In 1756, he arranged with Gotthard Armbrüster, a former apprentice who had moved to Philadelphia, to begin supplying a German paper each week: while Sauer continued to print an issue on the first and sixteenth day of each month, Armbrüster printed issues for the alternate weeks. Initially printed on one folded sheet, providing four 8x13-inch pages of print, Sauer and his son increased the size of the paper almost every decade until it featured 16x22-inch pages in 1775.³⁸

Despite the newspaper's growth, Sauer remained conflicted over the potential for the news business to be morally misleading. In an editorial from 1743, he resisted the idea of issuing a weekly paper because so much "news" turned out to be mere rumor; more rapid publication, he thought, would increase the chance of promulgating incomplete or false stories. He already had a difficult time finding enough material bearing the marks of "truth and usefulness" to fill his monthly issue, he claimed. After he changed the name of the newspaper to *Pensylvanische Berichte* in October 1745, he explained that the new name was preferable because he did not want to claim too much authority for the news that he printed: "*Geschicht*" described a historical "event," but so often, despite his care, he learned that what he had printed did not in fact occur exactly as initial reports

37 *Pensylvanische Berichte*, Nov. 1, 1751; Hocker, *Sower Printing House*, 32.

38 *Der Hoch-Deutsch Pensylvanische Geschicht-Schreiber*, July 16, 1743; Cassel, *Sower's Newspaper*; Flory, *Literary Activity*, 124-26.

had claimed. By replacing “*Geschichts-Schreiber*” with “*Berichte*,” he hoped to clarify that he was merely publishing “reports” that could be proved wrong with better information.³⁹

In contrast to the news, Sauer’s greatest printing interest was the publication of a German Bible, whose cost to import from Germany he considered too high for many families in the American colonies. Sauer had been an authorized agent to sell the “Berleburg Bible,” which was produced in eight volumes by the radical Pietists from 1726 to 1742 in his old home region. Deeming it too large and expensive, he based his edition on the popular “Halle Bible,” a one-volume Pietist rendering of Martin Luther’s translation that Francke had designed to be affordable. To advance purchasers, however, Sauer offered the option to add the third and fourth books of Ezra and the third book of Maccabees, as they appeared in the Berleburg Bible. Completed in 1743, the full version of Bible totaled 1,284 quarto-sized pages.⁴⁰

Publishing such a large Bible with finer paper required a significant capital investment. Therefore, Sauer advertised for “subscriptions” so that he could estimate the number of copies to print in advance: buyers could make a deposit of three shillings, six pence (approx. \$22 in 2011 dollars) to reserve a copy. He also solicited charitable donations to help underwrite the costs so that it could be affordable enough for poorer families to own a Bible.⁴¹ Besides advertising the Bible with a sample page in his own newspaper, Sauer arranged for an announcement about the subscriptions to go out in the two main English newspapers of Philadelphia, Franklin’s *Pennsylvania Gazette* and Bradford’s *Weekly Mercury*. He also made Franklin and Bradford authorized dealers of the Bible at whose shops interested parties could make their deposit. With sufficient charitable support, Sauer pledged that the final price would not be greater than fourteen shillings (approx. \$85 in 2011 dollars).⁴²

Already in 1740 Sauer had several commitments from donors, including George Whitefield (1714-1770), the British revivalist preacher who came through Germantown in November 1739, preaching to five or six thousand people.⁴³ Following the wave of local interest in Whitefield, Sauer printed German translations of his sermons in three volumes.⁴⁴ As Sauer reported to Dr. Luther in the fall of 1740, the English minister was very encouraging of the Bible project. Whitefield had pledged to petition a charitable society in London to underwrite the costs of the Bible’s paper, which would be shipped from England.⁴⁵ But in the end, the support from England did not come through, and Sauer

39 *Hoch-Deutsch Pensylvanische Berichte*, Jan. 1, 1746; Cassel, Sower’s Newspaper.

40 *Biblia, Das ist: Die Heilige Schrift Altes und Neues Testaments . . .* (Germantown, 1743). On the Berleburg Bible, see Schneider, *German Radical Pietism*, 151-53.

41 Prospectus in *Der Hoch-Deutsch Pensylvanische Geschicht-Schreiber*, Aug. 16, 1743.

42 *The Pennsylvania Gazette*, Mar. 31, 1742, reprinted at Flory, *Literary Activity*, 75-76.

43 Edward W. Hocker, *Germantown 1683-1933* (Germantown, PA, 1933), 71; *George Whitefield’s Journals* (Guildford, reprint 1960), 357.

44 *Von Georg Weitfields Predigten . . .* (Germantown, 1740).

45 Sauer to Luther (Germantown, Sept. 1740), at *Egenolff-Luthersche Schriftgiesserei*, 38; Sauer to Luther (Oct. 11, 1740), at *ibid.*, 39.

reported that only two small donations had been received. The final price was twelve shillings (approx. \$80 in 2011 dollars) for unbound copies or eighteen shillings (approx. \$120 in 2011 dollars) for copies bound at the workshop of the Seventh-Day Baptist Brethren in Ephrata. The paper alone cost seven shillings, six pence per copy (approx. \$50 in 2011 dollars). Though he had fewer than three hundred subscriptions, Sauer produced twelve hundred copies.⁴⁶

46 Hocker, *Sower Printing House*, 39-44.

47 Heinrich Melchior Muhlenberg to Gotthilf August Francke and Friedrich Michael Ziegenhagen (Philadelphia, Mar. 6, 1745), in Kurt Aland, ed., *Die Korrespondenz Heinrich Melchior Mühlens: aus der Anfangszeit des deutschen Luthertums in Nordamerika*, 5 vols. (Berlin, 1986-1993), 1:150.

48 Theodore G. Tappert & John W. Doberstein, eds., *The Journals of Henry Melchior Muhlenberg*, 3 vols. (Philadelphia, 1942-58), 1:153, 312-13. On Sauer and Muhlenberg's relationship, see Donald F. Durnbaugh, "J.C. Sauer and H.M. Muhlenberg: German-American Protagonists in Colonial North America," in Hans-Jürgen Grabbe, *Halle Pietism, Colonial North America, and the Young United States* (Stuttgart, 2008), 93-112.

49 *Hoch-Deutsch Pensylvanische Berichte*, Oct. 16, 1745; Muhlenberg to Francke and Ziegenhagen (Mar. 6, 1745), in Aland, *Korrespondenz*, 1:150; Flory, *Literary Activity*, 95-96.

50 *Biblia, das ist: die Heilige Schrift Altes und Neues Testaments*. . . (Germantown: Christoph Sauer, 1763); *Biblia, das ist: die ganze göttliche Heilige Schrift Alten und Neuen Testaments*. . . (Germantown, 1776). Sauer Jr. named the periodical *Ein Geistliches Magazien* and published it between 1764 and 1772. Hocker, *Sower Printing House*, 74-75.

News of Sauer's Bible spread throughout Europe, and it became a point of pride for many Germans that a Luther Bible was the first European-language Bible to be published in America — second only to John Eliot's "Indian Bible" of 1663. But it also faced serious opposition from Lutheran and German Reformed clergy, who condemned it because of Sauer's sectarian commentary and additions from the Berleburg Bible. The German clergy already regarded Sauer as a major challenge for their work in the colonies because of the anti-clerical bias of his editorial comments in his almanac and newspaper. For example, the leader of the Lutheran Church in colonial America, Henry Melchior Muhlenberg (1711-1787), once wrote back to church overseers in Halle to complain that Sauer "disparaged the Lutheran denomination at every opportunity."⁴⁷ He also noted in his journals that Sauer delighted to report scandals and immoral behavior among the high church pastors.⁴⁸ Both Lutheran and Reformed ministers warned their parishioners not to buy Sauer's Bible, but to await donations of versions authorized by their churches in Europe instead.⁴⁹ Their opposition might have had an impact on the Bible's sales: it took Sauer and his son almost twenty years to sell all his unsubscribed copies. But thereafter, Sauer's son published second and third editions in 1763 and 1776, which reaped such a surprising income that he began publishing a new theological periodical and distributing it for free so that he would not feel he had profited from the sale of the Bible.⁵⁰

If Sauer's editorializing detracted from the rapid and broad sale of his first Bible, the newspaper and almanac still created marketing synergies that Sauer exploited for his multiple publications. For instance, he distributed the first issue of his newspaper *gratis* as an insert in his *Calendar* for 1740, which went to press at the same time. Thereby he was able to solicit his first subscribers from among his current customers at no extra cost for transportation. Likewise, when he solicited subscriptions for his Bible, he included an advertisement and a sample page as an insert in his newspaper, ensuring that news of his undertaking would travel far beyond Germantown. Both the

almanac and newspaper regularly announced books available for sale at his print shop (both his own as well as imported ones), advertising them at “low prices” or for “free to those who cannot pay.” The books offered at no cost were likely the donations that benefactors in Germany had entrusted to Sauer.⁵¹

By 1749, Sauer used his Roman (*antiqua*) type to venture into English-language printing, providing several spiritual texts that appealed in particular to Quakers, like the writings of François Fenelon (1750, 1756) and John Everard (1756). This further developed a sense of common purpose between German sectarians and Quakers, which Sauer was cultivating through his political advocacy. Christoph Sauer Jr., who unlike his father was fluent in both German and English, oversaw the English publications, adding an English almanac, *The Pennsylvania Town and Country-man’s Almanack*, in 1753. German-language texts, however, remained the focus of the Sauer printing house until it was shut down and seized by the Pennsylvania government during the Revolutionary War.

Whether printing made Sauer a financially successful businessman is difficult to judge. The press was, to say the least, certainly not a non-profit endeavor. One associate claimed that Sauer earned at least one thousand florins (approx. \$12,500 in 2011 dollars) within his first year of printing,⁵² but with a considerable expansion of his output after the first year, Sauer’s profits likely rose considerably as well. By 1751, with four thousand subscribers to his newspaper, his gross annual income would have been twelve thousand shillings (approx. \$70,000 in 2011 dollars) from newspaper subscriptions alone — if he had collected all that he was due. Paid advertisements, the almanac, and contract book-printing would have also brought in additional revenue. According to the pricing notes that a local surveyor made in his diary in 1751, Sauer would have earned £125 (approx. \$14,600 in 2011 dollars) to print five hundred copies of a large hymnal-size book requiring fifty sheets of paper.⁵³ Sauer employed young men to work on the press, but records do not reveal how much he paid out in total labor costs and apprentice stipends each year. What is certain is that by 1778, when the Sauer press was confiscated by the revolutionary Pennsylvania government, Sauer’s son possessed a very large estate, including over 200 acres of land in Germantown and nearby townships and the paper mill on the Schuylkill River. The commonwealth carefully documented the sale prices for all of his seized real estate and moveable property over the following three years, totaling almost £75,000 (in the depreciated wartime Pennsylvania currency).⁵⁴ When Sauer’s grandson submitted claims

51 *Der Hoch-Deutsch Americanische Calender 1739* (Germantown, 1738), 23.

52 Schütz to Luther (Oct. 3, 1740), at *Egenolff-Luthersche Schriftgiesserei*, 36 (quoting fellow correspondent in Springfield Manor, Pennsylvania, Oct. 6, 1739); Hocker, “Sower Printing House,” 17.

53 Hocker, *Sower Printing House*, 58.

54 Inventory of seized property and auction returns reprinted at Hocker, *Sower Printing House*, 99–106. Because of volatile inflation rates for colonial currencies during the Revolutionary War, it is notoriously difficult to determine a historical exchange value between the Pound Pennsylvania and Pound Sterling. The sum named here compiles sales in Pennsylvania currency over the course of three years and thus reflects different exchange values vis-à-vis the Pound Sterling.

55 Christopher Sauer III entered claims for indemnification in 1785 after his flight to England at the end of the Revolutionary War. James O. Knauss, "Christopher Saur, The Third," *Proceedings of the American Antiquarian Society* 41 (1932): 235-53, here 241-43; Willi Paul Adams, "The Colonial German-Language Press and the American Revolution," in Bernard Bailyn & John B. Hench, eds., *The Press and the American Revolution* (Worcester, MA, 1980), 151-228, here 172-73. Though the conversion dollar value provided here is based on an "historic standard of living" estimate, an alternative "economic status" or "prestige" value for a £7,000 Sterling estate would estimate it as equivalent to \$18 million in 2011 dollars. See "Five Ways to Compute the Relative Value of a UK Pound Amount" (<http://www.measuringworth.com/ukcompare/relativevalue.php>).

56 A probate study found that the median net worth of decedents in the Middle Colonies in 1774 was approximately £360 in Pennsylvania's currency or £212 Sterling (approximately \$33,750 in 2011 dollars), while median net worth for decedents in Philadelphia County, where Germantown lies, was £424 in the local currency (approximately \$39,800 in 2011 dollars). Alice Hanson Jones, "Wealth Estimates for the American Middle Colonies, 1774," *Economic Development and Cultural Change* 18 (1970): 1-172, here 49, 54. Sauer III's claim would not have reflected the full value of his father's estate because of restrictions on what property the British claims commission considered. See Eugene R. Fingerhut, "Uses and Abuses of the American Loyalists' Claims: A Critique of Quantitative Analyses," *William & Mary Quarterly* 25 (1968): 245-58, here 246-47.

for indemnification from the British crown for his losses, he estimated the value at £7,000 Sterling (approx. \$1.1 million in 2011 dollars).⁵⁵ Though that sum would not have accounted for the full value of the family's property, this alone was thirty-three times the median net worth bequeathed by residents of the Mid-Atlantic colonies in the 1770s.⁵⁶ For his own part, however, Sauer claimed that making a profit was never his goal. Instead, he consistently expressed his esteem for the press according to the religious and civic function it fulfilled. As he wrote towards the beginning of his printing endeavors, his satisfaction would come when the poor could buy a Bible "and the miser could not excuse himself from putting something useful in the hands of his children." With good humor and confidence, he added, "I will have bread enough."⁵⁷

Social Status, Networks, Family and Public Life

Through the success of his newspaper and almanac, Sauer gained a strategic position in Pennsylvania politics and culture. As Henry Melchior Muhlenberg wrote in 1754, Sauer's newspaper was "universally read by the Germans all over Pennsylvania and the neighboring Colonies."⁵⁸ Like Benjamin Franklin, his great rival in both printing and politics, Sauer found that his position as a primary information broker gave him the opportunity to influence public morality and political decision-making.

Early in his publishing career, Sauer showed an interest in addressing several issues of social morality. In 1741, he wrote and published *A Consideration of the Vice of Drunkenness* and he began to use his newspapers and almanacs to condemn the practice of slavery. In his 1742 *Calender*, for instance, Sauer wrote of slavery as America's "especially loathsome sin": "So many poor black slaves are stolen from Africa and sold just like merchants' other wares or like cattle, even though they are humans just like all Adam's children, regardless of the color of their skin." He condemned the fact that Germans in America were adopting the English "vice" of buying slaves and warned his readers with a passage from the prophet Jeremiah about the curse that was due those who made others work without pay.⁵⁹

57 Sauer to Luther (Oct. 11, 1740), at *Egenolff-Luther'sche Schriftgiesserei*, 39; see also Sauer to Luther (Sept. 1740), *ibid.*, 38.

58 Muhlenberg, Minutes of the Society for the Relief and Instruction of Poor

Germans (Providence, Aug. 3, 1754), in *The Papers of Benjamin Franklin*, vol. 5 (New Haven, 1962), 418; Ralph Frasca, "To Rescue the Germans Out of Sauer's Hands": Benjamin Franklin's German-Language Printing Part-

nerships," *Pennsylvania Magazine of History and Biography* 121 (1997): 329-50, here 345.

59 *Der Hoch-Deutsche Americanische Calender 1742* (Germantown, 1741), 20, quoting Jeremiah 22:13.

Sauer was struck by the offensiveness of German participation in the slave trade, in particular, because many German immigrants had themselves just recently emerged from being “half-slaves” in their homeland, where they, too, could not reap the full value of their labor.⁶⁰ Moreover, many Germans arrived in America under their own conditions of indentured servitude. Sauer had become increasingly concerned about their lot as well. He began to report on abusive treatment of immigrants by the captains and merchants of the ships that brought them to America. He also warned potential emigrants of the ways they could be taken advantage of during their journey. In 1739, he signed an open letter that was published in the German lands, advising prospective emigrants to consider the disadvantages of trans-Atlantic migration carefully before heading to the New World. There had been numerous tragedies on the ocean passage in the prior year, and Sauer worried that the optimistic descriptions of his earlier dispatches had led the victims to their deaths.⁶¹ The signatories to the letter wanted to dispel any fantasies that immigrants would find life easy once they arrived on American soil. Prices for land had become much higher than they once were, they reported, and the admirable moral earnestness and humanitarian spirit of Pennsylvania’s first settlers had been diluted by the more recent influx of fortune seekers who did not share the founding ethos of the colony.⁶²

Nevertheless, increasing numbers of Germans were undeterred. Sauer responded to the massive spike in German immigration between 1745 and 1755 by publishing advice in his almanacs to help newcomers acclimate themselves to life in the colony. In 1751, he published a manual for German-speakers to learn English, and he often included short English lessons in his almanacs.⁶³ After Thomas Penn (1702-1775), the controlling proprietor of the colony, raised the price for vacant land and closed the General Loan Office (through which many German immigrants were able to purchase their first lots), Sauer began printing articles to educate Germans about how to buy and bequeath land under English law. He emphasized, in particular, the importance of paying debts on time, an expectation among the English that Germans settlers were apparently less accustomed to meeting.⁶⁴ When the business of the trans-Atlantic passage showed no signs of reform, Sauer lobbied actively for laws to improve the conditions on ships carrying immigrants from Germany. Alarmed by the number of deaths that were occurring onboard due to unsanitary and crowded conditions, Sauer wrote twice to Pennsylvania Governor Robert Hunter Morris (1700-1764) to object that ship captains

60 Ibid., 21.

61 See Sauer to Gov. Morris (March, 15, 1755), at Brumbaugh, *German Baptist Brethren*, 377.

62 *Glaubhaftes Send-Schreiben aus Pennsylvania in America. . . welchen beygefüget ein anderer merckwürdiger Brieff aus bemeldten Landen. . .* (Frankfurt am Main, 1739) (letter dated Nov. 25, 1738), trans. Durmbaugh, *Brethren in Colonial America*, 41-53. On the diminishing opportunities to buy land and the looser religious commitments of mid-eighteenth-century German settlers, see Marianne S. Wokeck, “German Settlements in the British North American Colonies: A Patchwork of Cultural Assimilation and Persistence,” in Lehmann, Wellenreuther & Wilson, *In Search of Peace and Prosperity*, 191-216, here 202-205.

63 *Eine Nützliche Anweisung oder Beyhülfe Vor die Deutschen um English zu lernen . . .* (Germantown, 1751).

64 Spencer Aaron Fogelman, *Hopeful Journeys: German Immigration, Settlement, and Political Culture in Colonial America, 1717-1775* (Philadelphia, 1996), 97-99, 134, 141-42; Hermann Wellenreuther, “Contexts for Migration in the Early Modern World: Public Policy, European Migrating Experiences, Transatlantic Migration, and the Genesis of American Culture,” in Lehmann, Wellenreuther & Wilson, *In Search of Peace and Prosperity*, 3-35, here 31-32.

- 65 Sauer to Gov. Morris (Mar. 15, 1755) and Sauer to Gov. Morris (May 12, 1755), at Brumbaugh, *German Baptist Brethren*, 376-387, here, 377; Sally Schwartz, "A Mixed Multitude": *The Struggle for Toleration in Colonial Pennsylvania* (New York, 1987), 196-200.
- 66 Fogelman, *Hopeful Journeys*, 131-42, Jan Stievermann, "A 'Plain, Rejected Little Flock': The Politics of Martyrological Self-Fashioning among Pennsylvania's German Peace Churches, 1739-65," *William and Mary Quarterly* 66 (2009): 287-324, here 317-20.
- 67 For a contemporary assessment of Sauer's editorializing to this effect, see Tappert & Doberstein, *Journals of Muhlenberg*, 2:191.
- 68 William Penn, *Der Neue Charter. Oder Schriftliche Versicherung, Der Freyheiten* (Germantown, 1743 [1744]).
- 69 Patrick M. Erben, *A Harmony of the Spirits: Translation and the Language of Community in Early Pennsylvania* (Chapel Hill, 2012), 244-45; Stievermann, "Little Flock," 317-18; Schwartz, *Mixed Multitude*, 159-60, 162-63.
- 70 [Benjamin Franklin], *Die Lautere Wahrheit, Oder Ernstliche Betrachtung des gegenwärtigen Zustandes Der Stadt Philadelphia in der Provintz Pennsylvania. . .* [Philadelphia, 1747]; [Christopher Sauer], *Klare und Gewisse Wahrheit. . . von einem Teutschen Geringen Handwercks Mann* (Germantown, 1747); [Christopher Sauer], *Ein Gründliches Zeugniß gegen das kürztlich herausgegebene Büchlein, genandt Plain Truth* (1748); [Christopher Sauer] *Verschiedene Christlich Wahrheiten, und Kurtze Betrachtung über das kürztlich herausgegebene Büchlein, Genandt Lautere Wahrheit* (Germantown, 1748). Erben, *Harmony of Spirits*, 247-51; Stievermann, "Little Flock," 287-324.
- "lodge the poor passengers like herring" and carried insufficient food and water in the event that weather made the journey longer than anticipated.⁶⁵
- Beginning in the mid-1740s, Sauer also campaigned for Germans in Pennsylvania to become naturalized citizens in order to have a role in provincial policymaking.⁶⁶ It was the prospect of militarization that led Sauer to become more explicit in his political advocacy. As settlers on the Pennsylvania frontier began to call for an organized defense against Indians, Sauer urged his readers to support the pacifist Quakers in elections for the provincial assembly. If the Quakers lost the reins of government, Sauer warned, Germans could lose the religious liberties that many had come to Pennsylvania to enjoy, such as freedom from military conscription and state-church assessments.⁶⁷ In order to educate more recent German immigrants on the rights they enjoyed under the Quakers, Sauer published a German translation of William Penn's 1701 "Charter of Liberties" and distributed copies free of charge to all the subscribers of his newspaper.⁶⁸ In his newspaper editorials, he portrayed the Quaker Party as the guardian of Penn's founding vision, which had made Pennsylvania a religious haven for his readers — a place of peace where pious people could carry out their religion in freedom while living amicably with the Indians. This vision was becoming remote, he believed, because too many newcomers with worldly motives for their settlement in the colony did not respect contractual dealings with the native tribes.⁶⁹
- After England began to fight King George's War in 1747, fears became more acute that the local Indian tribes would ally with the French and attack Pennsylvania colonists' settlements. Because the Quaker-controlled Assembly had not raised a common defense, Benjamin Franklin called for citizens to join a voluntary militia. When Franklin published propaganda in German to attract support among the Germans for the militia, Sauer countered with several pamphlets. He did not rely solely on the pacifist theology of the Anabaptist sects, but also tried to sway Lutherans and Reformed by appealing to Germans' common memory of manorialism: a militarized state, he predicted, would assess more and more fees in the name of defense, just as German lords had done, and before long Pennsylvania Germans would become vassals again — now to their English proprietors.⁷⁰
- Thanks in part to German immigrant voters, the Quaker Party stayed in power throughout the war. The issue of raising a militia, however, did not go away. Frustrated by their inability to capture much of the

German vote, the anti-Quaker faction attempted at several points to begin German-language newspapers that would, as Lutheran leader Muhlenberg put it, “rescue the Germans out of Sauer’s hands.”⁷¹ Between 1743 and 1755 there were five attempts to publish other German or bilingual newspapers in the Philadelphia area. But Sauer continued to corner the market, and each of them failed. Sauer’s success was one of the underlying sources of frustration that led Franklin to pen his notorious sentiments in 1751 regarding the “Palatine Boors” who “by herding together establish their Language and Manners to the Exclusion of ours.”⁷² Franklin felt that Sauer’s press was inhibiting German immigrants not only from assimilating, but also from appreciating the political and military necessities of governance. He apparently did not recognize Sauer’s own efforts to instruct German immigrants about English customs, laws, and language.

To overcome Germans’ reliance on Sauer for information and opinion, Franklin and his allies also formed a society in 1753 to found “charity schools” that would teach German immigrant children the English language and customs. Sauer led the opposition to the plan, calling it an attempt by high churchmen to indoctrinate poor children and pry them away from the religion of their parents. Though the schools were to be led by prominent Lutheran and Reformed pastors, Sauer warned that the schools cared little about religion and were mainly intended to produce Germans who would be willing to defend the property of the English proprietors in their stead. On this issue, too, Sauer swayed the sentiments of most of the German settlers. Few families enrolled their children, and none of the schools lasted more than a decade.⁷³

It was during the same decade, however, that Sauer’s influence among German immigrants reached its limit. Because many German Lutherans and Reformed were settling in the Pennsylvania backcountry among Scotch-Irish Presbyterians, they increasingly viewed Sauer’s advocacy of nonresistance to be inimical to their interests.⁷⁴ When the French and Indian War broke out and raids on European settlements increased, preventing a colonial militia became a losing battle for Sauer and the Quakers. But even after Governor Morris declared war on the Delaware tribe in 1756, Sauer worked with the Quaker leader Israel Pemberton, Jr. (1715-1779) to continue to advocate for mediation with the Indians, blaming the recent raids on Europeans’ greed for land and abrogation of the contractual relationships that earlier Pennsylvanian leaders had forged. He helped to

71 Muhlenberg to the Society for the Relief and Instruction of Poor Germans (Aug. 3, 1754), in *Papers of Benjamin Franklin* 5:418-19; quoted in Frasca, “To Rescue the Germans Out of Sauer’s Hands,” 329, 345.

72 “Observations Concerning the Increase of Mankind” (1751), *Papers of Benjamin Franklin* 4:225-35, here para. 23.

73 Samuel Edwin Weber, *The Charity School Movement in Colonial Pennsylvania* (Philadelphia: George Lasher, 1905), 38-39, 53-62; Whitfield J. Bell, Jr., “Benjamin Franklin and the German Charity Schools,” *Proceedings of the American Philosophical Society* 99 (1955): 381-87; Glenn Weaver, “Benjamin Franklin and the Pennsylvania Germans,” *William and Mary Quarterly* 14 (1957): 536-59; Alan Tully, *Forming American Politics: Ideals, Interests, and Institutions in Colonial New York and Pennsylvania* (Baltimore, 1994), 109, 111, 156; Schwartz, *Mixed Multitude*, 216; Sharon Braslaw Sundue, “Confining the Poor to Ignorance? Eighteenth-Century American Experiments with Charity Education,” *History of Education Quarterly* 47 (2007): 123-48, here 135-36.

74 Fogelman, *Hopeful Journeys*, 140-41. For an early German retort to Sauer, see Kurtze *Verteidigung Der Lautern Wahrheit gegen die so genannte Unterschiedliche Christlich Wahrheiten, Welche der Buchdrucker C.S. in Germantown ohnlängst ausgestreuet* [Philadelphia, 1748].

raise significant donations from German sectarians for Pemberton's "Friendly Association for Regaining and Preserving Peace with the Indians by Pacific Measures" and employed texts from both the Anabaptists' and Quakers' martyrological traditions to engender solidarity among both groups and to help them prepare for the persecution that might come if they held on to their peace stance.⁷⁵

It was not until after Sauer's death that the Sauer family's stronghold over German media was broken. In 1762, Henrich Miller founded a German newspaper that gained a following among Germans who supported a militaristic response to the Indians.⁷⁶ Still, under Johann Christoph Sauer Jr. the family printing business continued to flourish. Known as one of the wealthiest men in Pennsylvania, Sauer Jr. was a major benefactor and board president of the Germantown Academy, founded in 1760. As a bishop of the German Baptists, he continued his father's special interest in radical Pietist texts as well as his advocacy of peaceful relations with the Indians.⁷⁷

So prominent was Sauer Jr.'s pacifism that he became a target for Revolutionary patriots during the war for American independence. Sauer Jr. did not hide his disapproval of the revolutionaries' choice of war to redress their grievances. His sons, Christoph III and Peter, went further: when the British Army captured Germantown in 1777, they collaborated with General Howe to print Loyalist propaganda for the local Germans and Hessian soldiers from a shop in Philadelphia. Once the British were pushed out of Pennsylvania, they retreated to New York with General William Howe (1729-1814), where Christoph III served as both printer and spy for the British. After the war, he evacuated with the troops to England, where he was rewarded for his services to the crown. Named royal printer and deputy postmaster for the province of New Brunswick, he spent most of his life there after 1785, founding two English newspapers. Peter, meanwhile, became a physician in the British West Indies.⁷⁸

Sauer Jr., however, suffered a dramatic setback for printing his objections to the revolution. Acting on a proclamation of treason by the Pennsylvania Supreme Executive Council in 1778, the Continental Army arrested Sauer, seized his press, ejected him from his Germantown home, and confiscated all other properties in his estate. Upon his arrest, he was stripped of his clothes and coated in paint as humiliation. The contents of the print shop were sold off for a fraction of their value to other printers, including Henrich Miller, who had sided with the revolutionaries. Having lost his home and fortune, Sauer Jr.

75 For translations of Sauer's writings related to the "Friendly Association," see Richard K. MacMaster, Samuel L. Horst, and Robert F. Ulle, eds., *Conscience in Crisis: Mennonites and Other Peace Churches in America, Interpretation and Documents* (Scottsdale, PA, 1979), 135-56; Stievermann, "Martyrological Self-Fashioning," 317-23; Erben, *Harmony of Spirits*, 275-83.

76 Patrick Erben, "Henrich Miller," in *IE*.

77 Flory, *Literary Activity*, 148-57; Hocker, *Sower Printing House*, 66-90; Durnbaugh, *Brethren in Colonial America*, 386.

78 Durnbaugh, *Brethren in Colonial America*, 405-23; Hocker, *Sower Printing House*, 110-15; Knauss, "Christopher Saur, The Third," 235-53.

was reduced to dependence on in-laws for lodging for several years and, without a press, had to make a living as a bookbinder until he died six years later.⁷⁹

Despite the end of the Germantown press, two of Sauer Jr.'s younger sons continued printing in Pennsylvania: David founded the first newspaper for Norristown, Pennsylvania, and Samuel restarted an almanac and newspaper from nearby Chestnut Hill, later moving his press to Philadelphia and Baltimore. Subsequent generations of the Sauer family ran printing presses in Philadelphia, Norristown, Baltimore, and Leesburg, Virginia, into the early twentieth century.⁸⁰

Conclusion

On his way to developing the most successful German-language press in colonial America, Johann Christoph Sauer drew deeply on the trans-Atlantic networks of radical Pietist and Anabaptist groups to forge business relationships and cultivate a readership that shared his religious inclinations. He and his son amassed enormous good will among the German sectarians for bringing their theological and devotional works into print and articulating their ethical convictions in the public sphere. By printing many German translations of Quaker and English Pietist texts in German for the first time, he also enabled greater religious exchange and a sense of shared purpose among the Quakers and German peace churches — an alliance that had important political consequences in the 1740s and 1750s.

While Sauer shrewdly appealed to all German-speaking immigrants in his humanitarian and political advocacy, he did not feel compelled to display an ecumenical or ironic sensibility toward all Germans in his publications. He distrusted the leadership of the Lutheran and Reformed churches as much in America as he did in Germany, and he viewed non-sectarian, non-pacifist German immigrants as contributing to the dissolution of the Quakers' founding vision for Pennsylvania. His religious convictions and loyalty to that political ideal took precedence over his ethnic identity. That this was little impediment to his business success testified to the demographic strength of the German sectarians during the early and mid-eighteenth century: his alliance of German and English Pietists placed him at the nexus of a populous and influential group of people. By the time that his son and grandsons were working as printers, however, they encountered the adverse consequences of being part of an outnumbered sect. Yet thanks in part to the strength of Pennsylvania's tradition of religious

79 Pennsylvania Supreme Executive Council, A Proclamation [May 21, 1778] (Lancaster, PA, [1778]). Durnbaugh, *Brethren in Colonial America*, 396-405; Hocker, *Sower Printing House*, 99-106.

80 Wolf, *Germantown and the Germans*, 107-10; Hocker, *Sower Printing House*, 115-23.

liberties, which the Sauers arduously defended, the new nation that formed at the cost of their press and family fortune proved to be more respectful of religious minorities and free expression than the Sauers had feared.

Hans Leaman (Ph.D. Yale University; J.D. Yale Law School) was a postdoctoral associate in history at Yale University from 2014 to 2016. He held a GHI Fellowship at the Horner Memorial Library of the German Society of Pennsylvania in Summer 2016. He is now an independent scholar with particular interests in the history of Anabaptism, theological interpretations of exile, and the development of migration and asylum rights.

JOHANN ANDREAS ALBRECHT: MAKING RIFLES IN EIGHTEENTH-CENTURY MORAVIAN ECONOMIES

Scott Paul Gordon

Johann Andreas Albrecht (born April 2, 1718, near Suhl, Electorate of Saxony, Holy Roman Empire; died April 19, 1802, Lititz, PA) was a European-trained gunstocker, who emigrated in 1750 to the Moravian community of Bethlehem, Pennsylvania. Albrecht had little opportunity to flourish in his profession, however, because the coordinated economies of the Moravian settlements had little need for a full-time gunstocker and so, for much of two decades, authorities deployed Albrecht as a music teacher and a tavern keeper. Nevertheless, it was Albrecht who in 1763 established a new gun shop at Christiansbrunn, which supplied arms to Pennsylvania during the American Revolution. At Christiansbrunn and later at Lititz, another Moravian community where he lived the last three decades of his life, Albrecht trained a new generation of gunsmiths, including Christian Oerter and William Henry Jr.

Albrecht's experience reveals the constraints that religious convictions and, in particular, membership in the Moravian Church in early America placed on the pursuit of profit. Recent work on Moravian communities has shown that church authorities worked hard to ensure that their unusual economies earned a much needed profit, which was used to finance the Moravians' ambitious missionary projects around the globe.¹ But the church could count on this profit only if many individual tradesmen and craftsmen, whose labors produced the surplus that the church appropriated and redeployed into mission work, made no claims upon those funds. For two decades after he immigrated to America, Albrecht opted out of the colonial economy in which some individuals thrived and others struggled. Perhaps if Albrecht had lived in a city, town, or frontier community where a gunstocker could flourish, he would have leveraged his training and talents into financial success. Instead, he chose to live in Moravian communities that discouraged worldly ambition, entrepreneurial risk, and the accumulation of individual wealth. That he lived in these communities contentedly reveals how much religion, rather than a desire for individual profit, shaped Albrecht's long career.

Early Life and Wartime Service

Johann Andreas Albrecht was born near Suhl, Electorate of Saxony, on April 2, 1718, the eldest son of Michael and Margaretha Elisabeth

1 Katherine Carté Engel, *Religion and Profit: Moravians in Early America* (Philadelphia, 2009).

- 2 November 19, 1766, Church Register of the Moravian Congregation at Bethlehem, Vol. 2, 1756-1801, ChReg 11, Moravian Archives, Bethlehem (hereafter, MAB); Addendum to the Lititz Diary of April and May [1802], [hereafter, Albrecht Lebenslauf], MAB [trans. Edward Quinter]. Albrecht described his early life in this *Lebenslauf*, a memoir that he, like most Moravians, wrote as a spiritual exercise and a template from which a funeral discourse could be crafted. Albrecht probably wrote his shortly after he arrived in Bethlehem, perhaps in 1752. A slightly different version of the *Lebenslauf*, translated by Lothar Madeheim from the 1803 *Gemein Nachrichten* [Beilage No. 11.2.1, MAB], appeared in William S. Bowers, *Gunsmiths of Pen-Mar-Va, 1790-1840* (Mercersburg, PA, 1979), 8-10. For the *Lebenslauf* tradition, see Katherine Faull, *Moravian Women's Memoirs: Related Lives, 1750-1820* (Syracuse, 1997), and Thomas J. McCullough, "The Most Memorable Circumstances': Instructions for the Collection of Personal Data from Church Members, circa 1752," *Journal of Moravian History* 15, no. 2 (2015): 159-76.
- 3 Peter Ravn Lund, "Gunmaking in Suhl," in *Christoph Funk, Gewehrfabrik, Suhl* (Denmark, 2012), 11-15; "A History of Gunmaking in Suhl," <http://www.germanhuntingguns.com/Sections/Page.asp?SSID=731&NRID=1&Tag=Suhl10> (accessed October 13, 2015); Rosalind Beiler, *Immigrant and Entrepreneur: The Atlantic World of Caspar Wistar, 1650-1750* (University Park, 2008), 145-46.
- 4 The Lititz Diary memoir twice uses the term "gunsmith" (*Büchsenmacher*), whereas the *Gemein Nachrichten* memoir uses "gunstocker" (*Büchsenmacher*).

Albrecht. His parents raised him as a Lutheran and apprenticed him to a gunsmith at the age of 13 in 1731.² Gunsmithing in Suhl had begun as early as 1535, fueled by the rich iron ore — from which workers had been producing pig iron, ideal for gun barrels — in the Thuringian Mountains that surround the town. By 1553, eight gunsmiths worked in the town that had a population of about 4,500, and the gunsmiths of Suhl established a guild a decade later. In 1631, Suhl's gunsmiths produced nearly 29,000 muskets, and business boomed throughout the Thirty Years War (1618-1648), when the region supplied weapons to Denmark, Belgium, and Austria, among other combatants. Many of these were simple guns, but others — as surviving examples demonstrate — were superbly carved and engraved. In the 1730s, during Albrecht's apprenticeship, the Suhl gun industry produced rifles not just for the European market but also for the transatlantic trade. Caspar Wistar (1696-1752), who immigrated to Pennsylvania in 1717, imported more than fifty rifles, many especially tailored for the American market, from gunsmiths in Suhl and Rothenberg between 1731 and 1745. An assessment of the population, which suffered greatly after a devastating fire in 1753, revealed that some 82 gunsmiths, 60 gunstockers, and nine gun barrel makers practiced their trades in the community. The fire marked the peak of Suhl's gun industry, however, as the trade did not recover from the conflagration.³

Albrecht's master trained him as a gunstocker. While the term *gunsmith* might describe men who repaired guns, produced specialized gun parts (such as barrels or locks), or created an entire gun from scratch, the term *gunstocker*, the profession associated with Albrecht throughout his career, describes the craftsman who would carve and shape the stock of a rifle and assemble the other components — the gunlock and the barrel — into a finished product.⁴ A gunstocker might produce a plain, unornamented stock or he might craft a highly ornate, carved stock, perhaps with inlaid wire or other designs. Albrecht completed his apprenticeship in 1738, at the age of 20, at which point he became a journeyman gunstocker. Young gunsmiths who had completed their apprenticeships typically undertook a *Wanderjahr*, traveling from place to place to hone their skills and learn varied styles or techniques. Albrecht worked first in Halberstadt (some 100 miles north of Suhl in the Kingdom of Prussia) and then, in 1739, accompanied by another gunsmith, he relocated to nearby Wolfenbüttel, where he returned the following year to "do work for the soldiers." By 1741, the First Silesian War had begun and Albrecht, attached to a regiment as a "gunmaker," was encamped at Brandenburg. He soon joined

the Anhalt-Dessau regiment and with it he spent winter quarters in Berlin. He traveled with this regiment to Halle/Saale, near Leipzig, the following year at the end of the war.

In Halle, Albrecht first encountered the Moravians. Albrecht had long struggled spiritually, but after hearing a lecture by Count Nicholas Ludwig von Zinzendorf (1700-1760), the leader of the renewed Moravian Church, he found his spiritual home. With a fellow soldier, he traveled to the Moravian settlement at Herrnhag in 1742 or 1743, and he later testified that the time he spent there was an “unforgettable blessing.” Albrecht wished that he could “live among such a group of people” and “enjoy their beautiful worship services,” but in 1744 he went again to war.⁵ Albrecht wrote to the Moravians that, as he marched with his regiment, he could find “rest and satisfaction” only when his “Heart lies completely” at the Savior’s “feet and I tend to his wounds”: only then “anxiety and hurt leave me, and I am happy.” “My whole heart,” Albrecht assured his brethren, “lived and loved and had enjoyment in His Wounds.”⁶ He carried to war a small book in which Moravian authorities specified a watchword (*Losung*) for daily devotion. Albrecht fought in the Battle of Soor, at which Austrian forces surprised the Prussian Army on September 30, 1745. “Whoever could flee, fled, myself included,” Albrecht wrote, escaping the “shining sabers” of the Hussars “without the slightest damage to my body.” Several of the Moravian brethren with whom he served were injured or killed, one shot through the head, but the survivors “couldn’t think of anything but the Lamb and Blood.”⁷

Albrecht’s commander rejected his request to be released from military service when the Second Silesian War ended in December 1745. Albrecht remained in Halle with his regiment until his request was finally granted in 1748: “the next day,” Albrecht stated, “I left for Herrnhag.”⁸ The bonds that Albrecht formed during his years at war remained important to him. He signed a 1752 letter to Zinzendorf as “former gunsmith for the Anhalt-Dessau Regiment in Halle,” and he remained close to one of his *Soldatenbrüder*, Carl Gottfried Rundt (1713-1764), after both had immigrated to America. Albrecht sang a composition written by Rundt for the single brethren’s festival in Bethlehem in 1755, and he penned a poem to celebrate Rundt’s birthday in 1763.⁹

Albrecht arrived in Herrnhag in September 1748, joining the community at a moment of profound transformation (or crisis). The Moravian Church embraced a radical form of pietism that made other denominations uncomfortable. They focused their devotions on the

5 Albrecht Lebenslauf, MAB.

6 Andreas Albrecht to the Potsdam Brethren, August 19, 1744, in “Die Potsdamer Soldatenbrüder,” *Der Bruder-Bote* (1866), 66-67 [translated by Stefan Harrigan].

7 Andreas Albrecht to Unknown, copy, October 2, 1745, B.19.B.f.no.3, Unity Archives, Herrnhut [hereafter, UA] [translated by Stefan Harrigan].

8 Albrecht Lebenslauf, MAB.

9 Andreas Albrecht to Nicholas Ludwig von Zinzendorf, May 2, 1752, R.14.A.30.90, UA [trans. Del-Louise Moyer]; Andreas Albrecht to Carl Gottfried Rundt, May 30, 1763, PP Carl Gottfried Rundt, MAB, 4; August 29, 1755, Bethlehem Single Brethren’s Diary, MAB.

bloody side-hole of Christ on the cross as the source of the grace that redeemed humankind; they believed men had female souls, which enabled them to imagine their love for Christ in very sensual imagery; and they insisted that believers experienced direct union with Christ not only during communion but also during sexual intercourse. During the mid-1740s, the Herrnhag single brothers, led by Zinzendorf's only son, Christian Renatus (1727-1752), took these radical beliefs further than others had before.¹⁰ The single brothers at Herrnhag contended that they had achieved perfection, a "state of blessed union with the divine": they so embodied Christ, Christian Renatus stated, that their physical embraces were the embraces of Christ himself. He announced these lessons at a single brothers' festival in Herrnhag on May 2, 1748, and then repeated them to the men at nearby settlements: the sacrament of communion, in effect, was no longer necessary because perfected brothers could enjoy Christ "every day, every hour, and every moment." From this point on, as archivist Paul Peucker describes, believers "could freely act out what they believed to be ways to actually experience and enjoy nuptial union with Christ." In a festival on December 6, 1748, Christian Renatus declared "all brothers to be sisters." Having transformed into "maidens who could lie in the arms of the husband" [i.e., Christ], these single brothers felt that they were witnessing the start of a new era: each believer's mystical marriage with Christ was not a future event to be longed for but was occurring in the immediate present. Reports from Herrnhag told stories of illicit sexuality between single men and both single and married women. In February 1749, Count Zinzendorf issued a strong rebuke to the single brothers to reign in behaviors that his own teachings had inspired, and he summoned his son to London.¹¹ Christian Renatus left Herrnhag on May 9, 1749.

There is no reason to doubt that the community's enthusiastic religious devotions resonated with Albrecht's own spiritual feelings. He remained in the Moravian community during the most extravagant excesses of the "Sifting Time." His writings in the 1740s express this enthusiasm and his writings in America suggest that he never abandoned it. Albrecht left the German lands for America with a large cohort of Herrnhag single brothers, who chose to abandon the settlement in early 1750 after Gustav Friedrich (1715-1768), the new count of Ysenburg and Büdingen, the region in which Herrnhag lay, demanded that each Moravian swear loyalty to him and renounce Zinzendorf. Among the 80 single brothers who traveled to Pennsylvania on the Moravian ship *Irene* was "Joh. Andr. Albrecht," identified as a rifle maker (*ein Büchsener*) from Brandenburg.¹²

10 Paul Peucker, *A Time of Sifting: Mystical Marriage and the Crisis of Moravian Piety in the Eighteenth Century* (University Park, PA, 2015).

11 Peucker, *Time of Sifting*, 80, 84, 114, 117; Craig D. Atwood, "Zinzendorf's 1749 Reprimand to the Brüdergemeinde," *Transactions of the Moravian Historical Society* 26 (1996): 59-84.

12 Catalog of Brethren who Traveled on the *Irene* to America, May 1750, in Hellmuth Erbe, *Bethlehem, Pa.: Eine kommunistische Herrnhuter-Kolonie des 18. Jahrhunderts* (Stuttgart, 1929), 153.

Bethlehem and the Communal Economy

In June 1750, Andreas Albrecht arrived in Bethlehem, a Moravian community that was less than a decade old. But already it had about 15 buildings, including an enormous residence completed in 1748 for single men into which Albrecht moved, as well as nearly a dozen other industrial structures along the Monocacy Creek, including mills and a tannery. Three hundred men, women, and children lived in Bethlehem: 55 married couples, 12 widows and widowers, 118 single men, 50 single women, and 65 children of various ages. In the nearby communities of Nazareth, Gnadenthal, Christiansbrunn, Friedensthal, and Gnadenhütten — all of which were knit together with Bethlehem in a unified and coordinated economy — another 320 people lived, 138 of whom populated a Native American congregation at Gnadenhütten. A 1752 list identifies 36 different trades in which these men and women worked. In some trades, several workers labored — there were three shoemakers, three silversmiths, and three blacksmiths, for instance — while in others only one individual practiced the craft: Albrecht was the only gunstocker. Bethlehem and the nearby Moravian settlements shared a communal economy: laborers received the necessities of life (food, clothing, housing, medical care, and child care), rather than wages, in exchange for their work. Bethlehem’s authorities likened this arrangement to that of a family: “The Number [of settlers] at first being but small, the Beginning difficult & in great Poverty, there was no other Way to subsist but by continuing as it were in one Family. The Method of Supporting it was, that every ones Labour and what he earned, was for the Use of all the Brethren united in this Work, and was laid out for their general Support.”¹³ Albrecht brought with him 500 German guilders (about £82 in 1750, or approximately £11,500 or \$17,500 in 2014),¹⁴ which the community banked for him in an account from which he could draw.¹⁵

13 “General Table,” 1752, BethCong 424, MAB; see also “Specification of All Our Buildings and Lands,” May 31, 1758, BethCong 565, MAB; “Essay on the State of the Economy,” March 26, 1763, UVC.X.143.a, UA. For the communal economy in Bethlehem, see Erbe, *Bethlehem*; Engel, *Religion and Profit*.

14 To calculate 2014 figures, I have relied on Lawrence H. Officer and Samuel H. Williamson, “Five Ways to Compute the Relative Value of a UK Pound Amount, 1270 to Present,” and Samuel H. Williamson, “Seven Ways to Compute the Relative Value of a U.S. Dollar Amount, 1774 to Present,” MeasuringWorth (www.

measuringworth.com), October 2015.

15 Albrecht appears among those to whom a debt is due “for Monies deposited with the Diaconat without Interest.” The credit steadily declines (from £75.4.6 in 1752 to £22.10 in 1765) as Albrecht withdrew small amounts every month or so, which can be traced »

»in his account in Ledger C of the Diaconat at Bethlehem [January 1, 1749, to November 1, 1755], 131; Ledger D of the Diaconat at Bethlehem [November 1, 1755, to June 1, 1762], 111; Ledger E of the Diaconat at Bethlehem [June 1, 1762, to May 31, 1771], 5; and by date in Journals of the Diaconat in Bethlehem, vols. 2-6, MAB. Stan Hollenbaugh mistook the yearly credit to Albrecht recorded in the Diacony Extracts as payment he received for work (“Additional Information: Bethlehem and Andreas Albrecht,” in the *Kentucky Rifle Bulletin* 20, no. 3 [2003]).

Albrecht had decided to join the Moravian community at Herrnhag for spiritual reasons. But this decision altered the trajectory of his career as a gunstocker. Albrecht probably practiced his trade while he lived in Herrnhag's Single Brethren's House.¹⁶ Immigrating to Bethlehem in 1750, however, he left behind the economic opportunities that his training typically afforded. He would never produce guns in large quantities for the military, nor would he produce fine arms commissioned by aristocrats. Albrecht would never again serve as an armorer in a military unit, nor could he expect to operate a gun shop in a town that could attract local clients or government contracts. None of these ways to make a living, to achieve comfort and perhaps even wealth, would be available to him in Moravian Bethlehem. Albrecht not only gave over his spiritual life to his Savior: he also gave over his economic life to others, to church leaders who selected the trade that church members would practice and where they would practice it. He joined a church and community that disdained worldly wealth, as a 1752 conference in London reminded artisans who had been sent to Bethlehem: they must abandon the "principles of gain" and the effort to "becom[e] rich," which would "[allow] the devil in . . . by a back door." In January 1758, the Trade Conference at Fulneck in the United Kingdom affirmed that "it cannot be a Principle of a Brother in Trade to become rich." Bethlehem's communal economy, as Moravian Bishop Augustus Gottlieb Spangenberg (1704-1792) stated, ensured an equality of condition by appropriating the surplus wealth that the Moravians' "diligence" generated: without such a system, "the danger to become rich might indeed be great."¹⁷ Albrecht embraced this system wholeheartedly.

Not everybody was content with this system. Several men who "rebelled against the ways of the church and especially against the Economy" were expelled from Bethlehem in July 1759. One of these men, Johann Musch, a shoemaker, sued the church on the grounds that he should have been paid for his labor during the communal period. But, as those (Albrecht included) who had traveled from Europe with Musch testified at the trial in 1766, Musch had known before emigrating that in Bethlehem's "joint Oeconomie" an individual would receive "no Wages for his Labour, except his Clothes, Victuals & Drink," and a year after his arrival Musch had reaffirmed his desire to stay "upon the Conditions known, of having no Wages."¹⁸ Albrecht himself expressed complete satisfaction with this communal house-keeping. In 1758, Bethlehem's men reported their feelings about the Economy. Albrecht declared:

16 For two other tradesmen at Herrnhag around this time, Johann Valentine Haidt and Abraham Roentgen, see Vernon H. Nelson, *John Valentine Haidt: The Life of a Moravian Painter*, ed. Paul Peucker (Bethlehem, PA, 2012), and Lindsay Boynton, "The Moravian Brotherhood and the Migration of Furniture Makers in the Eighteenth Century," *Furniture History* 29 (1993), 45-58, and Christopher Gilbert and Tessa Murdoch, *John Channon and Brass-Inlaid Furniture, 1730-1760* (New Haven, 1994).

17 Erbe, *Bethlehem*, 80, 168; Minutes of the Trade Conferences, Fulneck Congregation, January 12, 1758, quoted in Geoffrey Stead, *The Moravian Settlement at Fulneck, 1742-1790* (Leeds, 1999), 93.

18 July 31, 1759, Bethlehem Single Brethren's Diary, MAB; July 30, 1759, Journal of the Commission, *Bethlehem Digital History Project*, http://bdhp.moravian.edu/community_records/meeting_minutes/journal/1759commjournal.html (accessed October 13, 2015); "Declaration made by some of Musche's Fellow Travelers now living on the Nazareth Tract," in Box: Court Cases I, Musch Trial, MAB. Albrecht signed this declaration. Musch's lawsuit went to court in October 1766, and Albrecht traveled to Philadelphia to testify with other brethren on behalf of the Moravian Church.

Concerning the common Oeconomie, the first thing I must honestly say for my part is that I did not come to the Gemein [i.e., Moravian congregation] to achieve external advantages. I was sought out by the Savior and chosen and called for blessedness. When I heard of the Gemein and got to know it, I knew right away that that was where I belonged, that I would be safe there and in that way could flee all the misery and danger to my soul. This outweighed everything for me. For I had decided that outside the Gemein I would be an unhappy person. This is the reason I said at the beginning that I had not come to the Gemein for the sake of external advantages and also for this reason have not thought much more about external matters for my person than always to desire that I would not be a burden to the Gemein. And for this reason the Oeconomie has never repelled me nor been against me and I have never considered how to get out of it because of any of the difficulties that might be connected with it.¹⁹

Albrecht identified his priorities clearly: his soul, not “external advantages,” mattered, and his soul was safest when he lived in a Moravian community and not in the world. Albrecht knew that the spiritual, social, and economic system within which he performed all his labor in America would limit his capacities to concentrate on his profession, let alone to expand his trade. Albrecht not only, as he wrote, submitted his will to his Savior; he also placed his talents in His hands. Church authorities determined the profession in which Albrecht worked, and Moravian Bethlehem needed him for other things. Shielded from the world by the Moravian Economy, Albrecht drew on his European training as a gunstocker only irregularly during the years that he would have been most productive, his thirties and forties.

There was limited work for a gunstocker in Moravian Bethlehem in the 1750s, except during the French and Indian War. In 1750, the gunstocker earned only £0.3.0 (approximately £21 or \$32 in 2014). But the following year, with additional work mostly for Native Americans, the trade earned £4.3.3½ in cash (as well as over £6 worth of venison, deerskins, and butter, with which some customers paid); in 1752, it earned £11.4.8 in cash (approximately £1,497 or \$2,274 in 2014).²⁰ A document that records the “distribution of trades” in Bethlehem in January 1759 identified seven tanners, four nailsmiths, ten linen weavers, three glovemakers, eight shoemakers, four bakers — and only one gunstocker, Albrecht.²¹ The

19 Opinions of the Single Brethren on The Economy, in Box: Termination of the Economy, 1758-1764, MAB [trans. Roy Ledbetter].

20 Gun-Stock Maker Account, in Book of our Trades Earnings [1750-53] in Box: General Diacony, Trades, MAB; December 31, 1750, December 31, 1751, December 29, 1752, in *Journal of the Diaconat at Bethlehem*, no. 2, unpaginated.

21 Distribution of the Brethren in Bethlehem in their Various Trades and other Occupations, January 16, 1759, *Bethlehem Digital History Project*, http://bdhp.moravian.edu/community_records/business/trades/catalogoftrades1.html (accessed October 13, 2015).

authorities that managed the unified economy that knit Bethlehem together with its surrounding communities regularly moved individuals into and out of trades as changing needs required. In the early years of the American Revolution, for instance, when Christian Oerter (1747-1777) supervised the Christiansbrunn gun shop, Moravian authorities moved the single brother Nathanael Hantsch (1749-1821) from Nazareth to help Oerter — who already had an apprentice, Jacob Loesch Jr. (1760-1821) — “in the gunstocker manufactory on account of much ordered work.”²² In the 1750s, however, Bethlehem was trying to figure out what other work its gunstockers could do.

The community needed a gunstocker, even if he had only limited opportunities to practice his trade. A gunstocker was most valuable for the services he provided to the community’s neighbors, particularly the Native Americans who frequently came to Bethlehem. Indeed, the Native Americans who had invited Moravians to live among them often asked authorities to send somebody who could “serve the Indians . . . by keeping their guns repaired” in the words of Daniel Kliet (1716-1792), who replaced the blacksmith Anton Schmidt in Shamokin in 1753. Most of the earliest instances of gunsmithing work captured in Bethlehem’s financial ledgers note work done for Native Americans. Augustus owed £0.5.0 “to Stocking & Smith, [for] work on his Pistol” in January 1752, Mary Ann owed £0.13.0 (approximately £90 or \$135 in 2014) for having a gun stocked for her son, Lucas, in February 1753, and Nicodemus owed £1.12.0 (approximately £225 or \$340 in 2014) to the “Locksmith for stocking . . . a Gun” in March 1753. The leader of the Shawnees recalled that Andreas Albrecht had “stocked his gun . . . to his complete satisfaction” in Bethlehem in 1752.²³ Albrecht also stocked several guns for the ironmaster Richard Shackleton in this period, so his work was not entirely for Native Americans.²⁴

22 August 2, 1773, December 27, 1775, Nazareth Diary, MAB; September 7, 1773, Nazareth and Upper Places Memorandum and Pricebook, Folder A735, Moravian Historical Society, Nazareth, Pa. [hereafter, MHS]. Hantsch had moved to Christiansbrunn on August 21, 1765, to learn a trade. He had moved to Nazareth (from Bethlehem) four months before authorities sent him again to Christiansbrunn. In October 1778, Hantsch was asked to leave the Upper Places, encouraged to travel to Lancaster to work with a gunsmith there — probably Jacob Dickert (August 14, 1775, Nazareth Diary; October 8, 1778, Nazareth Single Brethren’s Diary, MAB).

23 February 16, 1752, March 1, 1752, in [Single Brethren’s] House Conference, 1750-1752, BethSB 8, MAB; Daniel Kliet to Nicholas Ludwig von Zinzendorf, September 1, 1753, R.14.A.30, UA [trans. Del-Louise Moyer]; January 30, 1752, February 19, 1753, March 25, 1753 in *Journal of the Diaconat at Bethlehem*, no. 2 [March

17, 1749 to August 31, 1753]: unpaginated, MAB; Shamokin Diary, April 18, 1754, MAB. A group of Shawnees visited Bethlehem on July 10, 1752 (Bethlehem Diary, MAB).

24 Shackleton had at least six guns stocked at Bethlehem between 1752 and 1759, usually for other men: Richard Shackleton

account, Ledger C, 319; Ledger D, 82, MAB: December 14, 1752 (for Wm. Macalister), March 24, 1755 (for Fred. Klein), July 30, 1757 (“Stocking &c. 2 guns”), September 12, 1758 (for John Cains), July 14, 1759 (Isaac Wains), October 30, 1759 (for Isaac Wains). See corresponding dates in *Journal of the Diaconat at Bethlehem*, Nos. 2-4.

These financial accounts make several things clear. First, Bethlehem's accountant recorded Albrecht's gunstocking work in the locksmith's account, as when Nicodemus owed the "Locksmith for stocking . . . a Gun." Bethlehem's financial journals and ledgers include a separate account for the "Gun-Stock Maker" only from 1750-1752. After 1752, the Diacony Ledger D included a "Lock Smith & Gun Stock Maker" account, which shrank to just "Locksmith" when the account was transferred to another page: but, even with this change of title, this account continued to include the gunstocker's charges and credits. Indeed, Albrecht's charges and credits appeared on the locksmith's accounts until 1762, several years after he had left Bethlehem. To be sure, some work on guns may have been obscured in charges to the locksmith for work whose details simply weren't specified in the journals. It is impossible to know what portion of the locksmith's annual earnings noted in the Diaconat summaries — £76.6.6 from 1756-57 (approximately £10,700 or \$16,250 in 2014), £194.3.9½ from 1760-1761 (approximately £27,280 or \$41,450 in 2014) — relate to work that the gunstocker performed.²⁵

Second — and more important — the gunstocker's labor served those outside Bethlehem. Authorities did not (yet) conceive of the gunstocker as a craftsman who made products to sell to the general public or the surrounding community.²⁶ Nor did the surrounding community look to Bethlehem as a source of rifles, even after the Stranger's Store opened in 1753 to enable neighbors to buy some products that Bethlehem's craftsmen produced. The gunstocker worked largely on demand (in economists' terms, according to a "made-to-order" model): he would repair guns that were brought to Bethlehem and occasionally stock a rifle, using salvaged or new locks or barrels, when a friend or neighbor requested it. There is no indication that he produced rifles in *anticipation* of a future order or customer (a "made-to-stock" model). The gunstocker labored, that is, when somebody brought him work or requested a newly stocked rifle. Albrecht often repaired or restocked a rifle or fowler using barrel, lock, and furniture provided by the customer. One Native American who arrived at Bethlehem in October 1758, for instance, brought "both Lock & furniture" and needed a "new Stock"; another, who came with a "Barrell & Lock," received a "plain Stock without furniture."²⁷ The "Locksmith and Gun Stocker" account includes purchases of gun locks and gun brasses (cast brass buttplates or trigger guards, for instance), which may have been used in newly stocked guns or as replacements in damaged guns.²⁸ The volume

25 Box: Extracts of Bethlehem Accounts, 1747-1765, MAB.

26 For more on this shift in thinking, which occurred in the 1760s, see Scott Paul Gordon and Robert Paul Lienemann, "The Gunmaking Trade in Bethlehem, Christiansbrunn, and Nazareth: Opportunity and Constraint in Managed Moravian Economies, 1750-1800," *Journal of Moravian History* 16, no. 1 (2016): 1-44.

27 John Hughes to Timothy Horsfield, October 23-24, 1758, Box: Revolutionary War Documents, MAB.

28 The locksmith shop also purchased guns between 1757 and 1761, presumably to repair them so they could be used. See Locksmith & Gun Stock Maker account for purchases of gun locks (December 12, 1755, April 30, 1756, May 11, 1756, June 30, 1756, October 18, 1756), of gun brasses (December 15, 1755), and of guns (September 30, 1757, December 21, 1761), Ledger D, 7-8, 223, MAB. The Strangers' Store purchased a half-dozen gun locks on September 23, 1755 (Rees Meredith Bill, in Merchants Book [March 30, 1754-June 14, 1757], in Box: General Diacony, Merchants, MAB) and George Klein purchased three more in Philadelphia on August 21, 1758 (George Klein's Account of Sundries paid & Bought in Philadelphia, in Merchants Book [June 14, 1757-August 11, 1759], in Box: General Diacony, Merchants, MAB).

- 29 January 12, 1752, February 16, 1752, March 1, 1752, in [Single Brethren's] House Conference, 1750-1752, BethSB 8, MAB.
- 30 He performed other services for the Bethlehem community: he traveled from time to time to nearby Moravian communities such as Gnadenhütten or Meniolagomekah to deliver letters or the current *Gemein Nachrichten*, the newsletters that were read aloud in different communities and helped knit together the far-flung Moravian communities: see March 30, 1753, Gnadenhütten Diary, MAB; August 1, 1755, Bethlehem Single Brethren's Diary, MAB.
- 31 June 13, 1752, December 17, 1752, Bethlehem Single Brethren's Diary, MAB. See also Stewart Carter, "Trombone Ensembles of the Moravian Brethren in America: New Avenues for Research," in *Brass Scholarship in Review*, ed. Stewart Carter (Hillsdale, NY, 2006), 82-83n24.
- 32 September 22, 1758, March 11, 1759, Bethlehem Diary, MAB [trans. Del-Louise Moyer]; November 1, 1756, Bethlehem Diary, quoted in "Extracts from the Diary of the Bethlehem Congregation, 1756," *Penn Germania* 2, no. 3 (1913): 92.
- 33 Bethlehem Township Tax Return, December 9, 1756, Box: Administration Taxes, 1757-1790, MAB.
- 34 Membership Catalog, Bethlehem and Christiansbrunn Single Brethren and Older Boys, 1743-1755, BethSB 47, MAB; Membership Catalog, Bethlehem Single Brethren, 1756-1769, BethSB 48, MAB; John W. Jordan, "Moravian Emigration to Pennsylvania, 1734-1765," *Pennsylvania Magazine of History and Biography* 33, no. 2 (1909): 241.
- of his labor depended entirely on how much work those outside Bethlehem brought him.
- How did Bethlehem's authorities decide to employ this European-trained gunstocker? Albrecht began working in his trade soon after he arrived in Bethlehem in June 1750, performing the limited activity recorded in the community's ledgers. Twice in early 1752, Bethlehem's Single Brethren's House Conference sent Albrecht looking for "Sugar & Walnut Trees for Gun Stocks" or, the next month, for "some Trees to make Gun-Stocks."²⁹ In 1755, however, Albrecht was "assigned charge of the children," teaching them music. He had been involved in the community's musical life from the moment he arrived in Bethlehem.³⁰ Albrecht played the traverse flute at Gnadenhütten in January 1752, and the next month at a birthday celebration of Nathanael Seidel (1718-1782), one of Bethlehem's leaders, he played the harp. In June 1752, he traveled with three other musicians, including his friend Carl Gottfried Rundt (1713-1764), to celebrate the completion of a new Moravian church in New York. A few months later, in December, he provided music again at Christiansbrunn to celebrate the third anniversary of the single brothers' arrival at that small settlement.³¹ The children he taught, "Brother Albrecht's little musicians," often played at love feasts or the funerals of other children in the 1750s. In November 1756, "Albrecht with his music scholars performed" at an event at which nearly 200 boys and girls in the community's schools were examined in their studies of the previous year.³²
- The December 1756 township tax list declares that Albrecht (along with many others) was "wholly employed" among the children.³³ Another man, Joseph Haberland (1726-1782), is identified as the gunstocker at that time. Haberland, whose parents immigrated to Saxony in 1727, arrived in Bethlehem in late 1753 on the *Irene*. He was identified as a mason on the ship's manifest and in Bethlehem's membership catalogs — but in two such catalogs the word *Maurer* is scratched out and *Büchschäfter* written in its place.³⁴ Haberland was probably tapped to satisfy the relatively infrequent gunstocking requests when the community assigned Albrecht to the school.
- The outbreak of the French and Indian War, however, altered this calculus. By late 1755, Bethlehem erected palisades and armed its men to protect itself. The Moravians "have established Military Watches in all their Places," county officials reported to provincial

authorities in summer 1757. Five men at Bethlehem kept an armed “Night Watch” and an additional “44 single men and 25 married . . . have Arms,” while at Christiansbrunn “18 of the Singlemen have arms” and joined “some of the Indians . . . in ranging Parties, for several miles round the neighborhood . . . to see that no Indians are lurking about.” Albrecht and Haberland, however, did not produce the “Arms and Ammunitions” with which the Moravians went to “a very great Expense in providing themselves”: they were purchased in New York.³⁵ Bethlehem’s Moravians sent to New York “to purchase some small arms & to borrow as many more as they could.” With “about 60 small arms, 7 or 8 Blunderbusses & 2 Wall-Pieces,” the merchant Dirck Brinkenhoff (1739-1764) added in December 1755, “they are determined to make a vigorous Defence.”³⁶ No discussion about producing arms at Bethlehem to meet this crisis seems to have occurred.

Provincial troops began to request gun repairs at Bethlehem as early as July 1756, and this circumstance must have required Haberland or Albrecht to devote more of their time to gunstocking. Many of these repairs — such as requests to mend gun locks for Captains Arndt’s and Wetherhold’s companies — could have been satisfied by Bethlehem’s locksmith, Daniel Kliest, or his several assistants.³⁷ But other requests, such as “stocking Sam. Evans his gun,” would have required Albrecht’s or Haberland’s labor. Initially these requests were few, but in the summer of 1757 they increased and authorities may have returned Albrecht, at least part time, to the gun shop. An August 1757 charge from the joiner to the locksmith, however, hints at Albrecht’s and Haberland’s unavailability or at more work than these men could complete: why would the locksmith recruit the joiner for “Stocking 2 Guns” if either of the gunstockers could have undertaken the job? Albrecht was certainly back at work by March 1758, when he broke his arm in the shop.³⁸ On the November 1758 provincial tax list, he was again identified as the “Gun Smith.”³⁹ Albrecht appeared as a *Büchsen-Schäfter*, too, in a January 1759 list that identified the trades for all of Bethlehem’s men.

Albrecht was busy during wartime — but he performed his work within the constraints of the Moravian communal economy. This system limited Albrecht’s freedom to pursue opportunities that other gunsmiths recognized and seized during such conflicts. The career of William Henry (1729-1786) of Lancaster, for instance, reveals what an entrepreneurial gunsmith could accomplish. Henry served as an armorer during the French and Indian War (as Albrecht had during

35 Alterations in the Return of the United Brethren residing in Bethlehem,” July 26, 1757, in *Pennsylvania Archives*, 1st ser., 3: 242; Levering, *History of Bethlehem*, 399.

36 Dirck Brinkenhoff to Nicholas Garrison, December 18, 1755, R. 14.A.30, UA. Another letter to Garrison reported that church members from New York traveled to Bethlehem in late 1755 “with arms, Ammunition, &c. as many of the Brethren, who name no Scruple, are determin’d to defend Bethlehem &c. against such wicked Murderers.” He added that Bethlehem would be grateful as “some in England would make the Brethren a Present of some good Muskets, Powder, & Ball” (Henry van Vleck to Nicholas Garrison, December 18, 1755, R.14.A.30, UA). See also December 20, 1755, Bethlehem Single Brethren’s Diary, MAB.

37 “The Accounts of the Moravian Brethren with the Commissioners of the Province of Pennsylvania,” in *Memorials of the Moravian Church*, ed. William C. Reichel (Philadelphia, 1870), 245.

38 “The Accounts of the Moravian Brethren” in *Memorials*, 315-16, 356-58; August 31, 1757, *Journal of the Diocesan at Bethlehem*, no. 3 [September 1, 1753 to November 30, 1757]: 513; March 14, 1758, Bethlehem Single Brethren’s Diary, MAB. Haberland traveled frequently, visiting Philadelphia in November 1757 and touring country congregations in September 1758 before he left for Europe on missionary work in October 1759.

39 Provincial Tax Return, November 16, 1758, Box: Administration Taxes, 1757-1790, MAB.

the Silesian War), accompanying Pennsylvania troops to repair their arms in 1756 and 1758. Henry leveraged the networks he formed in these years to catapult himself out of manual labor altogether by 1760. Two decades later, Jacob Dickert (1740-1822) realized the opportunity that wartime production offered: he emerged from the Revolutionary War as the largest producer of arms in Lancaster County.⁴⁰ Such transformative success was not, of course, the fate of every Pennsylvania gunsmith. But, for Albrecht, it was not even a possibility. He subordinated any desires he may have had for economic advancement, as we have seen, to the needs of his community (and his soul). He received no wages for this work and so could accumulate no capital: like all the other laborers at Bethlehem, he received food, clothing, lodging, and medical care when necessary. Moreover, he lived in a community that, under ordinary circumstances, had little need for a gunstocker: there was no internal market for his work. And so the work Albrecht performed in these war years did not advance him in his profession. After the war ended in Pennsylvania in October 1758 with the Treaty of Easton and the need for a gunstocker in the community diminished again, Albrecht probably spent most of his time teaching music to children.

40 Scott Paul Gordon, "The Ambitions of William Henry," *Pennsylvania Magazine of History and Biography* 136, no. 3 (2012): 253-84; idem, "Jacob Dickert," in *IE*.

41 Joseph Mortimer Levering, *History of Bethlehem, Pennsylvania, 1741-1892* (Bethlehem, PA, 1903), 329; Mabel Haller, "Early Moravian Education in Pennsylvania," *Transactions of the Moravian Historical Society* 15 (1953): 18-19.

42 Levering, *History*, 366; August 30, 1759, Bethlehem Diary, MAB [trans. Paul Peucker], see also August 30, 1759, Christiansbrunn Diary, MAB. Most sources, misled by Levering, state that Albrecht moved from Bethlehem in June 1759. No description of the departure of children and single brothers to Nazareth Hall mentions Albrecht: see June 6, 1759, Bethlehem Single Brethren's Diary, MAB; June 6, 1759, Bethlehem Diary, MAB.

43 August 29, 1760, Memorabilia of Christiansbrunn and Nazareth Hall, MAB.

Christiansbrunn and the Expansion of Gunmaking

In December 1755, Moravian authorities had evacuated the girls' school and nursery from Nazareth.⁴¹ With the restoration of peace in late 1758, they decided to move the boys' school, 111 children in all, to Nazareth. Historian Joseph M. Levering wrote that a "procession" of children and single brothers to establish Nazareth Hall in June 1759 was "headed by the orchestra of boys with their instructor Albrecht." But if Albrecht led his music students to Nazareth Hall, he returned to Bethlehem to live. It was only on August 30, 1759, that "Br. Albrecht moved up to Christiansbrunn to be closer to his music students."⁴²

A small Moravian community composed nearly entirely of single men and boys learning trades, Christiansbrunn was about eight miles north of Bethlehem. In 1760, Albrecht was one of 42 single men, along with eight young men and 23 boys, who lived there.⁴³ The decision to move was not Albrecht's; nor was the decision about what trade he would practice. He moved, as the Bethlehem diary indicates, not because of his profession as a gunstocker but because of his role as a music teacher: Christiansbrunn was close to Nazareth Hall,

where Moravian boys were educated until they were apprenticed to a trade. As late as 1764, church officials at the American Provincial Synod in Bethlehem, reaffirming that the “congregation still considers music a great benefit to our liturgy” and that “our young people should profit from it in the school,” identified Albrecht and James Noble as the two “music docents.”⁴⁴ The Christiansbrunn diary tracks Albrecht’s movements back and forth to Nazareth Hall to teach children or conduct services. Albrecht had been consecrated as an acolyte in Bethlehem on August 19, 1755; this recognized his lifetime commitment to service within the church and licensed him to assist the pastor in distributing elements of Holy Communion.⁴⁵

Albrecht continued to work in Christiansbrunn as a gunstocker, when there was work. Bethlehem’s Gemein Conference described the arrangements in detail:

Albrecht has moved to Christiansbrunn, in part to instruct the children in music as he has [already] begun [to do] and [in part] to continue in gun making, however in such a way that the main thing will continue to be produced here. Now he has been given Peter Rice in order to teach him the trade.⁴⁶

This memo indicates that Albrecht would work as a gunstocker in Christiansbrunn (and train a boy in the trade), but other work related to gun production would continue in Bethlehem. The barrel and lock forging equipment, boring and rifling benches, and perhaps other tools needed for some aspects of gun repair and production remained in Bethlehem until 1764. Albrecht himself probably traveled to Bethlehem to perform some of this work. Even after his move to Christiansbrunn, Albrecht’s activity continued to appear on Bethlehem’s books until the end of the communal economy in May 1762: an October 1759 credit to the “Locksmith and Gun Stockmaker” for “repairing a gun,” a January 1760 credit to the Locksmith for “Stocking a Gun,” a July 1760 charge to the Locksmith from the Tanner for “2 lbs. Glue for Albrecht,” and a May 1762 credit to the Locksmith for “Stocking a Gun in the best Manner” and “for Stocking two Pistols genteely & mounted in the best Manner.”⁴⁷ It seems, all in all, a small amount of work. The re-assignment to Albrecht of Peter Rice (b. 1743), who had been learning the tailoring trade in Christiansbrunn, indicates that no matter how little work there was for a gunstocker, authorities recognized the importance of training the next generation

⁴⁴ American Provincial Synod Report, April 26-29, 1764, MAB.

⁴⁵ August 19, 1755, Bethlehem Single Brethren’s Diary, MAB; Faull, *Moravian Women’s Memoirs*, 149.

⁴⁶ September 3, 1759, Minutes of the Gemein Conference, MAB [trans. Paul Peucker].

⁴⁷ October 30, 1759, January 26, 1760, July 31, 1760, in *Journal of the Diaconat at Bethlehem*, no. 4 [December 1, 1757 to March 30, 1761]: 305, 338, 425, MAB; May 3, 1762 in *Journal of the Diaconat at Bethlehem*, no. 5 [March 31, 1761 to June 29, 1763]: 244, MAB; see also Ledger D, 223.

to ensure that Moravian communities could count on these skills.⁴⁸ When Rice left Albrecht after a short time, he received another student, Christian Oerter (1747-1777), who moved to Christiansbrunn on January 15, 1760, when he was 12 years old. Albrecht began to train Oerter soon after.

Albrecht's relocation to Christiansbrunn meant that he remained in a communal economy even after authorities dismantled Bethlehem's communal economy in 1762. Beginning in June 1762, Bethlehem's craftsmen earned wages and from these wages they had to purchase housing, food, clothing, and education for their children. The Bethlehem tradesmen alongside whom Albrecht had worked either purchased their businesses outright or became salaried employees of church-run businesses. Daniel Kliest, for instance, the locksmith with whom Albrecht had worked closely, purchased his business for £117 (approximately £15,600 or \$23,700 in 2014). He did not pay cash for this business: a debt was registered in the congregational accounts and carried over each year. Kliest was required to pay interest on this debt each year: £6 for the stock and, separately, £5 for the use of the shop itself. Kliest also owed six pounds each year for the education of each of his children in the community school. In the seven years that followed his purchase of the business, Kliest did not manage to reduce his debt, which rose slightly to £122. The stability of this debt, however, reveals that his income from this trade did manage to cover the interest due on his debt and the Kliest family's yearly expenses.⁴⁹ In Christiansbrunn, Albrecht did not need to purchase his business and did not experience any of the economic anxieties and uncertainties that participation in a wage economy brought. Christiansbrunn's communal economy persisted until June 1771, and there Albrecht continued to perform his varied forms of labor in exchange for the necessities of life.

In May 1762, as church authorities prepared to dismantle Bethlehem's communal economy, inventories were produced of all the holdings at Bethlehem and the Upper Places. An inventory was taken of the Christiansbrunn "gunstocking manufactory" or "gunstocking shop" (*Büchschäfterey*), as the document called the small operation that Albrecht had supervised since he arrived there in 1759. The inventory marked the financial separation of gunstocking activity from the locksmith shop, since the gunstocker's activities remained on the community's ledgers while Kliest's did not after his trade had been privatized. But it did not mark any transformation of gunstocking activities.⁵⁰ This May 1762 inventory reported 316 gunstock blanks

48 For Rice, see Membership Catalog, Bethlehem Boarding School, BethCong 485, MAB; James Henry, "Christian's Spring," *Transactions of the Moravian Historical Society* 1, no. 2 (1868): 74. Rice later moved to Bethlehem (not from Christiansbrunn but from Gnadenthal) to study organ-building with David Tannenbergh (July 19, 1762, Nazareth Diary, MAB).

49 Kliest accounts in Ledger C, 202; Ledger D, 233; Ledger E, 366; see also Extract of the Bethlehem Accounts from the June 1, 1761, to May 31, 1762, in Box: Extracts of Bethlehem Accounts, 1747-1765, MAB. Kliest paid off the entire debt incurred at the purchase of his shop by May 31, 1771. For the transition from a communal to a wage economy, see Engel, *Religion and Profit*, 161-81.

50 The May 31, 1763, summary of the value of each of the Upper Places notes, for the first time, that the sum for Christiansbrunn "include[es] the Gunstockmaker," since it was only during the previous year (May 1762-May 1763) that Albrecht's activities were separated from Kliest's accounts (*Journal of the Diaconat at Bethlehem*, no. 5 [May 31, 1763]: 328, MAB).

(of walnut, maple, and birch), along with iron and brass wire, a few trigger guards and buttplates, and a small amount of steel.⁵¹ The large number of gunstock blanks were on hand because gunstockers would set aside logs of fine wood whenever they were found, have them cut into proper-sized planks at the Christiansbrunn sawmill, and then leave these planks to cure and dry (which could take years).⁵²

The minimal demand for the work of a gunstocker left Moravian authorities puzzled about what to do with another European-trained gunstocker, Johann Valentine Beck (1731-1791), who arrived in Bethlehem on October 21, 1761. Beck “worked at [his] profession for a while” in Bethlehem — perhaps releasing Albrecht from traveling to Bethlehem for some gunmaking activities for a time — and then, Beck recalled, he “went to Nazareth to serve the children in the boarding school [*Anstalt*].” Both Beck and Albrecht, living in Christiansbrunn, worked primarily among children. While Beck would have had the *opportunity* to work alongside Albrecht and his apprentice Oerter — this would have been an impressive gathering of talent — authorities treated this concentration of gunstockers not as an opportunity but as a problem: too many men in a trade for which there was little work. In March 1762, authorities proposed moving Beck from Christiansbrunn to Bethlehem to work with the children — and, at the same time, pondered “carrying on the gunstocking shop here [i.e., Bethlehem] in the future.”⁵³ Beck, however, remained at Nazareth Hall with the children he taught.⁵⁴ Such calculations about where to assign manpower within the coordinated economy subordinated individual desires and ambitions to the needs of the overall “family.” It was impossible within the Moravian economic system to permit Beck, or Albrecht, to work in the profession in which he had trained (unless circumstances changed and a full-time gunstocker became needed). Beck found work with the children “burdensome . . . in the beginning,” but he accepted his assignments. Authorities continued to search for a place where Beck *could* “earn a living” as a gunstocker. In February 1764, they assigned him to Lititz (to which he never moved, because a replacement at Nazareth Hall could not be found), and later they sent him to Bethabara, North Carolina, where he arrived in October 1764 and set up business as a gunstocker.⁵⁵

The most valuable aspect of Albrecht’s European training, to Moravian authorities, seems to have been his ability to train young boys as gunstockers. When Peter Rice didn’t work out, as we have seen, they speedily assigned Oerter to Albrecht. But this arrangement,

51 Inventory, Nazareth Stock, May 31, 1762, Box: Documents and Letters, MHS. This inventory is reproduced in part in Robert Lienemann, “Moravian Gun Making: Bethlehem to Christian’s Spring,” in *Moravian Gun Making of the American Revolution* (Trappe, MD, 2010), 28.

52 W. C. Reichel states that Friedensthal’s mill was busy cutting curly maple, “whose timber was coveted by the gunstock-maker” at nearby Christiansbrunn, but he does not date this comment or indicate whether this is a fanciful remark or something he found in a diary (*Friedensthal and Its Stockaded Mill: A Moravian Chronicle, 1749-1767* [Nazareth, PA, 1877], 20).

53 John Valentine Beck, *Lebenslauf*, Moravian Archives, Southern Province, Winston-Salem, NC; March 22, 1762, Minutes of the Bethlehem Single Brethren’s Conference, BethSB 10, MAB.

54 In June 1764, Valentine Beck was listed among single brothers at Nazareth Hall, while Albrecht was listed among single brothers in Christiansbrunn. In 1762, Albrecht and Beck were both in Christiansbrunn (BethSB 49, MAB).

55 February 21, 1764, March 12, 1764, Minutes of the Bethlehem Single Brethren’s Conference, BethSB 10, MAB.

too, met with difficulties, which involved Albrecht's expectations regarding the binding of his apprentices. When Oerter left Albrecht's supervision after several years (for unknown reasons), church leaders quickly worked to restore the relationship. In July 1763, they asked Jeremias Denke, Christiansbrunn's leader, to "help the boy Oerter return to his master Albrecht as soon as possible." Albrecht didn't "want to take him on," they added, but would agree to do so "only if [Oerter's] father will agree to bind him [*verbinden*], which [the father] will gladly do."⁵⁶ Apparently Oerter's apprenticeship agreement did not conform to regulations that Moravian authorities had established in July 1762. Before this time, apprentices were not bound to their masters, so that, if a master chose to leave Bethlehem, he could not take an apprentice against his will. The new arrangements required all apprentices to be bound to a master by their parents.⁵⁷ Related issues arose in 1771 when William Henry, the former gunsmith who was now a prominent Lancaster merchant, apprenticed his eldest son to Albrecht: "because [William Henry] intends to place his son in an apprenticeship with [Albrecht], we thought that it would be good to speak directly and honestly with Henry, so that he consider it carefully, so that we should not get the blame and Henry should not be offended." Here, too, authorities seem concerned about the conditions under which Albrecht would train Henry's son. A third instance in which a committee reported on Albrecht taking an apprentice again emphasized legalities. On July 18, 1774, Lititz authorities recorded that the boy Georg Weiss "was bound out to our Br. Albrecht by means of a [Indenture] according to the law of the land in the presence of his father Mattheus Weiss and afterwards, with a sincere admonition from the *Collegio*, given over to Br. Albrecht."⁵⁸

Why did authorities pressure Albrecht to accept Oerter back "as soon as possible" in June 1763? Oerter finally returned to Albrecht on September 5, twelve days after construction had begun on a small gun shop in Christiansbrunn.⁵⁹ The decision to build this gunstocking shop in Christiansbrunn likely stemmed from concerns about a new Indian War, the first salvo of which had occurred on May 9, 1763, with Pontiac's siege of Fort Detroit. By June 2, Native Americans had seized five colonial forts, and Bethlehem's authorities discussed the issue on July 1, worrying that "the Indian war may become universal" and pledging to "make preparations so that we can be ready in case of emergency." They directed the locksmith Kliest to "immediately begin working on rifles remaining here from the previous war, inspecting, cleaning, and where necessary also repairing them," and asked Timothy Horsfield to

56 July 5, 1763, Minutes of the Bethlehem Single Brethren's Conference, BethSB 10, MAB [trans. Paul Peucker].

57 July 10, 1762, Minutes of the Bethlehem Aufseher's Collegium [trans. Jeannette Norfleet], MAB.

58 May 6, 1771, July 18, 1774, Minutes of the Lititz Aufsehers' Collegium, MAB [trans. Anne Schmidt-Lange].

59 September 5, 1763, Memorandum and Pricebook, Folder A735, MHS.

“make inquiries” in Philadelphia “as to whether we can obtain several guns from privateers.” It was at this moment that they began working to restore Oerter to Albrecht. Bethlehem’s authorities inventoried the guns on hand: 88 in all, 19 “provincial guns” stored in the Brethren’s House, 41 guns with Andreas Weber (steward of the boarding school), 11 with Kliest, 9 possessed by married men, and 8 possessed by single brothers. On August 10, authorities assigned people and guns to different locations — the tannery, the waterworks, the stable, the tavern — and established two companies that would have no fixed location but would rather “rush to help where they are most needed.”⁶⁰ Later that month, construction began on the gunstocking shop in Christiansbrunn.⁶¹ The completed structure — a one-story, log building, 25.5 feet by 20 feet, with a small smithy (a surviving plan of a Moravian gun shop is surely Christiansbrunn’s shop) — permitted work that Albrecht could not have undertaken in Christiansbrunn before.⁶² On January 31, 1764, the locksmith shop in Bethlehem transferred tools, including boring and rifling benches, to Christiansbrunn since the new gun shop had room for them. With this equipment and after setting up a forge, a master could train his apprentice to produce every part of a rifle: to forge and finish barrels and locks, to cast mounts, and to stock up the complete arm. In November, Bethlehem’s authorities sold some guns to Christiansbrunn that they had purchased from overseas in 1761; these were delivered to Albrecht.⁶³

During the nearly three years that Albrecht supervised the new gun shop in Christiansbrunn — he departed in November 1766 for an assignment back in Bethlehem — its activities changed. It began to produce new rifles for sale, and it expanded and diversified its customer base. Production levels were likely minimal until the American Revolution, when, under Christian Oerter’s management, the shop was contracted to provide 500 muskets to the new state of Pennsylvania.⁶⁴ This shift to producing new rifles and counting on a market for them is significant — and it happened on Albrecht’s watch (though it is impossible to know

»the Year 1761”), Ledger E, 51; Extracts of the Bethlehem Accounts, 1763-1764, 9 (“Guns for Christiansbrunn”), Box: Extracts of Bethlehem Accounts, 1747-1765, MAB. For the transfer of equipment, see Receipt, Box: Upper Places: Misc. Bills, 1762-1799 [MHS 52], MAB. These identical items show up the May 31, 1764 summary of charges from Kliest to Christiansbrunn (*Journal of the Diacony at Bethlehem*, no. 6 [July 1, 1773-August 25, 1766]: 203) and in a March 1766 inventory of the furnishings of the Christiansbrunn gun shop [Box: Upper Places: Misc. Inventories: Upper Places, 1762-1775 [MHS 39], MAB].

64 Only one letter document this contract: William Henry to Andreas Busse and C. G. Reichel, March 9, 1801, Box: Nazareth Elders Conference, 1791-1801, MAB. Oerter delivered 50 muskets by May 13, 1776 and the shop delivered 150 more muskets by October 1778: see Memorandum and Pricebook, Folder A735, MHS, and, for a more detailed report of one charge listed in this volume, see “Account of 50 Guns delivered to Jacob Opp,” May 13, 1776, in *Moravian Gun Making of the American Revolution*, 9. For more on this period of the Christiansbrunn gun shop, see Gordon and Lienemann, “The Gun-making Trade in Bethlehem, Christiansbrunn, and Nazareth,” 29-36.

60 July 1, 1763, August 1, 1763, August 10, 1763, Minutes of the Bethlehem Aufseher’s Collegium [trans. Jeannette Norfleet], MAB.

61 In February 1763, after a visit to Philadelphia, Albrecht traveled to Lancaster where he “spent most of his time” with the gunsmith Mattheus

Roesser (1708-1771) “on the affairs of the craftsmen” (February 25, 1763, Lancaster Diary [trans. Roy Ledbetter]). It is possible that, even this early, Albrecht was consulting with Roesser about the plans for a new gun shop.

62 “Inventory of Buildings built since 1760,” in Upper Places Inventory,

March 31, 1766, Box: Diacony Inventories, Nazareth, 1760-1790 [MHS 54], MAB; Plan of a Gun Shop, DP f.029.12, MAB.

63 December 21, 1761, Locksmith Account, Ledger D, 233; November 29, 1763, Christiansbrunn Account (“Guns &c. del. to Andr. Albrecht, which Jon. Paul Weiss had bought in »

whether he initiated it). Yearly inventories give a glimpse of the developing capacity of gun making in Christiansbrunn under Albrecht's supervision. A June 1762 inventory reveals the tools and equipment that Albrecht possessed *before* the new building was raised: saws, axes, planes, carving tools, hammers, drills and drill bits, and a large bench with a screw vise — the tools of a woodworker or gunstocker, as historian Robert Lienemann points out. A March 1766 inventory of the “newly acquired” tools and equipment in the gunstocking shop includes, along with the rifling bench and boring wheel, the tools to furnish a smithy, including a bellows, an anvil, a sledgehammer, and four pairs of tongs.⁶⁵

65 Christiansbrunn Inventory, June 1, 1762, Box: Nazareth Upper Places Agreements and Inventories, 1762-1800, MAB; Lienemann, “Moravian Gun Making,” 28; “In the gunstocking factory, newly acquired,” in Upper Places Inventory, March 31, 1766, Box: Diacony Inventories, Nazareth, 1760-1790 [MHS 54], MAB.

66 Yearly inventories show, for instance, that in 1762 the shop possessed 316 gunstock blanks; in 1763, 283 gunstock blanks; in 1764, 233 gunstock blanks; in 1765, 193 gunstock blanks; and in 1766, 173 gunstock blanks. This steady decline seems to suggest that Albrecht and Oerter used approximately 35 gunstock blanks yearly (with one year as many as 50, another as few as 20). But, while the difference of 20 gunstock blanks between the 1764 and the 1765 inventory might have resulted from the consumption of 20 gunstock blanks, the shop was probably producing additional gunstock blanks in these years. If it produced 50 additional blanks, for instance, the difference of 20 blanks from 1764 and 1765 would have resulted from the consumption of 70 gunstock blanks. Indeed, in May 1767, the shop possessed 240 gunstock blanks, which shows that in the six months since Albrecht had departed Oerter had produced at least 67 gunstock blanks.

67 In May 1764, the shop had 4 “finished” rifles; in May 1765, 8 “new rifles”; in May 1766, 6 “new rifles”; and in November 1766, when Oerter took the shop over, 4 “new rifles”: Gunstocking Factory Inventory, May 31, 1764, in Box: Upper Places and Nazareth Agreements and Inventories 1758-1770 [MHS 45], MAB; Inventory, »

These inventories confirm that Albrecht and Oerter began to make new rifles in Christiansbrunn. The gun shop had between four and eight finished or “new rifles” in stock when inventories were taken in 1764, 1765, and 1766. The term “new” designated a rifle made in the shop: the same “new” rifle might be counted in the stock for several years if it did not sell. (All “new” rifles in these years were valued at five pounds [approximately £670 or \$1,020 in 2014].)⁶⁶ It is important to recognize that these figures reveal only how many rifles were on hand at inventory time, not how many rifles Albrecht and Oerter had produced. The two men may have produced and sold many more in a given year, or they may have produced four rifles and sold none.⁶⁷ These inventories make no attempt to record *all* the work that the gunstockers undertook: they aim only to calculate the assets of the shop at the end of the fiscal year. Even debts, which sometimes appeared in inventories, only hint at the work performed in a previous year, since they capture only the work that had not been paid for. In addition, debts were carried on inventories from year to year until they were discharged: in December 1759, Walker Miller’s wife paid a debt for “Stocking & Repairing a Gun for her Husband in November 1755.”⁶⁸ Only a journal or daybook of the gun shop would reveal how much work and the sorts of work these men undertook in the 1760s.

Albrecht’s gun shop, too, diversified its clientele. Native Americans continued to bring their rifles to Christiansbrunn throughout the 1760s: in early January 1766, for instance, 13 Native Americans arrived in Christiansbrunn “because of the violent weather and because

»May 31, 1765; Inventory of Diaconat Accounts of Nazareth, May 31, 1766; “Andreas Albrecht’s Specification of the Finished Work in the Gunmaking Shop at Christiansbrunn

that he turned over to Oerter,” November 24, 1766, in Box: Nazareth Upper Places Agreements and Inventories, 1762-1800, MAB. Some of these inventories

are reproduced in part in Lienemann, “Moravian Gun Making,” 31-32.

68 *Journal of the Diaconat at Bethlehem*, no. 4 [December 13, 1759]: 322, MAB.

they had some work for the gunstocker.”⁶⁹ But two lists of outstanding debts to the Christiansbrunn gun shop reveal that, while Native Americans still constituted a significant percentage of the gun shop’s customers, the shop served white neighbors as much if not more than it served Native Americans. A 1767 list of outstanding debts recorded 29 individuals, 15 of whom seemed to be Native Americans. A 1769 list recorded 39 individuals, separated into 16 Native Americans and 23 whites. Most of the debts on both lists involved gun repair, although 10 of the 68 debts amounted to £4 or more and so could have been for a new rifle.

It is impossible from surviving records to measure the amount of work that the Christiansbrunn gunstocking shop performed under Albrecht’s management: the quality of the work is also difficult to assess, since none of the shop’s products have been positively identified. Many rifle collectors believe that an impressively-carved rifle — called the “Edward Marshall” rifle — was produced by Albrecht in the 1750s or 1760s; the Moravian Historical Society possesses a near twin of this rifle, more simply decorated but with an identical stock profile. These attributions arise, in large part, because several surviving signed and dated rifles by Christian Oerter contain accomplished carvings on their stocks. One such rifle, dated 1775 on the barrel and called the “griffin” rifle because of the extraordinary creature carved behind the cheekpiece, is celebrated as “the most elaborate of all the known Moravian guns.” Since Oerter must have learned his carving skills from Albrecht, the logic of attribution goes, these earlier rifles with similarly impressive carving are probably examples of Albrecht’s work.⁷⁰ Such attributions, however, remain speculative. Whether or not Albrecht produced the rifles attributed to him, it certainly seems that Albrecht successfully transferred the skills he had mastered in the German lands to a new generation of American gunsmiths. Albrecht could not, within the Moravian system, use those skills to climb the economic ladder in early America, but he willingly passed them on to others. It was to his apprentice Oerter that Albrecht turned over the Christiansbrunn gun shop on November 24, 1766.⁷¹ Albrecht had an assignment back in Bethlehem.

Bethlehem and Lititz: Economic Realities

Albrecht became a wage laborer for the first time when he assumed the position of tavern keeper at the Sun Tavern (later the Sun Inn), a large hostelry on the northern boundary of Bethlehem. Construction began in 1758, and guests were entertained there for the first time in September 1760. By August 1762, the inn contained three

69 January 2, 1766, Christiansbrunn Diary [trans. Roy Ledbetter].

70 *Moravian Gun Making of the American Revolution*, 64. A 1776 Oerter rifle has been described as “the finest example of the Revolutionary period Pennsylvania flintlock rifle extant” (*The Picket-Post: A Record of Patriotism* 39 [Valley Forge Historical Society, 1962]: 18). For the Marshall rifle, see George Shumway, *Rifles of Colonial America*, 2 vols. (York, PA, 1980), 1:178-81; for the Moravian Historical Society rifle, see Kevin J. McDonald, “The 1740 Whitefield House Museum and Its Early Longrifle,” *Kentucky Rifle Association Bulletin* 33, no. 2 (2012): 10-14; for the griffin rifle, see *Moravian Gun Making*, 63-75. For other rifles with engraved creatures, see Patrick Hornberger and Joe Kindig, III, *Masterpieces of the American Longrifle: The Joe Kindig, Jr. Collection* (Trappe, MD, 2015); *Moravian Gun Making*, 51-63.

71 Andreas Albrecht’s Specification, November 24, 1766, Box: Nazareth Upper Places Agreements and Inventories, 1762-1800, MAB.

English and three German double bed-steads, as well as six single bed-steads. Its cellar contained 20 gallons of Madeira wine, 10 gallons of Tenerife wine, two quarter casks of white Lisbon wine, 109 gallons of Philadelphia rum, 64 gallons of West India rum, eight gallons of shrub, 40 gallons of cider-royal, four hogsheads of cider, and one barrel of beer. (The cellar stocked only a small amount of beer because the brewery in Christiansbrunn could quickly supply more: visitors consumed 38 barrels of beer at the Sun Inn in 1762.)⁷² In April 1766, seven months before Albrecht became innkeeper, Moravian engineers pumped running water to the tavern. Albrecht took over management of the tavern from Jasper Payne (1708-1779), who left to manage the congregational store in Lititz, on December 9, 1766. Albrecht's yearly salary was £25 (approximately £2,870 or \$4,360 in 2014), and his compensation included food.⁷³

Albrecht could not be assigned to the Sun Tavern until he was married. "Brother Albrecht was proposed for our Tavern," Bethlehem's Elders' Conference noted on October 9, 1766, "and to this purpose he should marry." A marriage for Albrecht had been proposed in 1759 with a single sister from Philadelphia, Sally Price (1738-1769), but this union never occurred and Price remained a single sister until her death. In 1766, authorities first proposed Sister Magdalena Graff (b. 1742), but she declined. After considering several other single sisters, they proposed Elizabeth Orth (1739-1830). Although Orth had been proposed a year before for another marriage, the need to find Albrecht a partner led authorities to consider her for him instead. On November 19, 1766, the two wed.

The Albrechts served as tavern keepers for four-and-a-half years. It was not an easy job. In December 1770, some farmers who lived in the "drylands" between Bethlehem and Nazareth complained to Bethlehem's authorities that Albrecht had treated them "very coarsely" when they tried to enter the tavern at night, and they threatened a lawsuit. An investigation revealed, however, that it was the farmers who "treated Brother Albrecht badly [. . . throwing] him on the floor without provocation." Such incidents were surely more common than records preserve. Albrecht had difficulty speaking English, as was evident at a trial in which he testified in October 1766, which likely complicated his interactions with the many English speakers he dealt with as a tavern keeper. In early 1768, Albrecht discontinued "the German News Papers," but continued to subscribe to the "English News Papers" at the Sun Tavern.⁷⁴

72 W. C. Reichel, *The Old Sun Inn, at Bethlehem, Pa., 1758, now the Sun Hotel: An Authentic History* (Doylestown, PA, 1876), 16.

73 His salary for his first partial year (the Moravian fiscal year began in May) was £10.16.0.

74 December 10, 1770, Minutes of Bethlehem Elders' Conference [trans. Del-Louise Moyer], MAB; Account of the Musch Trial, 25-27, in Box: Court Cases I, Musch Trial, MAB; February 10, 1768, *Journal of the Diaconat at Bethlehem*, no. 7 [August 25, 1766-February 10, 1770]: 265, MAB.

It is hardly surprising, as a Bethlehem committee discussed in January 1771, that the Albrechts “repeatedly requested to be released from their tavern duties.” Albrecht was “of a mind to practice his profession [as a gunsmith] and to this end build a small house.” Albrecht’s proposition, however, puzzled authorities: he requested “that his work be so arranged as it was before in Christiansbrunn, including Brother Oerter, who has up to now been running the [gun]shop [in Christiansbrunn] as its master.” Authorities were sure that Oerter, who had become a master, would not “want to return to being an apprentice of Brother Albrecht’s.” So authorities rejected Albrecht’s request “that the tools for the gunsmith shop in Christiansbrunn, as well as young Brother Oerter, who has been serving as the master, be allocated to him.” But they considered an alternative possibility: Albrecht might be able to “practice his profession in Lititz,” a Moravian community about eight miles north of Lancaster, since “Brother William Henry in Lancaster wants to arrange plenty enough work for him from Pittsburgh.” In addition, “the tools of a gunsmith who died in Lancaster” — the Moravian Matthias Roesser had died on January 26, 1771 — “are supposed to be sold this month.” Albrecht thought the proposal had merit and visited Lititz to investigate the possibilities.⁷⁵

In June 1771, the 53-year-old man, with his wife, left the tavern to move to Lititz. Moravian authorities offered him a £20 gratuity to “ensure his total satisfaction and to prevent any future claims.” They added that future tavern keepers should be paid £30 “plus a portion of the profits to encourage thriftiness and more attention to detail,” which suggests some dissatisfaction with Albrecht’s tenure at the Sun Tavern.⁷⁶ Albrecht had lived in the Lehigh Valley, either in Bethlehem or Christiansbrunn, for over twenty years. He was not only leaving behind a familiar region. He was also leaving behind the economic security that he had enjoyed first as a member of the communal economy and, later, as a waged employee of the church to which he was devoted. In Lititz, he knew, he would “live and work for [him]self” for the first time since he had left Europe.⁷⁷

In Lititz, Albrecht resumed his trade as a gunsmith. He moved into the home of Joseph Ferdinand Bullitschek (1729-1801), a carpenter who had himself left Bethlehem in 1759 to help build the new community. Bullitschek married in 1762, and, until the family moved to the new Moravian settlement at Bethabara in North Carolina in May 1771, raised his growing family in a stone home a block from the center of Moravian Lititz. The Albrechts moved from Bethlehem

75 January 28, 1771, March 16, 1771, Elders Conference, MAB.

76 April 1771, Minutes of the Unity Administration Conference, 1770-1783 [trans. Del-Louise Moyer], MAB; see also May 7, 1771 (“a Gratuity given unto him by the Diaconat besides his Salary, being in full of all Demands to this day”), *Journal of the Diaconat at Bethlehem*, no. 8 [February 12, 1770 to May 31, 1771]: 205, MAB.

77 In anticipation of the dismantling of the economy, each individual signed a document witnessing that he or she “shall for the future live & work for myself” and that “henceforth the Oeconomy hath no Demand on me, nor I on the Oeconomies of Bethlehem Nazareth or elsewhere.” Samuel Saxon signed this particular testimony (in English) on March 1, 1762, in Box: Transition Period, Individual Agreements, 1762-1765, MAB.

into this home,⁷⁸ in which they would raise five children: Andrew (1770-1822), who worked as a tanner and nailsmith before serving as a state representative and state senator; John Henry (1772-1845), who became a gunsmith; Jacob (1775-18??), who worked as nailsmith and a blue dyer in Ephrata; Susanna Elizabeth (1778-1865), who married the widower Johann Philip Bachman, an organ-builder, in 1800; and Gottfried (1782-1835), who worked as a milliner.⁷⁹

Albrecht's activities in Lititz were as varied as they had been during his Bethlehem years. He continued to play music: Lititz membership catalogs listed Albrecht among the violinists. (The inventory of goods produced after Albrecht's death lists "one Fiddle with a Case.") He served on various committees or accepted assignments from them. The Lititz Aufseher's Collegium gave Albrecht, along with David Tannenbergh, the task of investigating whether Brother Andreas Horn sold "fake" rum to Henry Marck (the rum was "found to be quite good"). At another time, Albrecht — along with Brothers Christoph Franke and George Geitner — made a three-hour visit to the blacksmith shop of John Henry Rauch, who had promised to improve the venting of the smoke from his chimney: when they found that the venting still left the shop vulnerable to fire, Rauch promised to "regulate the emissions better."⁸⁰ These tasks, like his testimony in the Musch lawsuit in 1766, demonstrate that church authorities had confidence that Albrecht would represent the community's best interest fairly and that he had earned the respect of his peers.

Albrecht's home probably had a workshop, as Robert Lienemann notes, since Bullitschek had been a carpenter or joiner. In addition to his work as a gunstocker, Albrecht seems to have produced coffee mills, one of which — signed "A. A. 1772" — survives at Lititz.⁸¹ Albrecht quickly took on an apprentice, as we have seen: William Henry Jr. (1757-1821), who had been studying the piano in Lititz for several months, began as Albrecht's apprentice in June 1771. His second apprentice, the boy Georg Weiss (1758-1811), was "bound out" to Albrecht three years later on July 18, 1774. A third craftsman, Joseph Levering (1755-1797), was sent from Christiansbrunn to assist Albrecht on October 14, 1776.⁸² All these men — Henry, Weiss, Levering — would later serve as masters of the Christiansbrunn gun shop that Albrecht had established.

Most authorities date the sole surviving rifle with Albrecht's signature on the barrel to these early years in Lititz. The rifle, which has some simple carving (double C-scrolls), resembles the profile typical

78 Both Albrecht's lease and Bullitschek's original 1762 lease can be found in Box: Leases and Counterpart Leases, Lititz Moravian Church and Museum [hereafter, LMC].

79 Membership Catalog, Lititz Single Brethren Young Men, Boys, and Little Boys, May 1791 [Andrew Albrecht and Jacob Albrecht]; Membership Catalog, Lititz Single Brethren Young Men, Boys, and Little Boys, March 1802 [Gottfried Albrecht] in Box: Old Catalogs, LMC. See below for Henry Albrecht.

80 September 15, 1772, November 3, 1780, Minutes of the Lititz Aufsehers' Collegium [trans. Anne Schmidt-Lange], MAB.

81 Lienemann, "Moravian Gun Making," 35. For this coffee mill, see Wendy A. Cooper and Lisa Minardi, eds., *Paint, Pattern, and People: Furniture of Southeastern Pennsylvania, 1725-1850* (Philadelphia, 2011), 50-5.

82 For Henry, see January 18, 1771, June 27, 1771, Lititz Diary, MAB; for Weiss, see July 18, 1774, Minutes of the Lititz Aufsehers' Collegium [trans. Anne Schmidt-Lange], MAB; for Levering, see October 14, 1776, Nazareth Diary, MAB.

of Lancaster County rifles, a style that Albrecht presumably adopted after his move to Lititz. The barrel signature reads “A ALBRECHT.”⁸³ Several other rifles from the period have been attributed to Albrecht, one on the basis of a wooden patch box that closely resembles the sliding door on the 1772 coffee mill. This rifle has an unusual figure — a two-tailed dog with claw-footed legs — carved behind the cheek piece. A second rifle, likely from the same period, also features a striking carving, this time of a lion with similar claw-feet. For some who have studied these rifles, the unusual creatures on these two rifles so resemble the griffin on Oerter’s 1775 rifle that they believe the craftsman who carved the lion and two-tailed dog must have been the man who taught young Christian Oerter: that is, Albrecht.⁸⁴

Evidence suggests that Albrecht’s hopes of conducting a successful trade as a gunsmith at Lititz met with hard economic circumstances. He was training young gunsmiths; but few patronized his shop. He had moved to a region known for its accomplished gunsmiths, many of whom (Jacob Dickert, Peter Gonter (1751-1819), John Graeff (1751-1804), George Rathvon (1747-1799), John Henry (1758-1811), Jacob Messersmith, George Frederick Fainot (1728-1817)) labored only a few miles away in Lancaster, while others (John Newcomer) worked elsewhere in Lancaster County. William Henry’s attempt to secure work for Albrecht from Pittsburgh must have failed. “Concerning Br. Albrecht’s lack of work,” the town’s overseers’ committee minutes of July 1772 record, “it was suggested that he should have his work advertised. Also, he should take a trip to visit a certain Lowry, who is an Indian trader and sells many guns, in order to introduce himself.”⁸⁵ The suggestion that Albrecht contact Alexander Lowrey (1725-1805) showed worldly sense on the part of Lititz’s authorities. Albrecht had not had to worry about placing his product for nearly twenty-five years. His labor had been a service to others in the communal economies of Bethlehem and Christiansbrunn: he had never worked for himself, dependent, as he was at Lititz, on a market for his products.

Several membership catalogs produced at Lititz, while always identifying Albrecht’s trade as a gunstocker, reveal that in 1777 or 1778 he worked as a *Pfeiffenkopfmacher*, a pipe head maker.⁸⁶ This detail from the late 1770s suggests that it was Albrecht who had been involved in the extensive pipe head production out of the locksmith shop in Bethlehem in the 1750s. In March 1756, for instance, the locksmith supplied 4 dozen pipe heads to the Strangers’ Store. In March 1759,

83 Shumway, *Rifles of Colonial America*, 1:198. The rifle, after a restoration, can be seen in Roy F. Chandler and James B. Whisker, *Behold the Longrifle* (Bedford, 1993), 44-45, and in Patrick Hornberger and John Kolar, *The Lancaster Long Rifle* (Trappe, MD, 2012), 10-11.

84 These rifles are pictured in *Moravian Gun Making*, 50-61.

85 July 19, 1772, Minutes of the Lititz Aufsehers’ Collegium [trans. Anne Schmidt-Lange], MAB.

86 Membership Catalog, Lititz Congregation, July 1779, Box: Old Catalogs, LMC.

Bethlehem's Potter "burn[ed] pipe heads" for the locksmith, who, in subsequent months, sold very large quantities of pipe heads to the Strangers' Store: 400 in April 1759, 100 more in August, and 50 more in October.⁸⁷ Soon after, Albrecht was assigned to "make the new machine to produce pipe heads" out of brass. The gun shop that Albrecht turned over to Oerter in November 1766 contained a pipe head press and several molds. The emendation to the Lititz membership catalogs suggested that this trade constituted a significant portion of Albrecht's activities, and he continued it beyond the 1770s: the inventory of goods produced after Albrecht's death listed more than 2,000 pipes ("fifteen Gross Smoak Pipes").⁸⁸

It is possible that pipe head making was Albrecht's primary occupation during these war years.⁸⁹ By April 1777, Albrecht had lost all his apprentices. William Henry Jr. left in August 1776, having been banished from Lititz to the Christiansbrunn gun factory after sexual improprieties got him in trouble. Levering left Albrecht less than six months after he arrived in Lititz, returning to the Christiansbrunn gun shop on April 4, 1777. Georg Weiss left Lititz on April 10, 1777, and joined Henry, Levering, and the teenaged Jacob Loesch at the gun factory on August 27. Authorities recalled Weiss and Levering because Christian Oerter had been ill for months and unable to work in the gun shop: William Henry Jr. was made its master in late April. More generally, Moravian authorities were transferring men and boys to Albrecht's old shop so it could meet the extraordinary demands of wartime.⁹⁰ The small operation that Albrecht had begun was now able, as Henry recalled twenty-five years later, to put "four, five, and sometime six" men to work at "finishing 500 stand of Arms for the State."⁹¹

Lancaster County gunsmiths were put under extreme pressure during the early years of the Revolutionary War. In November 1775, the local Committee of Observation resolved that, if "any of the Gun-Smiths in the County of Lancaster . . . shall refuse to go to Work and make [. . . the] Firelocks & Bayonets required for this County by the

87 Locksmith and Gunstock Maker Account, Ledger D, 7; March 31, 1759, April 30, 1759, in *Journal of the Diaconat at Bethlehem*, no. 4 [August 31, 1759, October 30, 1759]: 214, 226, 279, 306, MAB.

88 December 9, 1760, Diacony Conference, BethCong 238, MAB; Inventory of the Stock and Tools of the Upper Places, March 31, 1766, Box: Diacony Inventories, Nazareth, 1760-1790 [MHS 54], MAB; Inventory, Andrew Albrecht, Inv 1802 F002 A, Lancaster County Historical Society.

89 Joseph Levering, who arrived to assist Albrecht in October 1776, presumably as a gun stocker, had been assigned to make pipe-heads when he was a boy: see November 9, 1767, Christiansbrunn Diary, MAB.

90 August 5-28, 1776, Lititz Single Brethren's Diary, MAB; Lititz Diary, August 28, 1776, April 10, 1777, MAB; September 2, 1776, Nazareth Diary; May 23, 1777, August 1, 1780, Christiansbrunn Diary; April 28, 1777 ("the inventory in the gun manufactory was made and Wm. Henry jun. took over as master"), Upper Places Daybook, 1777-1800, Box: Upper Places, Account Books [MHS 53], MAB. Henry turned the gun shop over on July 31, 1780, to Jacob Loesch Jr.; Loesch turned it over on October 23, 1781 to Levering; Levering turned it over on March 17, 1785 to Weiss, who managed the gun shop until it closed and John Bonn, the warden of Christiansbrunn, assumed its outstanding debts on April 28, 1789: see Christiansbrunn Gunmaking Shop Inventory, July 31, 1780, and October 23, 1781, and Christiansbrunn »

»Gunmaking Shop Inventory, March 17, 1785, in Box: Nazareth Upper Places Agreements and Inventories, 1762-1800. Henry opened a gun shop in Nazareth in 1780, but neither Weiss nor Levering would continue to work as gunsmiths. Weiss moved

to Bethlehem to work as a clockmaker and in the boys' school, while Levering, forbidden by Moravian authorities to work as a gunsmith while William Henry was doing so in Nazareth, took up the trade of tin-smith. For Levering, see

February 11, 1789, April 22, 1789, Minutes of the Nazareth Aufseher's Collegium, MAB.

91 Henry to Busse and Reichel, March 9, 1801, Box: Nazareth Elders Conference, MAB.

Honorable House of Assembly,” these gunsmiths shall be deemed “Enemies to this Country,” their “Tools . . . shall be taken from them,” and they “shall not be permitted to carry on their Trades.”⁹² The Moravian community in Lititz felt particularly vulnerable because its members refused to serve in the voluntary militias organized in 1775 — or later, after March 1777, when Pennsylvania’s legislature made militia service compulsory. Nor did most Moravians take the oath of loyalty that Pennsylvania’s new government required in June 1777. These decisions resulted in substantial fines and, according to law, could have extended to confiscation of property. On October 21, 1777, a troop of armed patriots forcibly removed 14 men, 10 single brothers and 4 married men, from Lititz, hauling them to Lancaster’s jail.⁹³ Did Albrecht voluntarily remove himself from the profession in which he had been trained to avoid being compelled to produce weapons of war? A document dating to early 1776 indicates that Albrecht received 11 proved gun barrels — but delivered no muskets to the local committee of observation. Substantial records survive of gun purchases by William Henry (by this time a chief procurement officer for both state and continental governments) from Lancaster County’s gunsmiths: Andreas Albrecht’s name does not appear at all.⁹⁴

After the war, Albrecht trained his son Henry as a gunsmith. Such training would have begun in the mid-1780s, when he was thirteen or fourteen. But Albrecht’s own economic uncertainty in his gunsmith trade seems to have led him to think twice about preparing his son as a gunsmith. When Henry Albrecht was sixteen, his father sent him Nazareth to work under his own former apprentice, William Henry. But the younger Albrecht did not arrive in Nazareth in March 1789 to apprentice as a gunsmith: William Henry had been serving the Nazareth community as a “joiner” and Albrecht learned from Henry “the joiner’s trade,” or, as the notice in the church burial record states, “that of cabinet-maker.” After three years, in March 1792, Henry Albrecht left Nazareth. He did not return directly to Lititz, traveling instead to Lancaster to work with Jacob Dickert, a fellow Moravian and an established gunsmith with a large manufactory. Albrecht remained with Dickert for more than six months before returning to Lititz on October 14, 1792.⁹⁵ Presumably working with his father, each of these gunsmiths supplied a dozen rifles to General Edward Hand in 1794. Henry Albrecht married outside the church in 1794 and soon left Lititz to work as a gunsmith for over a decade in western towns: Chambersburg (1796-1798) and Shippensburg (1798-1808) in Pennsylvania and Gnadenhutten (1808-1809) in Ohio. He returned to

92 November 10, 1775, Lancaster Committee of Observation Minutes, Peter Force Collection, ser. 8D, item 86, Library of Congress.

93 For the Revolution in Lititz, see Scott Paul Gordon, “Patriots and Neighbors: Pennsylvania Moravians in the American Revolution,” *Journal of Moravian History* 12, no. 2 (2012): 111-42.

94 [List of Muskets Furnished], Lancaster County Papers, 1724-1816, Historical Society of Pennsylvania. Albrecht wounded his hand in 1777 (“The wound on Brother Albrecht’s hand looks very dangerous”: August 2, 1777, Lititz Diary, MAB), an injury that could have resulted from any sort of manual labor.

95 March 27, 1789, March 20, 1792, Nazareth Diary, MAB; October 14, 1792, April 4, 1816, Lititz Diary, MAB; Nazareth Church Register. For William Henry as joiner, see January 25, 1794 (“No more opportunity to learn carpentry with Brother William Henry in Nazareth, as he plans to make guns in future”), Bethlehem Single Brethren’s Diary, MAB, and Scott Paul Gordon, “A Considerable Building on the Bushkill Creek’: William Henry of Nazareth at Jacobsburg,” *Jacobsburg Record* 37, no. 3 (2010): 5-8.

Lititz in 1809, perhaps living with his widowed mother until he built a home for his large family in 1813 outside the town of Lititz itself, about a half-mile from where his father had lived. He left Lititz in April 1816 to return to Nazareth.

By the time Henry Albrecht left his father's Lititz gun shop in 1789 for Nazareth, Andreas Albrecht was nearly 71 years old. Only two men in Lititz, tanner John George Geitner (1715-1791) and warden Ferdinand Detmers (1718-1801), were older than he. Albrecht probably did not work as a gunsmith any longer. The memoir read at his funeral noted that some years before his death his "strength continually lessened and he eventually had to give up his craft." The 1798 direct tax revealed that Albrecht's property included an "Old Gunsmiths Shop" about 15 feet by 12 feet, made of logs — and that this shop had been "out of use these ten years or more."⁹⁶ By the turn of the century, he had grown deaf and had become so weak that he could no longer leave his house for religious services. Confined to his home, Albrecht read the Bible and reports from other Moravian communities until blindness made this, too, impossible. His faith, which had drawn him to the Moravian Church in the German lands more than a half-century earlier, never left him, and conversations about the love of the Savior prompted him to "express himself quite vividly." Albrecht made his will in March 1800. He celebrated his eighty-fourth birthday on April 2, 1802, and soon after, as his memoir concludes, he prepared to "go home." He grew weaker, losing consciousness on April 16, and died on April 19, 1802, the second day of Easter.⁹⁷

The inventory of the "Goods and Chattels, Rights and Credits of the personal Estate" of Andreas Albrecht contained, for the most part, ordinary household items: ladles, forks, a teapot and six pairs of tea cups, a fire shovel, a large pan, a walnut table, eight chairs, a large arm chair, and a desk. Two "Silver Spoons," four "Silver Tea Spoons," and a "Silver Watch with the Box" (valued at £3, or approximately £240 or \$365 in 2014) were the only high-end items. Albrecht possessed two coffee mills — perhaps of his own making — and, as we have seen, "fifteen Gross Smoak Pipes." All these household goods, supplemented by a cow (valued at £4.10), were valued at about £29 (approximately £2,310 or \$3,509 in 2014). Albrecht also held seven bonds that were valued at £508.10 (approximately £40,500 or \$61,500 in 2014). The inventory contained no hint whatsoever that, for much of his career in various Moravian settlements, Albrecht had been a gunstocker.

96 Bowers, *Gunsmiths of Pen-Mar-Va*, 11. It has long been thought that Albrecht was assigned to the boys' school in Lititz from 1791-1793 (Haller, "Early Moravian Education in Pennsylvania," 100), but it was his son, Andreas Albrecht, Jr., who taught in this school (Andreas Albrecht, Jr., to John Gambold, October 4, 1793, Correspondence of John Gambold, Drawer A-45, Folder 7a, Moravian Archives-Winston Salem, North Carolina).

97 Albrecht Lebenslauf, MAB; Lancaster Will Book H, 179-80, microfilm, Lancaster County Historical Society.

It is as a gunstocker that Albrecht has been remembered. But Albrecht brought his profession of gunstocker to a Moravian community that provided no market for, and had limited need for, the rifles he had been trained to produce. In these early years, the gunstocker's activity contributed more to supporting mission work than it did to the General Economy itself. Albrecht worked at his profession only irregularly. Shortly after Albrecht, along with a talented apprentice, began to produce rifles for sale at a new gun shop in Christiansbrunn, Moravian authorities asked Albrecht to leave his shop and serve as a tavern keeper. When Albrecht did finally set up a workshop for himself in Lititz, he had trouble finding customers. Only one — relatively modest — rifle survives with his signature, but it seems certain that Albrecht was, as historians and collectors believe, a “most accomplished craftsman.”⁹⁸ His greatest legacy lies in the talent he trained, including Christian Oerter and William Henry Jr., to whom he passed on the skills that he had learned in the German lands, first at peace and then at war.

Scott Paul Gordon, professor of English at Lehigh University, has written two books, *The Power of the Passive Self in English Literature, 1640–1770* (Cambridge University Press, 2002) and *The Practice of Quixotism: Postmodern Theory and Eighteenth-Century Women's Writing* (Palgrave Macmillan, 2006), and he has published numerous articles on religion, class, and patriotism in early America.

98 J. Wayne Heckert and Donald Vaughn, *The Pennsylvania-Kentucky Rifle: A Lancaster Legend* (Ephrata, PA, 1993), 63.

MATHILDE FRANZISKA ANNEKE (1817-1884): SOCIAL ENTREPRENEUR AND SUFFRAGETTE

Stephani Richards-Wilson

Introduction

Mathilde Franziska Anneke (born April 3, 1817, in Hiddinghausen, Province of Westphalia, Kingdom of Prussia; died November 25, 1884, Milwaukee, WI, USA) was an entrepreneur, lecturer, educator, journalist, writer, and a newspaper editor. She was well educated and a free and independent thinker, interested in political and social reform on behalf of women in both the German lands and the United States. In addition to cultivating her professional, pedagogical, and literary endeavors, she was a wife and mother of seven children, three of whom survived to adulthood. She founded the first women's newspapers in the German lands and in the United States and is considered the most famous woman among the German "Forty-Eighters" who immigrated to the U.S. in the mid-nineteenth century.¹ She displayed a lifelong commitment to equal rights for women and joined the emerging Women's Rights Movement in the United States, becoming their most popular speaker in the Midwest. During her lifetime, she was well known and held in high esteem by the early leading feminists living in the northeast including Susan B. Anthony (1820-1906) and Elizabeth Cady Stanton (1815-1902).² Anneke also advocated for women's education and established a girls' school, which gained a reputation for excellence among German-Americans in the Midwest and which she led for eighteen years until her death in Milwaukee, Wisconsin, in 1884. Throughout her life, she spoke and wrote on improving the lot of women and viewed the amelioration of their social standing as a matter of human rights based on reason. She believed radical change to the political system would benefit not just women, but men as well. For this reason, she addressed both men and women in her lectures and writings and allowed boys to attend her girls' school. She did not live to see women gain the right to vote in either Germany or the United States, but her efforts to champion the rights, welfare, and betterment of women's lives, as reflected in her newspapers and girls' school challenged the existing system and had an impact on society decades after her death. Anneke died at the age of 67 and is buried alongside her second husband, Fritz Anneke, in the Forest Home Cemetery in Milwaukee where many other renowned German-American entrepreneurs are laid to rest.³

- 1 Cora Lee Kluge, ed., *Other Witnesses: An Anthology of Literature of the German Americans, 1850-1914* (Madison, 2007), 83. The "Forty-Eighters" were comprised of thousands of German immigrants who had participated in the failed European revolutions of 1848/49 and afterwards relocated to the United States.
- 2 Michaela Bank, *Women of Two Countries: German-American Women, Women's Rights, and Nativism 1848-1890* (New York, 2012), 1.
- 3 Her headstone is located in section 15, block 3, lot 2, grave 7 and the epitaph on her headstone reads, "We never knelt before false gods. We never shook in stormy weather. Instead we believed in the divinity whose love still builds tabernacles." *Trümmer und Epheu* is a novella written by August Konrad Gustav Pfarrius (1800-1884) and published in 1852. Pfarrius was a professor, writer, and popular poet from the Rhineland.

Anneke did not reap great financial rewards from her various entrepreneurial activities during her lifetime, including her newspapers and school, but financial gain was less significant to her than the social impact of her entrepreneurial activities. In this respect, Anneke can be viewed as a social entrepreneur. The concept was not recognized before the Social Entrepreneurship movement began in the 1980s when Bill Drayton founded Ashoka, an organization that promotes the notion that everyone can be a change-maker and make a positive difference in the world.⁴ Prior to Drayton's activism, social entrepreneurs were often referred to as humanitarians, saints, or simply do-gooders, individuals who made a significant impact by changing the way society approached social issues or viewed vulnerable populations that had been traditionally ignored, neglected, or intentionally disenfranchised. In the case of Anneke, she was an entrepreneur in the traditional, mainstream interpretation since she took significant financial risks in order to establish and operate newspapers and her girls' school. However, she did not make great profits with these enterprises and struggled to keep them viable financially. In contrast, she succeeded as a social entrepreneur by impacting the lives of her readers, students, and women everywhere. Her ideas and educational methods were radical at the time, but proved to be sustainable and influential. These ideas and methods, rather than her specific business ventures, constitute her entrepreneurial legacy.

4 "Ashoka: Innovators for the Public." <https://www.ashoka.org/team/drayton> (accessed March 2, 2014). Social entrepreneurs include: Susan B. Anthony, Florence Nightingale, Mohammed Yunus, Fabio Rosa, Maria Montessori, Saint Francis of Assisi, and John Muir, among many others.

5 Anneke began her memoirs when she turned fifty and translated "Levringhausen" as "House of the Larks." She remembered it as her "paradise never recaptured." Charlotte L. Brancaforte, *Mathilde Franziska Anneke* (Madison, 1998), 48. See note 2.

6 Manfred Gebhardt, *Mathilde Franziska Anneke: Madame, Soldat und Suffragette* (Berlin, 1988), 8.

7 "Westfälische Geschichte — Mathilde Franziska Anneke," http://www.lwl.org/westfaelische-geschichte/portal/Internet/finde/langDatensatz.php?urlID=598&url_tabelle=tab_person&url_zaeahler_blaettern=2 (accessed March 4, 2014).

Family Background

Anneke was the oldest of twelve children born to devout Catholic parents on her paternal grandfather's picturesque estate of *Oberlevringhausen* near Blankenstein on the Ruhr River.⁵ Her parents, Karl Giesler and Elisabeth Hülswitt Giesler, were members of the local nobility, and her father's godfather was prominent Prussian reformer Heinrich Friedrich Karl Freiherr vom und zum Stein (1757-1831). As a child, Anneke often visited Stein and his family on their estate of *Cappenberg*.⁶ The Giesler family was well respected by the community and Anneke's concern for the societal wellbeing of others can be traced to her grandfather, Franz Giesler. After the Napoleonic wars and ensuing years of hunger and privation, he alleviated suffering by ensuring that those living nearby had enough to eat. Anneke later described him as a "humanitarian man" (*menschenfreundlichen Mann*).⁷ Anneke's father was a tax assessor and king's counselor (*Domänenrat*) in the town of Blankenstein where they lived as of 1820. He was also a wealthy mine owner and was initially able to

provide well for his family.⁸ In 1830, the family moved to Hattingen. (The village of Blankenstein is now part of Hattingen.) Born after Napoleon Bonaparte's reign and defeat, Mathilde matured during the German *Biedermeier* period. She was nurtured and highly educated and showed an affinity for literature, reading, and art at a young age. The comprehensive, liberal arts-based education she received was typical for girls from a higher social status.⁹ She drew, painted, played the piano, and received a well-rounded education that included German language and literature, science, and mathematics.¹⁰ Her parents sent her to the town school in Hattingen, but she also benefited from private instruction until her father lost most of his fortune and the family's social status declined.¹¹ By 1835, he was facing bankruptcy. Failed investments in railroad stocks caused their standard of living to plummet and Mathilde, a dutiful daughter, agreed to marry Alfred Philipp Ferdinand von Tabouillot, a wealthy wine merchant ten years her senior, who in 1836 arranged to pay off her father's debt in exchange for her hand in marriage.¹²

Although she had enjoyed a happy, secure, and carefree childhood, the same cannot be said of her marriage, which she entered into at the age of nineteen. The marriage produced a daughter named Johanna (Fanny). However, it was not a happy one and Mathilde suffered from her husband's abuse and excessive drinking. She became a prominent member of Prussian-Westphalian high society until she divorced Herr von Tabouillot and lost her social standing.¹³ Anneke had left him a year after her wedding and soon after Fanny's birth in 1837, but was not granted a divorce until 1843. The divorce process lasted several years from 1838 until 1841 and it was determined that she was at fault for the failed marriage. She was, however, able to use her given name again and received custody of her daughter.¹⁴ Divorce at the time was still very unusual but was made possible by the Code Napoleon, the French civil code established in 1804 and adopted by many countries occupied by the French during the Napoleonic Wars.¹⁵ Her prolonged divorce enlightened her to the unjust laws, debasement, and harsh treatment of married women, which contributed to her lifelong battle for civil liberties and equal rights for women. Once on her own, she supported herself and her infant daughter by writing and contributing to women's almanacs. Anneke's early writings are conventional *Biedermeier* texts.¹⁶ She wrote religious poetry and published her collection of prose and verse as *Greetings from the Homeland (Heimatgruss)*. Although she found Catholic Church doctrine unjust and argued that it, along with laws designed

8 Fritz Anneke and Mathilde Franziska Anneke Papers. Wisconsin Historical Society, Madison. Henceforth FA&MFA Papers.

9 Gebhardt, *Mathilde Franziska Anneke*, 12.

10 Brancaforte, *Mathilde Franziska Anneke*, 9.

11 Martin Henkel and Rolf Taubert, *Das Weib im Conflict mit den Socialen Verhältnissen* (Bochum, 1976), 9.

12 *Ibid.*, 10.

13 *Ibid.*

14 "Mathilde Franziska Anneke," http://de.wikipedia.org/wiki/Mathilde_Anneke (accessed March 1, 2014).

15 Henkel and Taubert, *Das Weib im Conflict*, 11.

16 Brancaforte, *Mathilde Franziska Anneke*, 10.

to preserve men's interests, forced women into subordination, she found consolation in her faith and published two prayer books: *The Christian's Joyous Gaze at the Heavenly Father (Des Christen freudiger Aufblick zum himmlischen Vater)* and *The Lord is Present and Calls You (Der Meister ist da und rufet dich)*, the latter enthusiastically endorsed by Kaspar Maximilian Droste zu Vischerin, Bishop of Münster, who encouraged its use in parish schools.¹⁷

Anneke's literary and journalistic activity in the German lands was diverse. Over the years, she penned poetic writings and novellas, wrote for various almanacs and journals such as *Gartenlaube*, and submitted articles and poems to newspapers such as the *Kölnische Zeitung*, *Augsburger Allgemeine*, *Düsseldorfer Zeitung*, and *Mannheimer Abendzeitung*.¹⁸ She also succeeded in convincing well-known contemporary writers to contribute to her women's almanac (*Damenalmanach*), which appeared in 1842. She translated English-language novels into German and in 1844 completed a drama entitled *Oithono or the Consecration of the Temple (Oithono, oder die Tempelweihe)*.¹⁹ As a professional writer, she went by the name "Mathilde Franziska" and became a well-known journalist.²⁰ In 1846 she wrote a pamphlet entitled *Woman in Conflict with Social Conditions (Das Weib im Conflict mit den sozialen Verhältnissen)*, a passionate defense of women that is more reflective of her later work. In this brochure, she defended Louise Astor, who, like Anneke, had been encouraged to marry a wealthy man and who had later found herself in a "scandalous" position with regard to church and state for pursuing a divorce.²¹ The publication of this pamphlet, Anneke's first major essay concerning the improvement of women's social and political standing, not only gained her a national reputation, but also resulted in changes to laws in the German lands that dealt with marriage and divorce.²²

17 Albert B. Faust, "Mathilde Franziska Giesler-Anneke," in *German-American Literature*, ed. Don Tolzmann (Metuchen: Scarecrow, 1977), 172-78, here 174. Henkel and Taubert, *Das Weib im Conflict*, 12.

18 Rudolph A. Koss, *Milwaukee* (Milwaukee, 1871), under "Deutsche Frauen-Zeitung," <http://books.google.com/books?id=mD4VAAAAYAAJ&pg=PP1&dq=milwaukee+rudolph+a+koss&hl=en&sa=X&ei=VCFkUsCbjtSyygGlpYHGD&ved=0CC8Q6AEwAA#v=onepage&q=milwaukee%20rudolph%20a%20koss&f=true>. Anneke was still living when this monograph was published. The *Kölnische Zeitung* and the *Augsburger Allgemeine Zeitung* were the most prominent liberal newspapers of that time. Henkel and Taubert, *Das Weib im Conflict*, 12.

19 Anneke's drama appears to have been influenced by the structure of Johann Wolfgang von Goethe's play entitled *Torquato Tasso*. Brancaforte, *Mathilde Franziska Anneke*, 10. Her play was performed and received as a success first in Münster and later in Milwaukee when it was staged in 1882 in honor of Anneke.

Charles Fechter, an actor, translated the play into English but it was never performed on account of Fechter's early retirement. Faust, "Mathilde Franziska Giesler-Anneke," 175.

20 Lillian Krueger, "Madame Mathilde Franziska Anneke: An Early Wisconsin Journalist," *Wisconsin*

Magazine of History 21 (1937): 161. Brancaforte, *Mathilde Franziska Anneke*, 10.

21 Brancaforte, *Mathilde Franziska Anneke*, 11.

22 Susan L. Piepke, *Mathilde Franziska Anneke (1817-1884): The Works and Life of a German-American Activist* (New York, 2006), 7.

In 1837, Anneke and her daughter moved to Wesel, a small garrison town in the Prussian Rhine Province, and two years later to Münster in Westphalia, where she sought intellectual stimulation and more journalistic opportunities. Her circle of friends included the writer and poet Annette von Droste-Hülshoff (1797-1848).²³ She joined a debating society called the “Demokratischer Verein,” in which she met her second husband, Captain Friedrich “Fritz” Anneke, a former Prussian artillery officer, whom she married on June 3, 1847.²⁴ Fritz’s socialist beliefs had led him to be dismissed from the military in 1845.²⁵ Members of the debating club met on Mondays and not only discussed societal conditions and liberal ideas but also literature and art.²⁶ Many were journalists who wrote for the *Neue Rheinische Zeitung*, edited by Karl Marx.²⁷ Mathilde and Fritz Anneke shared concerns regarding social justice, freedom from oppression, and equality. They soon moved to Cologne where Marx and others were politically active. Anneke had been the only woman to attend Marx’s debating club.²⁸ After settling in Cologne, they established a newspaper for the working class, farmers, and soldiers, *Die Neue Kölnische Zeitung für Bürger, Bauern und Soldaten*.²⁹ They adopted the motto of the south German democrats: “Prosperity, Freedom, Education for Everyone!” (“Wohlstand, Freiheit, Bildung für alle!”).³⁰ The Annekes supported the establishment of a republic in the Rhineland and after Fritz gave a “revolutionary speech” in Cologne before thousands of spectators, he was arrested on July 3, 1848. Later that month on July 21, Mathilde gave birth to their son Fritz.³¹ His birth certificate listed his father’s religion as Protestant, his mother’s as Catholic, and no religion for himself, which suggests Anneke did not necessarily abandon her Catholic faith, but rather objected to how it was practiced by church officials.³² The stress of her husband’s situation, caring for a newborn, as well as the summer heat, contributed to frequent illnesses during the summer of 1848. At the same time, Mathilde continued to edit the Annekes’ newspaper, publishing the first issue in September 1848 while Fritz was still imprisoned. She expressed her support for the revolution in the newspaper and replaced the furniture and carpets in her parlor with a printing press while Fritz was awaiting trial for treason.³³ When the authorities forced her to stop publishing the newspaper, she founded her own.³⁴

In September 1848, Mathilde Anneke founded and edited the first German newspaper for women, the *Frauen-Zeitung* in Cologne. At the time,

23 Annette von Droste-Hülshoff is best known for her novella “The Jew’s Beech” (“Die Judenbuche”), a murder mystery from 1842 that is never solved. Droste-Hülshoff provided three poems for Anneke’s almanac, *Products of the Red Earth* (Westfälisches Jahrbuch [1846] Produkte der Rothen Erde). Piepke, *Mathilde Franziska Anneke*, 15.

24 Kluge, *Other Witnesses*, 83.

25 FA&MFA Papers.

26 Gebhardt, *Mathilde Franziska Anneke*, 34.

27 Henkel and Taubert, *Das Weib im Conflict*, 13.

28 Kluge, *Other Witnesses*, 83. Bank, *Women of Two Countries*, 20.

29 Erhard Kiehnbaum, *Blieb Gesund, Mein Liebster Sohn Fritz: Mathilde Franziska Annekes Briefe an Friedrich Hammacher 1846-1849* (Berlin, 2004), 20.

30 Gebhardt, *Mathilde Franziska Anneke*, 69.

31 Brancaforte, *Mathilde Franziska Anneke*, 12.

32 Gebhardt, *Mathilde Franziska Anneke*, 65.

33 Krueger, “Madame Mathilde Franziska Anneke,” 160.

34 The newspaper stopped publication as of June 1849 because the Annekes went to fight in the revolution. Brancaforte, *Mathilde Franziska Anneke*, 13.

35 Henkel and Taubert, *Das Weib im Conflict*, 51.

36 There is some debate as to whether Anneke's women's newspaper should be considered a feminist newspaper. Maria Wagner refers to it as such, as does the Wisconsin Historical Society. "Mathilde Anneke," *Wisconsin Historical Society*, <http://www.wisconsinhistory.org/topics/anneke/> (accessed August 10, 2013). Maria Wagner, *Mathilde Franziska Anneke in Selbstzeugnissen und Dokumenten* (Frankfurt am Main: Fischer, 1980), 10. Henkel and Taubert, as well as Gebhardt consider it more of a newspaper written by a woman.

37 Gebhardt, *Mathilde Franziska Anneke*, 79-82.

38 Piepke takes up this debate between Gebhardt and Wagner in her book. She concludes that the disagreement concerns the definition of the word "feminist," which is a source of controversy even today. She decides to avoid calling Anneke a feminist but commends her for her journalistic achievements. Piepke, *Mathilde Franziska Anneke*, 19-20.

39 Kluge, *Other Witnesses*, 83.

40 Brancaforte, *Mathilde Franziska Anneke*, 15.

41 "The Making of Milwaukee," *Milwaukee Public Television*, <http://www.themakingofmilwaukee.com/people/historical.cfm> (accessed November 1, 2013).

42 Bank, *Women of Two Countries*, 15.

43 Schurz served as Anneke's clerk because he was unable to ride on the battlefield. Henkel and Taubert, *Das Weib im Conflict*, 126.

she was caring for eleven-year old Fanny and her newborn, Fritz. Given the strong influence of the Catholic Church in Cologne with regard to children's upbringing, she was careful not to antagonize the church hierarchy. She therefore dealt with questions and matters related to the education of children.³⁵ Still, she was concerned with women's equality and intended to further their cause through her newspaper.³⁶ Historian Manfred Gebhardt maintains that her publication was not a feminist newspaper in the strictest sense and that Anneke's purpose was to find another means by which to encourage both men and women to support the revolution once the Prussian authorities stopped publication of the *Neue Kölnische Zeitung*.³⁷ He asserts that Anneke was a political journalist and reported on the latest events, meetings, and arrests around Cologne. She also discussed the role of schools in society and churches' influence in the school system. Historian Maria Wagner argues that the aim of Anneke's newspaper was to promote women's rights, a stance which today would be characterized as feminist.³⁸ Anneke's newspaper was short-lived and she soon had to abandon it for her own personal safety. The second edition of the paper has been lost and Prussian authorities halted distribution of the final edition before it could be delivered.

A few months later, she and Fritz fought alongside insurgents in Baden in the 1848-1849 revolutions against royalist forces in the various German states. The Annekes challenged repressive regimes and supported democracy and their vision of prosperity, liberty, and education for all. Colonel Fritz Anneke had assisted with organizing artillery forces within the revolutionary army and retreated with them to Baden after defeats in clashes with royalist forces. In May 1849, Mathilde joined Fritz on the battlefield, riding horseback as his ordnance officer or unarmed orderly (*Ordonnanzoffizier*) during the day and staying by his side at night until the end of the campaign.³⁹ She also carried messages to and from command posts and sometimes rode long hours in dangerous territory, eliciting negative reactions on account of her being a woman.⁴⁰ Similar to many of the revolutionaries, the Annekes were free thinkers and idealists.⁴¹ The "Forty-Eighters" included educated professionals and progressive intellectuals from the middle class as well as many individuals from the working class who were financially destitute.⁴² Famed "Forty-Eighter" and German-American statesman, Carl Schurz (1829-1906), for example, served as Fritz Anneke's adjutant in the Baden campaign.⁴³ He later fought as a brigadier general in the Union Army in the American Civil War and went on to become a Secretary of the Interior and the

first German-American U.S. senator.⁴⁴ The German revolutions, however, were gradually suppressed and the insurgents were defeated by July 1849. The Annekes fled with their two children to France and Switzerland, and finally to the United States.⁴⁵ They initially intended to establish a democratic newspaper in Switzerland, but because they had no personal capital or access to credit, they decided to immigrate to the United States.⁴⁶ They never registered with the Swiss police and despite not having passports were able to board a freighter called the *Robert Parker*, which left Le Havre, France for the U.S. in October 1849.⁴⁷ After seven weeks at sea, they arrived in New York in mid-November of 1849 as political refugees. Despite offers to stay in New York, Fritz Anneke's cousin, Fritz Horn, persuaded him to relocate to Cedarburg, near Milwaukee, where he could establish a firm and work as a writer, commentator, or publicist.⁴⁸ The winters in Wisconsin were long and cold and Mathilde arrived ill after the long trip. They soon became disappointed with Cedarburg and decided to move to Milwaukee as soon as they could. Once they settled in Milwaukee in the spring of 1850, Mathilde initially admired the beauty of the surrounding area, but later complained about a lack of "really cultured associates."⁴⁹

Business Development

As soon as the Annekes settled in Milwaukee, Mathilde Anneke began traveling and speaking to large audiences about the German revolutions, literary topics, and the necessity of improving women's social standing and rights.⁵⁰ She continued these activities for the next ten years. For example, on April 16, 1850, she delivered a talk entitled "Political Events and Poetry in Germany" at the Military Hall in Milwaukee and later in 1859 she gave another speech on Thomas Paine.⁵¹ In August 1850, she gave birth to her second son, Percy Shelley, named after the radical English Romantic poet Percy Bysshe Shelley (1792-1822) who was married to Mary Shelley (1797-1851), a feminist best known for her Gothic novel *Frankenstein*.⁵²

44 Krueger, "Madame Mathilde Franziska Anneke," 160. Schurz shared other common interests with the Annekes. He immigrated to the United States and moved to Watertown, Wisconsin, in 1855. He studied and practiced

law in Milwaukee and edited and wrote for newspapers as well. His wife, Margarethe Meyer Schurz, founded the first kindergarten in the United States in Watertown in 1856.

45 Krueger, "Madame Mathilde Franziska Anneke," 162.

46 Henkel and Taubert, *Das Weib im Conflict*, 128.

47 *Ibid.*, 130.

48 *Ibid.*

49 FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 27.

50 Faust, "Mathilde Franziska Giesler-Anneke," 176. During this time and for the next three years, Fritz worked on a railroad in Illinois, worked briefly as state librarian of Wisconsin, gave riding lessons, and lectured. FA&MFA Papers.

51 FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 33.

52 Henkel and Taubert, *Das Weib im Conflict*, 132. Percy Shelley Anneke (1850-1928) became a successful businessman and was an investor in Fitzer's Brewery in Duluth, Minnesota. "Mathilde Franziska Anneke," http://de.wikipedia.org/wiki/Mathilde_Anneke (accessed March 1, 2014).

Milwaukee attracted political refugees in the late 1840s and early 1850s and had a large and active German population that continued to speak German both at home and in public. Seventy percent of the population spoke German and laws were printed in both English and German.⁵³ The German cultural influence, including their sense of coziness or “Gemütlichkeit,” was so dominant in the social and intellectual life of Milwaukee that in the late 1840s, it was known as the German Athens of America, the cultural center of all things German.⁵⁴ German civic societies, music clubs and choral societies, theaters, hunting clubs, churches, breweries, machine shops, bakeries, and presses flourished, one of which was instrumental in helping Anneke publish her first newspaper in the U.S.⁵⁵ In March 1852, Anneke founded the first feminist newspaper published by a woman in the United States, *Die Deutsche Frauen-Zeitung* or the *German Women’s Times*. Anneke, a refugee with little personal capital or access to credit, was able to launch her newspaper with the assistance of the publisher and editor of the *Der Volksfreund*, who assumed the costs for typesetting, supplying paper for, and publishing the first edition.⁵⁶ When it appeared, another newspaper in Milwaukee *Das Tägliche Banner* welcomed its publication and ran the following on March 30, 1852:

The German *Frauen-Zeitung* edited by Frau Mathilde Francisca Anneke, née Giesler, and issued at the office of our *Volksfreund* has just made its friendly and promising appearance, and we hasten to heartily welcome the esteemed editor. The German *Frauen-Zeitung* will appear provisionally each month at the subscription price of \$1. Individual numbers cost 10 cents. The first number at hand is well gotten up and edited with especial care.⁵⁷

Later editions were published in the facilities of Milwaukee’s leading newspaper, the *Wisconsin Banner*, where German-speaking women, including Anneke’s eldest daughter, Fanny Stoerger, assisted with the publication as compositors or typesetters. They set and printed the newspaper and worked alongside male staff. As editor and publisher, Anneke focused on the intellectual and ethical elevation and equality of women with regard to their representation in social and political realms. In contrast to her earlier women’s newspaper published in the German lands, this one focused on themes related to the American women’s rights movement and reported on feminist activities.⁵⁸ She spent the rest of her life representing these ideals,

53 Gebhardt, *Mathilde Franziska Anneke*, 265.

54 Kathleen Neils Conzen, *Immigrant Milwaukee 1836-1860: Accommodation and Community in a Frontier City* (Cambridge, 1976), 172.

55 Anneke wrote reviews of theatrical productions for the newspapers. FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 33.

56 Koss, *Milwaukee*.

57 Krueger, “Madame Mathilde Franziska Anneke,” 165.

58 Gebhardt, *Mathilde Franziska Anneke*, 163.

speaking and writing with conviction.⁵⁹ The motto of her newspaper included a quote by Friedrich von Sallet (1812-1843), which roughly translates as: “A woman is an unmoved, transparent sea, illuminated in its very depth by the eternal light, but whose surge has not tried, recognized, and felt itself in the driving and pressing labor, and self-motion, as a brook and stream and as a living force.”⁶⁰ The message of her publication and the deliberate decision to hire women, however, contributed to the demise of her newspaper in Milwaukee.

Anneke was a pioneering female publicist and journalist in a male-dominated industry. As soon as she had arrived in the United States, she had familiarized herself with Susan B. Anthony’s and Elizabeth Cady Stanton’s feminist writings. She had translated their articles and had tried, without success, to place them in German-language newspapers, which had contributed to her desire to establish her own.⁶¹ Some readers of her new newspaper viewed her with curiosity or admiration, while others saw her as a “shameless interloper” and questioned her motives.⁶² Her publication, which reflected the social justice and humanitarian ideals of the 1848 German revolutionaries, prompted male printers in Milwaukee to organize a local typographers union two months later on May 18, 1852.⁶³ Fearful and jealous of competition from women, the all-male union utilized social and economic pressure to safeguard members’ jobs. They asked the supervisors of printing firms not to hire women and to terminate those already employed, a maneuver that targeted Anneke and her female staff.⁶⁴ The printers attacked her newspaper and denigrated it as pious and petty, lacking substance and sophistication or *Bildung*.⁶⁵ Members of the German printers union saw Anneke as an “agitator” and demanded that “unauthorized interlopers” be fired.⁶⁶ Heated discussions followed and Anneke’s husband, Fritz, entered the fray, accusing the printers of hypocrisy and duplicity. The printer’s union claimed they were maintaining the social world order, *die Weltordnung*, when in fact they appeared only to support their version of order, one without women in the workforce.⁶⁷ They distanced themselves from women, denied them a sphere in which

» held in Seneca Falls, New York in July 1848. Over three hundred women and men attended, including Elizabeth Cady Stanton, Lucretia Mott, and Frederick Douglass. The National Women’s Hall of Fame, “We hold these truths to be self-evident that all men and women are created equal,” <http://www.greatwomen.org/about-the-hall/our-history> (accessed November 9, 2013). Anneke later made contact with the leaders of the suffragist movement as well as with many of the women’s groups that developed in various states since the first convention.

62 Krueger, “Madame Mathilde Franziska Anneke,” 160.

63 Conzen, *Immigrant Milwaukee*, 188.

64 Krueger, “Madame Mathilde Franziska Anneke,” 166.

65 Koss, *Milwaukee*.

66 Conzen, *Immigrant Milwaukee*, 112. Koss, *Milwaukee*.

67 Krueger, “Madame Mathilde Franziska Anneke,” 166. The Catholic newspaper, *Der Seebote*, also maintained that Anneke’s newspaper was endangering the world order and attacked her motives before the first edition even appeared. Henkel and Taubert, *Das Weib im Conflict*, 134. Krueger, “Madame Mathilde Franziska Anneke,” 165.

59 Koss, *Milwaukee*.

60 Krueger, “Madame Mathilde Franziska Anneke,” 164-65. Krueger attributes this translation to Professor William Huth of Whitewater,

Wisconsin. Koss included the original German quotation in his monograph. Koss, *Milwaukee*.

61 Annette P. Bus, “Mathilde Anneke and the Suffrage

Movement,” in *The German Forty-Eighters in the United States*, ed. Charlotte L. Brancaforte (New York, 1989), 80. The First American Women’s Rights Convention was »

to work, and in the end helped to eliminate their means of earning an independent living.

In the face of the assault from the local union, Anneke attempted to sustain her entrepreneurial print venture by making it independent and, therefore, less susceptible to their pressure tactics. In the summer of 1852 she began a lecture tour to raise capital to establish a small, independent press. She hoped to secure more subscribers for her newspaper and create an organization of German women that would use her newspaper as its official organ in order to generate greater revenue from the publication.⁶⁸ She traveled to many large cities where typographical unions were present and spoke about the significance of her newspaper in hopes of securing more subscribers and greater funding. Speaking on behalf of women, she became one of their most popular speakers, especially in cities with large German populations.⁶⁹ It is noteworthy that she always included men in her plea for improving women's social and political standing. Her talks were sponsored by local German organizations such as the Turners (*Turnvereine*), Workers' Unions (*Arbeitervereine*), and Free Thought Communities (*Freie Gemeinden*).⁷⁰ The German-language press gave her full coverage wherever she spoke. On August 4, 1852, the *Wisconsin Banner* reported: "Frau Mathilde F. Anneke left on a propaganda tour in the interest of her *Frauen-Zeitung* on last Friday. She will visit Detroit, Cleveland, Buffalo, New York, Philadelphia, Pittsburgh, Wheeling, etc. May the public extend to her a friendly welcome everywhere. . ."⁷¹

While Anneke was away on her lecture tour, her mother and sisters watched her children in Milwaukee since Fritz was on his way to New York where he intended to establish a newspaper and relocate the family.⁷² She raised the funds that she needed, however, much to the disappointment of Anneke's readers, she decided to shut down her print operations in Milwaukee after only seven months. She failed to establish the German women's organization that she had hoped

68 Bus, "Mathilde Anneke," 81.

69 Faust, "Mathilde Franziska Giesler-Anneke," 176.

70 The Turners or *Turnvereine* were gymnastics clubs that had originated in Germany in the early nineteenth century to prepare young men mentally and physically for resisting Napoleon's forces. They were also freethinkers and held liberal political views. German immigrants continued the tradition and established similar associations upon their arrival in America. See for example Turner Hall & the Milwaukee Turners, "History of the Milwaukee Turners," <http://www.milwaukeeeturners.org/about/history-of-milwaukee-turners> (accessed September 1, 2013). The Milwaukee Turners are Milwaukee's oldest civic organization and was founded by August Willich in 1853. Willich went on to become a general in the Union Army, as did at least seven other Turners. When the Annekes first arrived in Milwaukee, they joined the local Turners, sending their young son Percy to Willich's Sunday Turner classes. Mathilde, however, objected to the Turners' attitudes regarding the woman's role and societal position in which women were relegated to childrearing and kitchen work. She objected to their assertion that women lacked the mental »

» and physical capacities to pursue strenuous intellectual endeavors. Brancaforte, *Mathilde Franziska Anneke*, 19. Thought Communities or *Freie Gemeinden* in the United States consisted of services and individuals who pursued reason,

enlightenment, and democratic ideals. They opposed superstition and blind obedience and advocated for rational thinking.

71 Krueger, "Madame Mathilde Franziska Anneke," 166.

72 Wagner, *Mathilde Franziska*, 76. Anneke's unmarried sisters, Johanna and Maria, had relocated to Milwaukee with their mother, as did Fritz Anneke's brother Carl. Piepke, *Mathilde Franziska Anneke*, 48.

would be affiliated with her newspaper. The irony of the printers' reaction to her employing women to produce her newspaper in Milwaukee is that a decade later printers were forced to employ women due to a labor shortage during the Civil War. With male typographers volunteering for military service, local printers welcomed women into their print shops as compositors to keep operations running.⁷³ In this sense, Anneke was ahead of her time, not only for demanding women's right to vote and work, but also for recognizing the potential of women's contributions particularly in times of crisis and war. The German printers' union that had initially met periodically and had been instrumental in forcing her to cease publication in Milwaukee obtained permanent status at Local 23 of the National Typographical Union in 1859, the first labor organization in Milwaukee with a national affiliation.⁷⁴

Anneke moved her newspaper operations to the East Coast and began publishing her *Frauen-Zeitung* in New York City in October 1852. She subsequently published it as a semi-monthly periodical in Jersey City and then later as a weekly in Newark until 1855 when ill health forced her to close operations.⁷⁵ Before publication ended, she had two thousand subscribers and her readership extended to Texas and Brazil.⁷⁶ She often reported on the activities of the American women's movement and in one edition, she wrote a flattering article about Ernestine Rose, the Polish-American multilingual suffragette who often translated Anneke's talks when she spoke to audiences that included English speakers.⁷⁷ Anneke also assisted Fritz with the publication of the *Newarker Zeitung*, the political daily that he had founded and had financed initially with the revenue Anneke had earned on her lecture tour.⁷⁸ Both newspapers sold well and allowed the family to lead a comfortable life.⁷⁹

In September 1853, Anneke began attending suffrage conventions starting with a meeting held in New York City. Suffragists primarily consisted of white, middle-class women from the Northeast who, like Anthony, Stanton, and Mott, had been active abolitionists and social reformers.⁸⁰ They, too, were referred to as "agitators." Anneke was the last speaker of the convention held in New York's Broadway Tabernacle and was heckled by an angry crowd outside and inside the hall. Although the loud mob attempted to disrupt the convention and distract Anneke, she continued in her native tongue and spoke about the differences between women in the New and Old Worlds, about their similarities, and about the universal desire for women's

73 Krueger, "Madame Mathilde Franziska Anneke," 164.

74 Conzen, *Immigrant Milwaukee*, 112.

75 Krueger, "Madame Mathilde Franziska Anneke," 167.

76 Faust, "Mathilde Franziska Giesler-Anneke," 176. Brancaforte, *Mathilde Franziska Anneke*, 20-21.

77 Anneke's paper profiled Rose in the only extant issue of her *Frauenzeitung*, which was published in New York as Number 7 on October 15, 1852. This issue also includes short stories, philosophical essays, a sequel to a serial story, an article written by Anneke about a region in northern Germany, and a review of a new women's drawing school. Brancaforte, *Mathilde Franziska Anneke*, 21.

78 Brancaforte, *Mathilde Franziska Anneke*, 24. Kluge, *Other Witnesses*, 83. Koss, *Milwaukee*.

79 Bank, *Women of Two Countries*, 70.

80 Bus, "Mathilde Anneke," 80-81.

rights. Ernestine Rose who shared Anneke's antireligious bent and radical vision of including women's rights within the broader social reform movement translated her speech.⁸¹ Rose, however, felt marginalized within the movement of the 1850s, whereas Anneke was praised and well received among the other women. Anneke was perceived as a "power among the Germans" and strove to defend the feminist agenda within the German-American community.⁸² Yet, Anneke had many other interests, which she cultivated at the same time. While in Newark and later in Milwaukee, Anneke opened her home to guests and led them in discussions about art, literature, and music, referring to this circle as a *Lesekabinett*. These gatherings resembled European literary salons in which guests enjoyed the company of others interested in sociability, culture, and refined conversation.⁸³

In 1853, Fritz's press published a limited run of Mathilde Anneke's memoirs of the Baden campaign, entitled *Memoiren einer Frau aus dem badisch-pfälzischen Feldzuge*.⁸⁴ The book begins with Anneke's departure from Cologne on May 20, 1849. Some historians maintain that Anneke was the happiest between the years 1852 and 1858 when the family was together and financially secure. During these years, Mathilde gave birth to twin girls, Rosa and Irla. However, Rosa died within a few months and Irla died at age three.⁸⁵ In 1855, Anneke gave birth to twin girls Hertha (later Anneke Sanne) and a second daughter named Irla. In 1858, tragedy and illness struck the family. Anneke's three-year-old daughter, Hertha, and her eight-year-old son, Percy, came down with smallpox, a very painful and infectious disease that spread through the city of Newark and within the Anneke family. Fritz suffered from a fever and Mathilde endured abscesses that led to headaches and a lame arm. The second Irla and ten-year-old son Fritz died of smallpox in March 1858.⁸⁶ Fritz Sr. did not trust the new vaccines and had refused to allow his children to be vaccinated against the fatal disease. His stance and the subsequent death of their children drove a wedge between the couple that could not be fully reconciled.

After burying four of their children in Newark, the family returned to Milwaukee in May 1858, where Anneke's mother, Elisabeth Hülschwitt Giesler, was now permanently settled.⁸⁷ Giesler did not have much formal education but Anneke was inspired by her and admired her greatly.⁸⁸ Relatives in Milwaukee offered the Annekes the opportunity to take over the operation of a café called the *Lindemannsche Sommerwirtschaft* in order to help the family financially. However, Mathilde Anneke was still mourning the death of her children, and

81 Bank, *Women of Two Countries*, 69.

82 *Ibid.*, 98.

83 Wagner, *Mathilde Franziska*, 128.

84 Faust, "Mathilde Franziska Giesler-Anneke," 176.

85 Brancaforte, *Mathilde Franziska Anneke*, 24.

86 Gebhardt, *Mathilde Franziska Anneke*, 303. Brancaforte, *Mathilde Franziska Anneke*, 24-25.

87 Gebhardt, *Mathilde Franziska Anneke*, 177. Anneke's mother died in December 1865 and had always been homesick for the German lands. Gebhardt, *Mathilde Franziska Anneke*, 267.

88 Piepke, *Mathilde Franziska Anneke*, 11.

she and Fritz declined the offer. Instead, the Annekes sold various wares on commission for the next year until Fritz left for Europe.⁸⁹ The family became close to Sherman and Mary Booth, who had invited them to stay in their home after a flood had destroyed their apartment in Milwaukee.⁹⁰ Sherman, editor of the *Wisconsin Free Democrat*, was an anti-slavery agitator and Mary became one of Mathilde's closest friends. In 1859, Fritz Anneke left the family to work for various American publications as a correspondent in Italy, where he covered the Italian war for independence.⁹¹ After Fritz's departure for Europe, he and Mathilde rarely lived together and they went their separate ways when it came to politics and pursuing their own interests.⁹² They often lived apart for long periods of time, corresponding instead.⁹³

Mathilde Anneke, Mary Booth, and their children went to join Fritz in Switzerland in 1860. However, he soon returned to the United States to serve as a colonel in the Union Army during the American Civil War (1861-1865).⁹⁴ Mathilde and Mary remained in Switzerland until 1865, possibly due to lack of funds to return immediately to the United States, and Mary translated many of Anneke's poems into English.⁹⁵ The Swiss interlude was a productive period for Anneke and in 1863 she published *The Haunted House in New York (Das Geisterhaus in New York)*.⁹⁶ Mathilde dealt with the topic of slavery and the war in her writings as well. The Annekes were Republicans and abolitionists. Many of the "Forty-Eighters" supported free, individualistic, and liberal thinking and opposed slavery and temperance policies.⁹⁷ Anneke wrote three novels about slavery and its horrors. One was entitled *Uhland in Texas* and is about a German-American community that refuses to conform to a slave society. The town is called Uhland and is named after Anneke's friend, the German liberation poet and literary historian Ludwig Uhland (1787-1862). In 1862, she published *The Slave Auction (Die Sclaven-Auction)* and *The Death of the American Colonel Elmer Ellsworth (Der Tod des amerikanischen Oberst Elmer Ellsworth)* in a journal called *Didaskalia*. *The Broken Chains (Die gebrochenen Ketten)* followed and was also published in Switzerland in *Der Bund* in 1864. Milwaukee's *Sonntags-Blatt Herold* or *Sunday Herold* published *Die gebrochenen Ketten* in their edition dated July 9, 1864.⁹⁸ She contributed to other publications as well including *Belletristisches Journal*, a periodical that published works of fiction in New York, and the *Illinois State Newspaper* or *Illinois Staatszeitung*.⁹⁹ Her articles provided income for Anneke, Booth, and their children, but also gave German-speaking readers an idea as

89 Gebhardt, *Mathilde Franziska Anneke*, 178.

90 Brancaforte, *Mathilde Franziska Anneke*, 25.

91 Bank, *Women of Two Countries*, 71.

92 Henkel and Taubert, *Das Weib im Conflict*, 126.

93 Wagner, *Mathilde Franziska*, 11.

94 Kluge, *Other Witnesses*, 85.

95 Faust, "Mathilde Franziska Giesler-Anneke," 176. Mary was married to Sherman Booth, an anti-slavery agitator and editor of the *Wisconsin Free Democrat*. FA&MFA Papers.

96 This work was published in Jena. During this time, she also wrote *Als der Grossvater die Grossmutter nahm* and *Uhland in Texas*. Faust, "Mathilde Franziska Giesler-Anneke," 176.

97 Bank, *Women of Two Countries*, 15.

98 FA&MFA Papers.

99 Faust, "Mathilde Franziska Giesler-Anneke," 176.

to what was happening in the United States. Living in Switzerland provided Anneke with the distance to reflect objectively on America and her experiences there in the 1850s.¹⁰⁰ Another story offered her readers a glimpse into her life near Lake Michigan in Wisconsin and the Native Americans living nearby. She published her story as *Memoires of Lake Michigan (Erinnerungen vom Michigan-See)* in 1864 in the *Elberfelder Zeitung*.¹⁰¹ When her close friend Mary Booth died in May 1865, Anneke was devastated and returned to Milwaukee, where she settled permanently and founded a school for girls the same year.¹⁰²

In 1865, Anneke established an academy for girls called the *Milwaukee Töchter Institut*, which she led for eighteen years until her death. Because Anneke had written for the German-language newspapers in Milwaukee and was familiar with their readership, she knew that many middle-class, German-Americans would be interested in a school that offered the same classical, liberal arts, and humanistic education taught in secondary schools (*Gymnasien*) in the German lands. Public schools in the United States at the time did not offer German-language instruction or German literature courses and tended to focus on rote memorization rather than developing critical thinking skills.¹⁰³ Anneke recognized another problem with school choice in Milwaukee. In addition to offering no German-language instruction, the public schools were overcrowded. Private schools, on the other hand, did offer German instruction but were run by German-Lutheran and German-Catholic organizations. Anneke, like her fellow, liberal “Forty-Eighters,” rejected schools with religious affiliations and preferred those based upon secularism, bilingualism, and practical application of skills; principles that became the hallmark of Anneke’s girls’ school.¹⁰⁴

Anneke’s academy was both a day and boarding school and was attended by American and German girls.¹⁰⁵ Having experienced oppression, injustice, and inequity much of her life, Anneke ensured that her students became familiar with her ideals, most notably freedom and equality. There was a vast disparity in the education received by boys and girls in both the German lands and in the United States and she believed that girls should benefit from a rigorous education that prepared them to lead a productive and practical life outside of typical nineteenth-century women’s roles oriented toward “Kitchen, Church, and Children” (*Küche, Kirche und Kinder*).¹⁰⁶ Although Anneke emphasized self-discipline, order, and punctuality, she treated the girls in the boarding school like members of the family and gave it a home-like atmosphere. Anneke was able to employ a maid for the boarding school, which registered between six to nine boarders over

100 Piepke, *Mathilde Franziska Anneke*, 102.

101 Kluge, *Other Witnesses*, 85. Milwaukee is located on the shores of Lake Michigan.

102 Bank, *Women of Two Countries*, 71.

103 Gebhardt, *Mathilde Franziska Anneke*, 265.

104 Piepke, *Mathilde Franziska Anneke*, 114–115.

105 Anneke’s letterhead from 1865 included both English and German versions. The letterhead read, “Milwaukee Töchter-Institut” and “Madam M.F. Anneke’s German, French and English Academy.” FA&MFA Papers.

106 Gebhardt, *Mathilde Franziska Anneke*, 271.

the years.¹⁰⁷ Tuition for the boarding school remained the same over the course of the eighteen years the school existed, namely \$350.00 per year (approximately \$5,000 in 2011\$).¹⁰⁸ Before her school closed, one of her students described its history as follows:

In 1865, shortly after her return from Switzerland, Madam M.F. Anneke together with a highly educated pedagogical lady, Caecilie Kapp, who had accompanied her abroad, founded a young ladies' academy, having been requested to do so by many people in Milwaukee. This academy has since been called the Milwaukee Toechter Institut. About a year after the founding of the school, Miss Kapp accepted a call to teach in Vassar College, and Mrs. Anneke, laying aside her literary labors, continued the institute under many difficulties, and has ever since devoted herself to educating her own sex. The academy is conducted in quite a free religious way, and educates not only pupils from Milwaukee, but also young ladies from distant states. Her school maintains a high standard among educational institutions of its kind, pupils being instructed in all the important branches in the English, German and French languages. The greatest number of pupils has been fifty, and the teachers employed are experienced educators.¹⁰⁹

Initially and during the first year of operation, Anneke complained of the working conditions at the school, which required her to handle both teaching and housekeeping. She worked hard, but found little satisfaction. Students ranged from five to seventeen years of age, a range that remained consistent through the eighteen years in which the school was in operation. Nineteen girls enrolled the first year and after several years, Anneke allowed boys to attend first-level classes.¹¹⁰

107 FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 186.

108 Brancaforte, *Mathilde Franziska Anneke*, 38. This and all subsequent purchasing power

calculations are based on the U.S. Consumer Price Index series available on Measuring Worth, <http://www.measuringworth.com/uscompare/>.

109 Faust, "Mathilde Franziska Giesler-Anneke," 177. The original name of the school was the Girls' Educational Institution or

Mädchenerziehungsanstalt von Cäcilie Kapp. Gebhardt, *Mathilde Franziska Anneke*, 265. The highest enrollment was sixty-five students. FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 185.

110 Brancaforte, *Mathilde Franziska Anneke*, 34. Twelve boys who had graduated from the Engelmann English-German Academy also attended her school for "finishing" and to complete their studies. Brancaforte, *Mathilde Franziska Anneke*, 39. FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Anneke's daughter, Hertha Anneke Sanne in 1940, 185.

Tuition for the first class or “senior department” was 75 dollars per year, the second class or “intermediate department” cost 60 dollars per year, and the third class or “preparatory department” was 45 dollars.¹¹¹ The charge for the “preparatory department, younger grade” was 30 dollars per year (approximately \$427 in 2011 dollars). During the first few years in particular, Anneke struggled financially because few families could pay their tuition in a timely manner. She was patient in encouraging parents to pay more regularly.¹¹²

Anneke persisted with her new entrepreneurial venture despite experiencing constant financial difficulties and even provided a horse and carriage to take students to and from school. Her expenses always exceeded her income and Fritz was, for the most part, unable to assist her. He lived elsewhere and had to pay for his own lodging on a small income, but did provide financial assistance for extreme shortfalls or deficits.¹¹³ Without his help and that of others, she would not have been able to keep the school open. Anneke therefore supplemented her earnings by giving private lessons and cultural lectures, writing newspaper articles, and selling life insurance, in addition to her regular work.¹¹⁴ One of the primary reasons for her financial difficulties was that the tuition fees were low and she did not establish an optimal payment schedule. Perhaps, she had little business acumen, or she considered developing the human potential of her students as the primary mission of her enterprise and making a profit as a secondary motive. In this respect, she displayed the characteristics of a social entrepreneur focused on improving the lives of a population that traditionally had been undervalued and underestimated outside of the home, namely women. Anneke, however, was soon recognized as a successful teacher and her school gained a superior reputation among German-Americans in Milwaukee and the Midwest for its ethical, academic, and cultural standards. For this reason, and the fact that they could afford the \$350 tuition bill, many of Milwaukee’s successful businessmen such as the Swiss-American distiller Jacob Nunnemacher and German-American tanner and business leader Guido Pfister, sent their daughters to her school. Anneke’s supporters included women belonging to Milwaukee’s elite and affluent circles, such as the wives of the publishers W.W. Coleman and Moritz Schoeffler, the wife of Milwaukee Mayor Herman L. Page, and the wife of brewery owner Joseph Schlitz.¹¹⁵ Other parents included shop owners, attorneys, and merchants. Anneke used all the means and networks available to her to cover her expenses, and although she was only able to pay her assistants and teachers small salaries, they

111 FA&MFA Papers. Gebhardt, *Mathilde Franziska Anneke*, 266. Approximately \$1,000, \$855, and \$641, respectively in 2011 dollars.

112 Brancaforte, *Mathilde Franziska Anneke*, 39.

113 *Ibid.*, 39-40.

114 FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 186.

115 Brancaforte, *Mathilde Franziska Anneke*, 40-41.

continued to teach there because of the prestige associated with Anneke's school.¹¹⁶ In the fall of 1865, she even hired a physics teacher, an atypical and progressive hire for a girls' school at the time.¹¹⁷

The school year at Anneke's academy ran 280 days with Saturdays and Sundays off. The academy was originally located at 269 Ninth Street, but by the spring of 1868 the school's enrollment and influence had increased so much that Anneke moved the school to a larger building located at 472 Jefferson Street where it remained until 1874. This structure was across from a courthouse and had three floors, three balconies, and eleven rooms. In the summer of 1868, several mothers of her students formed an aid society called "Levana" to assist Anneke with fundraising for the school.¹¹⁸ The word "Levana" has Latin origins (Levana was the ancient Roman goddess of education) and means "to preserve." When the women formed the Levana Society, they had fifty members and elected Anneke as their president. Most of the members were from German families in Milwaukee and they made it their charge to raise enough money to build or buy a house so as to give the academy a permanent home. Their first soiree brought in 120 dollars (approximately \$2,000 in 2011\$) profit, which was used for teaching materials, maps, and books. In January 1875, another women's group called the Hera Society also fundraised for Anneke. Hera (named for the Greek goddess of family and home) included eighty German women from Milwaukee and their goal was to give Anneke's academy the prominence they believed it deserved by providing the financial means to hire more assistants.¹¹⁹ Fundraisers included musical soirees, theatrical performances, and student recitals, among other activities.

Coursework at Anneke's school included grammar, spelling, reading, writing, German language and literature, arithmetic, geography, history, and the natural sciences. Classes were taught in German and special subjects included French, English, Latin, music, and drawing. Anneke charged extra for music and drawing lessons, as well as for French instruction, and employed three to four teachers for the special subjects. They included well-known individuals who were distinguished in their fields, such as German-American painter Heinrich "Henry" Vianden (1814-1899) and musician Julius Klauer (1854-1907), as well as piano teachers who were professional musicians. She employed both male and female instructors, approximately half of which were of German descent.¹²⁰ Emphasis was placed on the liberal arts and the feminine or domestic arts such as needlework,

116 Gebhardt, *Mathilde Franziska Anneke*, 185.

117 *Ibid.*, 266.

118 FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 195.

119 Brancaforte, *Mathilde Franziska Anneke*, 40. Gebhardt, *Mathilde Franziska Anneke*, 272.

120 Brancaforte, *Mathilde Franziska Anneke*, 37.

crafts, and cooking, subjects considered essential to the curriculum at other girls' schools, were not emphasized at Anneke's.¹²¹ Religious instruction, which was the primary subject taught in many schools at the time, was also missing from her curriculum.¹²²

Anneke believed that the transfer of knowledge took place both inside and outside the classroom. Instruction typically began in the morning and lasted until 1:00 p.m. Free tutoring was offered in the afternoon for students who were struggling academically. Others participated in music, needlework, or went on nature walks. Anneke took her students on strolls around Milwaukee, used nature as a resource, and included active games in their learning. She also taught and encouraged group work in which younger students learned from both the teacher and older students. She did not have benches in her school, but rather sat with her students at a large round table similar to the German university seminar system, a radical idea at the time in which both teacher and students were to be viewed as participants in the learning process.¹²³

Anneke taught German, literature, geography, mythology, geology, writing, reading, and esthetics, in addition to handling the administrative management of the school.¹²⁴ This included purchasing, preparing, and storing food for the students' meals, which were known to be both healthy and economical. She and her staff would drive to the local slaughterhouse with horse and buggy, purchase meat in large quantities, and salt, pickle, and spice it upon return to the school. Sauerkraut, vegetables, and butter were also stored in crocks in the cold cellar. Anneke's eldest daughter, Fanny Stoerger, taught "fancy work" at the school and became a favorite among the students.¹²⁵ Anneke's other daughter, Hertha, also worked there later on. Anneke's pedagogy consisted of some of the most advanced educational techniques of the time and when she died almost two decades later, the press had long since begun to consider her an "arbiter" of culture.¹²⁶ Literature, poetry, music, and art had always been of prime importance to her, and her students found her class discussions about culture and literature, whether *The Ring of the Nibelung* or Heinrich Heine's work, unforgettable.¹²⁷ She did not believe in report cards or examinations and implemented methods used by Friedrich Wilhelm August Froebel (1782-1852), the influential German pedagogue who founded the kindergarten concept and believed that each child was endowed with unique talents. Froebel also believed that the student should engage in the life around her

121 FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 43.

122 Gebhardt, *Mathilde Franziska Anneke*, 269.

123 Brancaforte, *Mathilde Franziska Anneke*, 36-37.

124 FA&MFA Papers. See the Biographical Notes in Commemoration of Fritz Anneke and Mathilde Franziska Anneke assembled by Henriette M. Heinzen and Hertha Anneke Sanne in 1940, 185.

125 Ibid., 180.

126 Brancaforte, *Mathilde Franziska Anneke*, 7.

127 Gebhardt, *Mathilde Franziska Anneke*, 297. Anneke referred to her literary activities as her "gladsome art" or "meine fröhliche Kunst."

and Anneke followed the same principles. Many of her students went on to lead engaged and productive lives in politics and education.¹²⁸

During this last phase of her life, Anneke participated in Milwaukee's vibrant German-American community, establishing and leading the Radical-Club of Milwaukee in 1872 and becoming an active member of a free-thought community or *Freie Gemeinde* as of 1867.¹²⁹ She wrote reviews of contemporary German theatrical performances and musical events and enjoyed seeing her play, *Oithono*, performed in the Milwaukee Civic Theater in 1882, two years before she died on November 25, 1884. According to the Wisconsin Historical Society, her drama might very well be the only successful nineteenth-century German tragedy written by a woman and performed in both Germany and the United States.¹³⁰ Anneke not only ran her girls' school for many years, but also remained committed to the American women's rights movement, returning to the movement in 1869 with even more enthusiasm than before her departure for Switzerland.¹³¹ She spoke at their convention in Milwaukee in 1869 and participated as a delegate of the women's movement to the United States Congress in 1870.¹³² Her last public appearance at the women's conventions was in Milwaukee in 1880. When she died four years later, numerous obituaries praising her accomplishments appeared in the German- and English-language press, both in the Midwest and on the East Coast. The *Illinois Staatszeitung* described her as one of the most significant German and German-American women and emphasized that the German-American press should be proud of her. She had served them well, despite the fact that few in the German-American community shared her radical views about women's rights. Her concern for human rights and humanity were noble.¹³³

As for Fritz Anneke, he survived the German revolutions of 1848 and the American Civil War only to die in a strange twist of fate on December 6, 1872. During the Reconstruction years, he had worked as a journalist in St. Louis and Chicago. He had been an editor and translator for the *Anzeiger* and other newspapers in St. Louis and wrote for the *Illinois Staatszeitung*. In 1872, he was in Chicago working as a chief officer for the *Deutsche Gesellschaft*, an agency that aided German immigrants, when he fell through a defective elevated sidewalk on a windy night and died instantly.¹³⁴

Social Status

Anneke's status varied depending on her life's circumstances and the perspective of different communities to which she belonged, such as

128 For example, Clara Thiele-Runge became women's state chair of the Progressive Party and a member of the board of regents of the University of Wisconsin, and Amalie Kremper founded a school in Chicago that adhered to many of Anneke's educational principles and was in operation thirteen years. Brancaforte, *Mathilde Franziska Anneke*, 44.

129 Bank, *Women of Two Countries*, 16-17. Those who favored a "radical" democracy supported women's rights as part of an egalitarian society.

130 "Mathilde Anneke," *Wisconsin Historical Society*, <http://www.wisconsinhistory.org/topics/anneke> (accessed November 1, 2013).

131 Bus, "Mathilde Anneke," 84.

132 Gebhardt, *Mathilde Franziska Anneke*, 303.

133 *Ibid.*, 298.

134 Bank, *Women of Two Countries*, 71. FA&MFA Papers. One hour after authorities removed his body, another man named John O'Hara fell to his death at the same spot.

the local Milwaukee press who initially saw her as an “agitator,” the German-American population who questioned her partnering with nativist suffragists, and women’s rights activists who thought highly of her and sought her assistance in furthering their cause. She was politically engaged in her native land and continued to participate in public and political spheres once she arrived in America. As a young, slim, and tall woman, she was described as beautiful. As she matured in years and after the birth of her children, she assumed a more matronly figure and displayed a “majestic and impressive presence.”¹³⁵ She welcomed guests to her home and cultivated relationships with other women through transatlantic correspondence, journalistic publications, and advocacy for radical social change. Despite living a disrupted and unsettled life, she remained industrious, engaged, and productive until her death. Her prolonged divorce from her first husband and custody battle over their daughter, frustrations with the patriarchal institutions such as the Catholic Church and German state, and lifelong struggle to make a living altered her perspectives and prompted her to publish her political statements on behalf of all women.¹³⁶ She argued that women were due equal suffrage rights based on reason. The failed revolutions of 1848/49 played a major role in her decision to flee for the New World with her second husband.

Anneke, a leading feminist and social reformer of her time, is often overshadowed by native-born contemporaries such as Anthony and Stanton with whom she closely collaborated and was loyal friends.¹³⁷ Today, her name and entrepreneurial efforts as the editor and founder of the first feminist newspaper in the United States are for the most part unknown because her publication was printed in the German language and much of the secondary literature about her is in German. Writing in 1918, Albert B. Faust celebrated her accomplishments and published the following in the *German-American Annals*:

At the present time, when the legislature of every state and in fact, every home throughout the country is concerned with the question of equal political rights for women, it is fitting to call to memory the career of Mathilde Giesler-Anneke, for she belonged to a small group of pioneers in the woman’s suffrage movement at its very beginnings, about the middle of the last century. Susan B. Anthony mentions her repeatedly as her faithful colleague, who always untiringly responded to the call, year after year, in the unequal

135 Krueger, “Madame Mathilde Franziska Anneke,” 163.

136 Bus, “Mathilde Anneke,” 79-82.

137 The two other prominent German-American women involved with the women’s rights movement were Clara Neymann and Mathilde Wendt. Bank, *Women of Two Countries*, 14.

struggle for woman's rights, and even twenty years after the death of Mathilde Anneke recalled the services of her co-worker.¹³⁸

Faust's complimentary portrayal of Anneke provides a context and basis for comparison on several levels. He recognized her as a German-American woman who made noble contributions to the United States. He also compared her to other German-born women who were talented writers, recognizing that she appeared to lack the business acumen that made her German-American contemporary, Anna Behr Ottendorfer (1815-1884), a successful journalist and philanthropist. (Ottendorfer helped make the *New Yorker Staats-Zeitung* a major newspaper.) He argued that Anneke was as skilled as Therese Albertine Luise von Jakob-Robinson, who went by the name Talvj, (1797-1870), and Marie Hansen Taylor (1829-1925) but did not receive the social prestige and accolades due to her. Moreover, in comparison with those of her generation, Faust honored her contributions as surpassing those of both men and women because she advocated not just women's rights, but human rights such as freedom and justice. It was in the interest of reason, peace, and all mankind, that women no longer be suppressed.

Anneke's opinion with regard to women's rights and freedom differed slightly from that expressed by many American women. They believed, for example, that God was the ultimate judge while Anneke maintained that it was a matter of reason.¹³⁹ Anneke expressed these beliefs in a speech she gave at the Convention on the Rights of Women in Milwaukee in 1869. She also implored the participants not to confound the issues of temperance, suffrage, and nativism. Anthony and Stanton had asked Anneke to co-chair this meeting and it led to the organization of the Wisconsin Women's Suffrage Association.¹⁴⁰ Anneke did not believe it was rational to continue to deny women their natural and human rights and appealed to her audiences' sense of humanity. She also pointed out that there was no document or law that elevated the status of women over men, and yet there were several that perpetuated the falsehood that men were superior to women. A reporter translated a portion of her speech as follows:

There does not exist a man-made doctrine, fabricated expressly for us, and which we must learn by heart, that shall henceforth be our law. Nor shall the authority of old traditions be a standard for us — be this authority called Veda,

138 Faust, "Mathilde Franziska Gesler-Anneke," 172.

139 Bus, "Mathilde Anneke," 82.

140 *Ibid.*, 85.

Talmud, Koran, or Bible. No. Reason, which we recognize as our highest and only law-giver, commands us to be free. We have recognized our duty — we have heard the rustling of the golden wings of our guardian angel — we are inspired for the work. We are no longer in the beginning of history — that age which was a constant struggle with nature, misery, ignorance, helplessness, and every kind of bondage. The moral idea of the state struggles for that fulfillment in which all individuals shall be brought into a union which shall augment a millionfold both its individual and collective forces. Therefore, don't exclude women, don't exclude the whole half of human family.¹⁴¹

Anneke's reference to sacred scripture reminds the reader of the unjust treatment and prolonged divorce she suffered when confronting Catholic Church authorities about leaving an abusive husband. Lastly, one notes that at the time of his writing, Faust assumed that the reader knew who Susan B. Anthony was, which suggests Anthony had already been widely recognized for her efforts on behalf of women, whereas Anneke had not. The year was 1918, and the recognition of a German-American woman's contributions at the close of the First World War demonstrates how admirable Faust esteemed her efforts. He was both laudatory and strategic in honoring Anneke, recognizing that the nineteenth amendment to the United States Constitution, which guaranteed American women the right to vote, was being discussed at the time of his writing and that champions like Anneke had played a critical role in the early days of the suffrage movement. It was two years later, in 1920, that the amendment was ratified. For this reason and like Anthony, Anneke can be considered a social entrepreneur who made a system-changing impact on society.¹⁴²

Conclusion

As a German immigrant, Anneke's challenges in the New World were complex on account of her gender, professional aspirations in the male-dominated newspaper industry, and German-American identity. For example, the printer's union that organized in 1852 and had been instrumental in shutting down her newspaper the same year was indeed successful in protecting jobs held by men in the same trade. Still, she championed human rights and dignity in her journalism, lectures, and prose. She was more than a feminist, she was a humanist, believing that elevating the status and rights of

141 Faust, "Mathilde Franziska Giesler-Anneke," 173-74. *History of Women Suffrage*, eds. Elizabeth Cady Stanton, Susan B. Anthony, and Mathilda Joslyn Gage, vol. 2, 1861-1876 (Rochester, 1882), 392-94.

142 "Historical Examples of Leading Social Entrepreneurs: Susan B. Anthony (U.S.)," *Ashoka: Innovators for the Public*, https://www.ashoka.org/social_entrepreneur (accessed September 28, 2013). "Who Were the First Social Entrepreneurs? Susan B. Anthony," *PBS Oregon Public Broadcasting*, http://www.pbs.org/opb/thenewheroes/whatis/whatis_ss_2.html (accessed October 31, 2013). Social entrepreneurs concern themselves with human dignity, changing systems, and shifting mindsets. Their primary purpose is not to generate profit but rather to ameliorate the quality of life and to advance full citizenship for populations that have been neglected, marginalized, ignored, or denied access to civil and natural rights.

women was reasonable and in everyone's best interests, whether in Germany or the United States. The German-American community in general opposed the women's rights movement because they viewed it as nativist and in favor of temperance.¹⁴³ They took pride in their German identity or *Deutschtum*, and that included allegiance to their cultural heritage and traditional German industries such as brewing. Milwaukee, for example, was home to several breweries established by German-American beer barons such as Frederick Pabst (1836-1904), Joseph Schlitz (1831-1875), Jacob Best (1786-1861), and Valentin Blatz (1826-1894).¹⁴⁴ Milwaukee also had many beer gardens, beer cellars, bowling alleys, and family taverns where German-Americans socialized and enjoyed German beer.¹⁴⁵ Anneke, in contrast to many of the American suffragists, believed liquor consumption was a personal choice and not the sole cause of societal evils. She maintained that associating temperance with women's rights discussions was hurting the movement.¹⁴⁶ She had also sought to preserve her German heritage by the fact she chose to publish her newspaper and writings in German. Her main audience, therefore, was for the most part the larger German community and readership. When she spoke or lectured on the importance of women's emancipation, she typically spoke in German because she could better command her native tongue. Instruction was also taught in German at her academy and her stories appeared in the German-language press in the United States and abroad.

Despite frequent poor health, the painful loss of four children, and a long-distance marriage with Fritz, who often pursued his own interests elsewhere, she negotiated successfully personal and professional roles as a mother, wife, poet and writer, entrepreneurial educator, leading feminist in the women's rights movement in America, and active member of the German-American community.¹⁴⁷ Similar to other immigrant women who arrived in America unfamiliar with the country and language, her options were limited due to her gender, multiple familial responsibilities, and lack of financial resources and opportunities to earn a living other than through writing, teaching, and political rights advocacy. She had to make her own way and negotiate her own success in unfamiliar public spheres and business climates.¹⁴⁸ Although she was only able to make her newspaper financially viable for seven months in Milwaukee, she was able to sustain successfully her academy for eighteen years until her death.¹⁴⁹ Profit never motivated her; defending human rights and enhancing women's quality of life did. She, therefore, should not be judged on

143 The suffrage movement met with resistance from nativist populations as well. Bank, *Women of Two Countries*, 2.

144 Milwaukee's beer barons are also memorialized in the Forest Home Cemetery where the Annekes are buried. "Self-Guided Historical Tour," *Forest Home Cemetery*, <http://www.foresthomecemetery.com/what-makes-fhc-unique/people/> (accessed October 19, 2013).

145 Gebhardt, *Mathilde Franziska Anneke*, 264.

146 Bus, "Mathilde Anneke," 83.

147 Bank, *Women of Two Countries*, 1.

148 Bus, "Mathilde Anneke," 88-89.

149 Anneke's school was located on the southeast corner of Jefferson and Oneida (now East Wells) streets in Milwaukee. Krueger, "Madame Mathilde Franziska Anneke," 164. She established it in 1865, and the address she listed on her Milwaukee Töchter-Institut letterhead was No. 269 Ninth Street, Milwaukee, Wis. FA&MFA Papers.

her lack of commercial success, but rather on the broader social and political influence and change to which her business activities contributed. She was a social entrepreneur in both spirit and impact. An alumna of her girls' school best summarizes that impact:

Those who have not known this great souled woman in her activities as educator. . . have not seen her most beautiful traits. All who had the joy of calling her Teacher have such reverence for her that they consider her the greatest factor in their lives. It was not only what she taught but how she taught. The driest subject became a live interest. She could kindle enthusiasm with irresistible power; yet the knowledge we gained was the least of what we took away from her. Our whole beings were permeated with all that was noble and pure. She gave us the indelible stamp of her beautiful spirit. To follow her we had to aim at the stars. Never can we thank her enough for the way of feeling and thinking that she impressed upon us.

Today, pupils of Madam Anneke are unmistakable. Whether surrounded by luxuries, or confronted by the misfortunes and poverty of an adverse world, the undaunted spirit that she instilled is paramount. We try to bestow the teachings of our beloved priestess upon our children. Her only living daughter carries her exalted, beautiful message into wider circles [. . .] and so the spirit of this great woman still flames in our generation to enrich and dignify life.¹⁵⁰

Anneke embraced both her German heritage and her life in her new homeland and worked to contribute to the education, wellbeing, and equality of woman in both her native and adopted homelands. She was the first immigrant woman to speak publically on behalf of the American women's suffrage movement.¹⁵¹ In the German lands during her youth, she lost social standing after a scandalous divorce and her participation in the German revolutions of 1848. However, by the end of her life in the United States, she regained a prominent position among the German-American community and within the women's rights movement. In 1931, the National League of Women Voters recognized her as one of the four Wisconsin pioneers in the suffrage movement and her name was inscribed on a roll of honor at their national headquarters.¹⁵² In the 1930s, she was considered one of the most influential women in the United States.¹⁵³ With the

150 Piepke, *Mathilde Franziska Anneke*, 9.

151 Bus, "Mathilde Anneke," 87. Brancaforte, *Mathilde Franziska Anneke*, 44.

152 FA&MFA Papers.

153 Brancaforte, *Mathilde Franziska Anneke*, 7.

outbreak of the Second World War, her name and legacy were for the most part forgotten on both sides of the Atlantic, only to be revived in recent years. Anneke is honored in Cologne and several streets are named after her. In November 1988, the German Federal Postal Service honored Anneke on a postage stamp in a series called “Women of German History” (*Frauen der deutschen Geschichte*).¹⁵⁴

Stephani Richards-Wilson is an Assistant Professor of Management at Alverno College in Milwaukee, Wisconsin, and teaches in the Social Impact Graduate Online Program at Claremont Lincoln University in Claremont, California. She holds a PhD in German from the University of Wisconsin-Madison and a Doctorate of Education in Leadership Studies from the University of San Diego, where she served as the Director of the MBA Program. Her research interests include entrepreneurship, business education, the German-American immigrant experience, and Willi Graf of the Nazi resistance group called the White Rose, the subject of her second dissertation.

154 “Mathilde Franziska Anneke,” http://de.wikipedia.org/wiki/Mathilde_Anneke (accessed March 1, 2014).

A REPUTATION FOR CROSS-CULTURAL BUSINESS: HENRY VILLARD AND GERMAN INVESTMENT IN THE UNITED STATES

Christopher Kobrak

For despite his outstanding qualities of courage, determination, perseverance, and benevolence, Henry Villard was also overly optimistic, disinclined to focus on details, and prepared to risk all for the sake of a worthy but shaky enterprise — shortcomings that eventually would lead to financial disaster and the loss of his corporate empire.

Alexandra Villard de Borchgrave, Henry Villard's Great Grand-Daughter, *The Life and Times of an American Titan*, Preface

Introduction

Émigrés capture our interest for many reasons. For some, like Albert Einstein (1879-1955), that interest is derived from their worldwide prominence in a particular field and the specific circumstances of their departure from their home country. Others, like investment banker Paul Warburg (1868-1932), made a mark by introducing aspects of their home-country culture to their new home. Henry Villard, by contrast, will be remembered for the degree to which he embraced nearly all aspects of his adopted country's culture, its sense of limitless possibilities, and perhaps its sense of invincibility. To be sure, he built a business by connecting German and American finance and shared many of the dreams of American and German business leaders, but his reputation mirrors widespread beliefs about the virtues and vices of his adopted land. A native German speaker, charming, charismatic and master of cross-cultural business, Villard was as convinced of his own destiny as that of his adopted home country. He came to prominence as one of America's first "Cowboy Capitalists." His American career as a journalist, entrepreneur, and financier spanned nearly the entire second-half of the nineteenth century and involved some of the most important figures in American and German business history.¹ Indeed, although he and others may have exaggerated many aspects of his Horatio Algeresque biography, few born or naturalized Americans could boast of such a varied and meteoric career.

¹ Christopher Kobrak, *Banking on Global Markets: Deutsche Bank and the United States, 1870 to the Present* (Cambridge, 2008), 28-31.

Family and Ethnic Background

Villard is a historical figure about whose early life we do not know whether we know a lot or a little. Much information about him exists in books and archives, but most of it came from Villard himself or from close family members.² What is clear, though, is that Villard's personal and professional development was deeply influenced by politics.

Henry Villard (born Heinrich Hilgard) was born on April 10, 1835, to a financially comfortable family in Speyer, one of the oldest cities in the German states. Located on the west bank of the Rhine, Speyer was part of the Pfalz (Rhenish Palatinate), a region ceded to the kingdom of Bavaria twenty years before Villard's birth. During the French revolutionary wars of the late-eighteenth and early-nineteenth centuries, the region had been incorporated into France and bore many ideological influences and scars from the French occupation. Villard's father, Gustav Leonhard Hilgard (1807-1867), was a relatively successful bureaucrat from a Protestant family, his mother, Katharine "Lisette" Antonia Elisabeth Pfeiffer (1811-1859), a Catholic from a military family with Bavarian roots. The Hilgards were respectable members of the *haute bourgeoisie*. As the youngest of three children, and the only boy, Henry Villard's later willfulness may have resulted from a perverse combination of too many parental expectations and too much indulgence. From an early age Villard seemed drawn to the romantic, adventurous side of his family, some of whom immigrated to the United States and settled in Illinois and the surrounding region.

Some historical accounts of Villard's life focus on how his anti-Prussian, liberal sentiments drew him to America, but Villard had normal adolescent difficulties which alienated him from his father. Repeated problems due to neglecting his studies and finances gave rise to a series of unpalatable choices for the eighteen-year-old, of which buying a second-class ticket on a clipper ship, the *Nordamerika*, from Hamburg to New York seemed to be the least onerous. Leaving the German states in August of 1853 without the knowledge of his parents, Villard changed his name to an anglicized version of a schoolmate's name which closely resembled his own. For a relatively long period neither his father nor his mother knew whether he was alive or dead. With few skills and no knowledge of English, earning a living in the United States was not easy for Villard. For almost two years he wandered virtually penniless, first in New York City and then

2 There are extensive collections of Villard's letters and those of friends, family, and rivals at Harvard's Baker Library, the Library of Congress, the Deutsche Bank Archive (HADB), and the Morgan Library. Villard wrote an autobiography that focuses on his early life and tends to sugarcoat his business failures. (*Memoire of H. Villard: Journalist and Financier, 1835-1900*, 2 vols. (Westminister, 1904). His great-granddaughter's biography Alexandra Villard de Borchgrave, *Villard: The Life and Times of an American Titan* (New York, 2001) contains some passages that read like family folklore but in many parts is extraordinarily candid and agrees with other more scholarly works. She and her co-author, John Cullen, rely on an early draft of Villard's own autobiography, which may have been buttressed or embellished by family reminiscences impossible to verify. I rely on her account of his early life, especially where it does not flatter her great grandfather or conflict with other sources and plausibility. Dietrich Buss's: *Henry Villard: A Study in Transatlantic Investments and Interests, 1870-1895* (New York, 1978) is a good starting point for the study of his business career. Villard is cited in many histories and biographies of the nineteenth century, which will be mentioned in the notes.

in the Midwest, from one odd job or apprenticeship to another while living, in part, off the kindness of fellow German immigrants who made up a substantial portion of the populations in many of the cities he visited.³

Sometime late in 1854, Villard finally visited his relatives in Belleville, Illinois. At the time, Belleville was one of the great American centers of German culture. The community was populated by German political refugees. Many had been involved in the Revolutions of 1848/49, which had necessitated their departure from the German states. Situated in the heart of the United States, Belleville looked like a typical German village but contained an intellectual elite that shared America's republican values and devotion to freedom from political repression. They were political liberals who loved most of the principles of their adopted land, but not all. Many rejected social reformist traditions popular in the 1830s and 1840s such as the temperance cause and women's rights, but the town was one of the centers of the abolitionist movement. Villard's time in the community would have a profound impact on his relationship to his adopted country.⁴

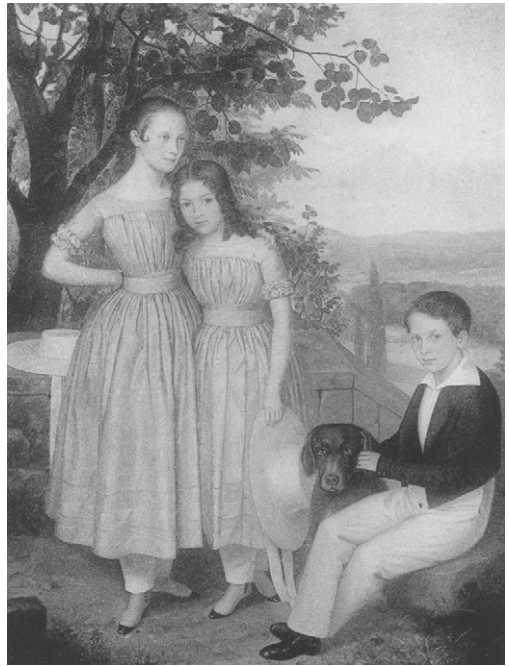


Figure 1: Siblings Anna, Emma, and Heinrich (Henry Villard) Hilgard, 1844. Private collection.

When Villard suddenly appeared in Belleville, his relatives at first showed little enthusiasm for his arrival but did provide him with some financial support. Even with the help of his family, however, his early twenties were crowned with few great successes, but they did lay the foundation for some of his great achievements. Working as a clerk in a law office, he developed an interest in pursuing legal studies. More importantly, he improved his English during this period and, anxious to avoid demeaning manual labor, started to devise grandiose business schemes. By the age of twenty-one, he had earned sufficient seed money to pay his expenses for an attempt to round up investors to buy land in Kansas for a kind of German "free-soil" community intended to thwart the advance of slavery in the territory. The enterprise never got off the ground, but Villard made some contacts among anti-slavery activists and, as ever free

3 *The Life and Times of an American Titan*, 1-55; and "First Experiences in America," Manuscript Fragment of Villard's Memoires, Harvard Collections.

4 *The Life and Times of an American Titan*, 55-63.

of inhibitions, he visited some important potential supporters, such as the senior senator from Illinois, Stephen A. Douglas (1813-1861). During his “dog-and-pony” show to drum up investors for the Kansas venture, Villard retraced his poverty-stricken steps of just a few years earlier, but this time with enough cash to stay in first-class lodgings. Despite the support of many influential, anti-slavery Republicans, whom he had come to know by working on the new party’s election campaigns, Villard’s lack of business sense and influence was evident and certainly contributed to the enterprise’s failure. The experience, however, did nothing to thwart his personal ambition and taste for a more refined life. A few years later, he headed west to mine for gold, an undertaking that helped ignite a passion for the prairie states and led to a book about his experiences, but produced no yellow metal and quick fortune.⁵

First Real Career

Villard’s creative bent and desire to avoid confining, repetitive tasks led him to journalism. For most of the 1860s, Villard alternated between working as a freelancer and an employed journalist for a series of German and American newspapers reporting on a variety of topics. Once Villard established a reputation as a journalist, he succeeded in arranging the unusual step of syndicating his work. Some of the newspapers were financed openly by political parties. As a supporter of the Republicans (though not a U.S. citizen until 1864), he preferred writing for their newspapers, but he enjoyed some of his greatest successes with Democratic newspapers. It was while working for one of those newspapers in 1858 that he covered the famous Lincoln-Douglas debates. In contrast to his later expressions of impassioned support for Abraham Lincoln, Villard’s initial reaction to the senatorial and later presidential candidate was unfavorable to say the least.

Although he would have been happier just to let the South secede following Lincoln’s presidential election in 1860, the Civil War provided Villard with a journalistic opportunity. Even before the fighting started, he enjoyed some choice assignments. He reported for the *New York Herald Tribune* on Lincoln’s activities in Springfield, Illinois, after the November election but before the inauguration in the spring of 1861. Although his views of Lincoln had mellowed somewhat, in November of 1860, soon after the election, Villard observed:

I doubt Mr. Lincoln’s capacity for the task of bringing light and peace out of the chaos that will surround him. A man

⁵ Ibid., 65-75.

of good heart and good intention, he is not firm. The times demand a [Andrew] Jackson.⁶

Although Villard's comments may have been influenced by the politics of the newspaper for which he was writing, considering how well Lincoln proved his resolve during the conflict, Villard remarks lacked presence and historical insight. Indeed, later in life, he came to appreciate Lincoln's vision for America.

As an established reporter with good contacts and considerable charm, Villard secured interviews with several important military and political figures during the war. He witnessed and wrote about many of the major engagements of the conflict and endured some of the same risks and deprivations as ordinary soldiers, which may have contributed to chronic ill health throughout his later life. His work as a war correspondent, which he returned to briefly during the Austro-Prussian and Franco-German Wars (1866 and 1870-1871, respectively), lasted until the last full year of the American Civil War, when he was called back to Europe by his family. Villard's oldest sister was dying; their mother had already passed in 1859. He reached Speyer a few days before his sister's death. Villard stayed in Europe for approximately six months, during which time he acquired his inheritance from his mother's estate (minus numerous deductions that his father felt appropriate to settle Henry's many prior debts), but his turbulent relationship with his father had changed little in the decade since he had left home and gave him little reason to linger in Speyer. He returned to the United States in March 1865 and on arrival in Boston in April, he learned that Richmond had fallen on April 2, Lee had surrendered on April 9, and Lincoln had been assassinated.⁷

Business Development

His arrival in Boston was no accident. With his mother's inheritance and a reasonably good start as a journalist, Villard was intent on proposing marriage to Boston resident Helen Frances (Fanny) Garrison (1844-1928), daughter of William Lloyd Garrison (1805-1879), America's most famous (indeed he was world famous) and perhaps most notorious abolitionist. While others had talked of limiting slavery to the Old South, gradual abolition of the institution, or sending blacks back to Africa, for decades Garrison had called for an immediate and complete end to the practice, and equal rights for African-Americans, a perspective which was not only radical but seditious for most Americans in the first half of the nineteenth century. Garrison had publicized

6 Quoted in *The Life and Times of an American Titan*, 130. Originally in Henry Villard, *Lincoln on the Eve of '61: A Journalists Story*, ed. Harold G. and Oswald G. Villard (New York, 1941).

7 *The Life and Times of an American Titan*, 260-61. Villard's father died in 1867.

his views in the *Liberator*, the leading abolitionist newspaper, which he published from 1831 until the Thirteenth Amendment to the Constitution made slavery unconstitutional in 1865. To the horror of many, on one occasion he had even burnt a copy of the “great national sin,” the United States Constitution, which had enshrined the abomination of slavery into law. Villard evidenced no problem with Garrison’s radical feelings about slavery, but later accounts do claim that this *Pfälzer* (someone from the Rhenish Palatinate) was much less happy about the family’s stand against smoking and drinking and in favor of women’s rights.⁸

Villard had met Fanny quite by chance several years earlier. Despite Fanny’s views on some of Villard’s habits, they fell in love relatively quickly and married in 1866. The couple was devoted to one another. Well into old age, Villard seemed to have genuinely bemoaned any absences from her. They doted on their four children, three of whom survived to adulthood: Harold (1869-1952), Helen (1868-1917), and Oswald Villard (1872-1949). When their son Henry died at age seven in 1890, the parents penned a tribute to him. Fanny’s father was at first a little skeptical about his future son-in-law’s prospects and his break with his own father, but the two seemed to have enjoyed a good deal of mutual respect.

Soon after their marriage, the couple made two trips to Europe. The trips had several purposes. Villard wanted to introduce his new wife to the pleasures of Europe and to his family. One of the trips coincided with a triumphant tour of abolitionist groups in the United Kingdom by his father-in-law, whose consistent support of the cause was much appreciated by many parts of British society. Villard continued some of his journalistic work and sought help for his many physical ailments at European spas.⁹

Perhaps, most importantly, it was at this time he began an entirely new career. Garrison introduced his son-in-law to the American Social Science Association, a group organized in 1865 to discover the immutable laws governing man and his social relationships and apply them to contemporary society. Its members included intellectuals, politicians, and a number of prominent businessmen. Villard became the organization’s secretary, editor of its journal, the *Journal of Social Science*, and one of its chief fundraisers.

Although most of his prior work experience was as a war correspondent, by the late 1860s Villard had begun to grow interested

8 Ibid., 231-35.

9 Ibid., 270-80.

in marketing American securities abroad. By leveraging his status as William Lloyd Garrison's son-in-law and his fluency in German and English, he had developed enough contacts and financial savvy to engage in selling American securities while traveling in Europe. During the American (1865-73) and German (1870-73) post-war boom years, this was probably a lucrative business.¹⁰ On the heels of the 1873 international financial collapse and depression, his role as a financial intermediary shifted. While convalescing in Heidelberg, Villard was approached by a group of Frankfurt investors, who were holding Wisconsin Central Railroad bonds that were in default. The investors asked him to perform a somewhat different task. His mission between the two countries changed from mere salesman to troubleshooter, although privately some of the bankers also wanted him to go back to the United States to obtain undervalued securities whose prices had been significantly depressed by the panic.¹¹

The Northwest Passion

It was at this time that Villard developed, or rekindled, two loves: the Pacific Northwest region and railroads. In typical Villard fashion he convinced Siegmund Jacob Stern (1809-1872), the leader of the Frankfurt banking group, to double-down on his American railroad investments. Villard was confident that future immigration would lead to much higher revenues and profits for the existing rail lines in the West and that the poor management of existing rail lines could be easily remedied. With German backing, Villard effectively bought up virtually all the rail lines between Oregon and San Francisco, establishing the Oregon Railway & Navigation Company (ORN), the firm to which he probably had his deepest, long-term business attachment. As president of the new concern, his reputation grew, but the dream of controlling the transportation resources of the entire Pacific Northwest eluded him. Moreover, his existing ambition brought him into conflict with three major rail lines, the Union Pacific (UP), the Northern Pacific (NP), and the Great Northern (GN). Like many of the moguls with whom he now was in conflict, Villard realized that only true consolidation of rail lines within a region could avoid ruinous competition and make the huge initial investments profitable, an approach that went well beyond the pooling arrangements and loose agreements that railroad officials had often devised during the previous decades.¹²

To realize his dream of control, Villard, acting from the seat of financial power in New York City, needed to achieve two goals: get out

10 Ibid., 280-81.

11 Kobrak, *Banking*, 28-31.

12 Ibid., and Buss, *Henry Villard*, 1-150.

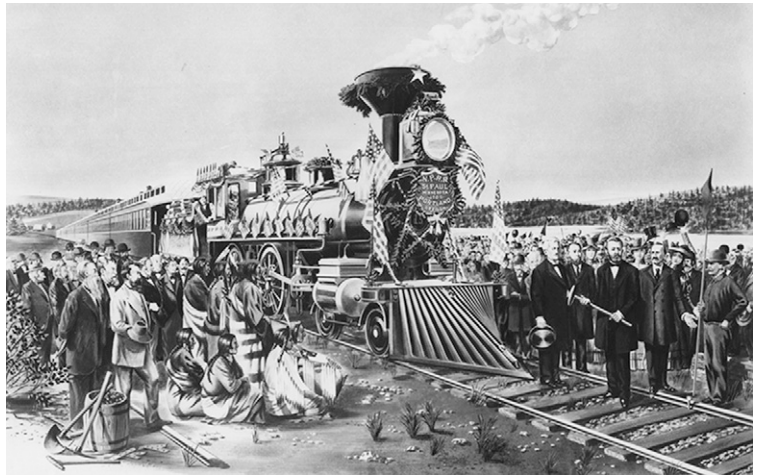
from under the control of his foreign investors and buy at least one of the major neighboring lines. By 1881 he had realized both aims. First he targeted the profitable Oregon Steam Navigation Company, which operated riverboats, a shortline railroad, and other transportation assets along the Columbia and Willamette Rivers in Oregon. Using the assets of the target line as security, he managed to finance its acquisition in what may have been the first management buyout (MBO) in history. Villard also convinced the Frankfurt group to sell its holdings in his unprofitable Oregon Steamship Company to him at a loss. He combined both operations into a new firm, the Oregon Railway & Navigation Company. Yet the new line did not yet stretch across the West. For that he would need more money for additional construction, for conversion of narrow gauge lines to standard gauge, and for acquiring control of other lines, but he was well on the way to securing his objective. To achieve the next step, he turned his sights on the Northern Pacific Railroad, chartered by Congress in 1864 with rights to build rail and telegraph connections between Lake Superior and Puget Sound, WA. By the 1870s the NP had already experienced one bankruptcy. Buoyed by new financing, it resumed work on the second transcontinental rail line and expanded its activities further west. Convinced that the only way of saving the Oregon Railway & Navigation Company was by acquiring the majority of the Northern Pacific's shares, Villard in 1883 used his contacts on Wall Street to gather eight million dollars from 53 investors (approximately \$180 million in 2010 dollars).¹³ Remarkably, this feat was accomplished within twenty-four hours of his private announcement and without his new investors learning the purpose of the money. By this time, Villard had accumulated enough capital himself that he could contribute nearly one million dollars (approximately \$22.5 million in 2010 dollars) to this "blind pool," for which he served as the only "seeing-eye dog." Even his old client Stern was reported to have participated, despite Villard's earlier double-dealing. The Northern Pacific's shares were added along with those of the Oregon & Transcontinental, a holding company that controlled the ORN, to a new holding company that now controlled 2,700 miles of track in the West and Midwest.¹⁴

The various rail lines under Villard's financial control were still not connected, however. To that end, Villard raised enough money to employ 25,000 workers laying track at a rate of three miles a day (with a burn rate of four million dollars per month (approximately \$90 million per month in 2010 dollars)) across open territory in Montana that had recently witnessed the Battle of the Little Bighorn, the worst

13 All 2010 dollar figures based on Samuel H. Williamson, "Seven Ways to Compute the Relative Value of a U.S. Dollar Amount, 1774 to present," MeasuringWorth, 2011 <http://www.measuringworth.com/uscompare/>, using the Consumer Price Index.

14 Kobrak, *Banking*, 30-31.

military disaster in the U.S. government's long series of battles with Native Americans. When the transcontinental connection was completed in September 1883, Villard controlled the second line that stretched from the Mississippi to the Pacific, a distance equal to that



between Paris and Moscow. Villard threw a triumphant party with guests that included intellectual notables, a former American president, and many current and potential investors, including the managing director of Deutsche Bank, Georg Siemens (1839-1901), whose experiences in the United States during that trip strongly influenced his personal and business outlook, according to his son-in-law biographer.¹⁵

Figure 2: Northern Pacific Railroad Spike Excursion, n.d. Gaston Sudaka, illustrator. Private collection.

Villard's First Financial Meltdown

The bill for the construction and the Golden Spike party arrived in the fall of 1883. Like so many of his undertakings, Villard's first involvement with the Northern Pacific reflected his disdain for any constraints on his vision and his abhorrence of cost-benefit analysis. Villard's undertaking had added ten million dollars in watered-down stock and forty million dollars in debt to the Northern Pacific accounts (approximately \$220 million and \$880 million, respectively, in 2010 dollars). Even as reports about the company's shaky finances surfaced in late September, Villard somehow issued another eighteen million dollars in debt (approximately \$400 million in 2010 dollars), half sold in Germany. Predictably, throughout the fall, Northern Pacific bond prices tumbled as further cash needs were announced and the company started relying more and more on short-term financing. By the end of October its common shares were selling at twenty-seven-percent of their nominal value, but Villard saw the dip in share prices as an opportunity for the company to buy back its own stock, which further increased the company's debt ratio.¹⁶

¹⁵ Karl Helfferich, *Georg von Siemens: Ein Lebensbild aus Deutschlands grosser Zeit*, vol. 2. (Berlin, 1921), 228-29.

¹⁶ Jean Strouse, *Morgan: American Financier* (New York, 1999), 240-41.

In December Villard finally bowed to the inevitable. The drop in the NP's share price threatened the finances of his other holdings and led to his personal bankruptcy. With the line and his personal finances in the hands of a group of bankers led by J. P. Morgan (1837-1913), he tendered his resignation from all his administrative positions (as required by the bankers) and lost many of his assets, including his Madison Avenue mansion, completed just weeks before the final crisis, and which still stands as the historic wing of New York Palace Hotel. The bankers' reorganization of Villard's railroad interests saved the lines from another bankruptcy for nearly a decade, despite ever greater investment needs and tensions among investors. Typically, Villard did not see his management or other skills as responsible for the bankruptcy. His lack of interest in details and accounting were of no consequence. In his mind, bad luck was the culprit.¹⁷

The Deutsche Bank Connection

Villard's German roots provided him with an opportunity to revive his fortunes. He, his wife, and children spent nearly two years in Berlin after the disaster. In 1884, Villard even considered moving back to Germany permanently. Despite heavy losses inflicted on German investors by the NP's financial difficulties, some Germans and Americans continued to have faith in Villard's managerial reputation and trusted him to identify and safeguard American investment opportunities overseas. Still enchanted by his visit to the United States and sharing many liberal convictions with Villard, Georg Siemens, in particular, seemed willing to overlook his American friend's failings. In 1886 Deutsche Bank, by then one of Germany's leading banks with a strong international focus, was still anxious to sell American investments to Germans and was unimpressed by NP's new management. It signed Villard to a lucrative contract to represent the bank and Stern in the United States. Villard's responsibilities were varied and extensive. Within a short time, he had introduced a long list of new transportation and other investments to German investors through Deutsche Bank. Deutsche Bank even made a \$5 million equity investment (approximately \$120 million in 2010 dollars) that got Villard back into the management of a number of western transportation companies including the Northern Pacific. Against the advice of many of his colleagues, Siemens agreed to make further significant investments in railroad lines and other companies.¹⁸ As Deutsche Bank's U.S. investment advisor and manager for nearly a decade, Villard claimed to have sold \$64.3 million in U.S. securities

17 Kobrak, *Banking*, 34-35.

18 *Ibid.*, 37-38.

(approximately \$1.6 billion in 2010 dollars) to German investors, an amount significantly larger than Deutsche Bank's total equity capital and nearly as great as its total assets in 1890.¹⁹

Villard's principal device for managing these extensive investments and encouraging new ones was to create a holding company structure, which would at once diversify risk and serve as a conduit for the flow of funds. The North America Company (NAC) required \$24 million (approximately \$660 million in 2010 dollars) to hold large packets of shares in NP, the Wisconsin Central, and the company near and dear to his heart, the Oregon & Transcontinental Company, the successor to his first transportation investment, as well as other firms. When Deutsche Bank balked at providing all of the huge sums for these investments, more than its own equity capital base, Villard sought other investors. Little is known of how Villard's holding company scheme worked, not even his main investors understood its convoluted structure, but the idea seems to have been that the NAC would serve as an investment fund, which would simultaneously allow investors to invest in a wider range of companies, thereby exercising more control over the companies by concentrating ownership, and serve as a reserve fund for the investments should access to capital become impaired. Organized under the laws of New Jersey with \$50 million in capital (approximately \$1.2 billion in 2010 dollars), NAC would keep some cash and have the option to sell some of its holdings to support entities short of capital, a kind of pooling of resources to avoid panic borrowing or sales of equity. In addition to Deutsche Bank, several other financial heavyweights were involved, including John D. and William Rockefeller, J.P. Morgan, Kuhn Loeb & Company, and Speyer & Company. Even in early 1890, though, when financial markets were fairly strong, much of its financing came from short-term debt, collateralized by its own stock and that of its holdings, an obvious weakness for a company that was designed to support other companies' financing needs and equity values in turbulent times. As U.S. finances deteriorated in the fall of 1890, the company had to draw on more help from German investors, undermining NAC's credibility and that of its president, Villard.²⁰ However, the worst was yet to come.

Other Electrifying Ideas

One of the beneficiaries of the holding company was supposed to be Villard's old friend, Thomas Alva Edison (1847-1931). Villard had known and admired Edison since 1880. As an early investor in

¹⁹ Helfferich, *Siemens*, 246. Deutsche Bank's 1890 Annual Report.

²⁰ Kobrak, *Banking*, 39-40.

Edison ventures, he had arranged for demonstrations of Edison's dynamo and lamps, installed Edison lights on some of his trains, and tried to get German investors interested in providing capital for Edison's U.S. companies and bringing some of Edison's patents to Europe. Indeed, Villard was hawking Edison's companies in Europe when he met Siemens for the second time. Edison and Villard shared many attributes: both were visionaries with very little patience for day-to-day business matters and financial constraints, and both were hard of hearing and deaf to many kinds of criticism. Their large visions required capital and investors, a fact which brought them together, creating a mutual dependence. Edison believed that only large generators and an extensive distribution system for electricity would create the necessary infrastructure for his inventions, a huge upfront investment before light bulbs and electricity could be sold in great quantities. Villard loved big deals.²¹

Villard was ideally placed to find an international solution for many of Edison's problems. While working for Deutsche Bank, he also represented some of the interests of Siemens & Halske (S&H), the German electrical giant. Deutsche Bank itself was deeply involved in electrification, in part through Georg Siemens' family connections with S&H, and its financial support of rival Allgemeine Elektrizitäts-Gesellschaft (AEG). Although many conflicts of interest and competing product lines existed, Villard and Deutsche Bank helped raise German and American capital to allow Edison to consolidate his interests and fund expansion. A truly speculative venture, it turned out to be one of the most important, and international, private equity deals of the nineteenth century.²²

In April 1889, Edison General Electric Company (EGE) was formed. Edison hoped that the new company and its by-and-large distant shareholders would relieve him of financial pressure. J.P. Morgan, who had been one of his principal backers, and rarely a silent partner, took only a small amount of the shares. The amounts of equity capital varied over time, but seem to have begun with \$3 million and gone up to \$8.3 million (approximately \$73 million and \$203 million respectively in 2010 dollars). As representative of the German investors, Villard became the company's first and only president.²³

The company's business model helps explain the large increase in financing needs. The new company not only was intended to integrate Edison's manufacturing and marketing interests in electric lighting and machine works in order to achieve better operating efficiencies,

21 Ibid., 47-49.

22 Ibid., 47-61.

23 Ibid.

it was also designed to expand the business by helping finance the conversion or construction of power stations in major cities. Before electricity could be used for devices (lights and appliances), power had to be generated and distributed. To this end, EGE used its own shares to buy an interest in some new and old local electrical companies and to help finance further construction. The machinery and cable for generation and distribution was sold to local power companies by EGE, which was able to incur large receivables financed by the deep pockets of their German investors. Increasing sales required more staff and above all more capital to finance customers.²⁴

Predictably, conflicts between management and the investors grew steadily. S&H resented the treatment of its patents and its lower-than-expected profits on the sale of cable to the new company. EGE profits were lower than expected and declared dividends went unpaid. Some of the participants started to challenge Edison's conviction that direct current was reliable and efficient, an issue that would haunt Edison for years and one about which he was ultimately proven wrong. Villard had problems fulfilling his promise that EGE shares would be listed on the New York Stock Exchange, a failure that would hurt their price and liquidity. NAC's Edison share holdings and loans brought little relief. The original agreement among the syndicate members required investors to hold all or parts of their shares. They were repeatedly requested to extend the period. Operational problems mounted. The consolidation of the former businesses progressed more slowly than originally anticipated, and patent disputes threatened some business operations. Although investors found the company's profits disappointing, sales grew quickly, despite vigorous competition, adding to the company's working capital requirements. Even Edison started to lose faith in his friend. EGE had been founded to make his life easier and provide him with more time for his inventions, not to make his life more complicated.²⁵

Once again, Villard saw a big deal as the solution. As early as March 1890, he argued that combining EGE with its rival Thomson-Houston would create the "greatest enterprise in the world."²⁶ Founded by Elihu Thompson (1853-1937), one of the most prolific inventors in American history, Thomson-Houston (TH) was much better run than EGE. Thompson focused on scientific matters and managerial control was given over to professional managers. Under the leadership of Charles Coffin (1844-1926), a former shoe company executive, TH recruited many skilled managers who concentrated on strategy,

24 Ibid. As an example for the regional activities comp. Uwe Spiekermann, "Business and Politics: The Contested Career of Charles F. Pfister," in *IE*.

25 Ibid., 47-61.

26 Villard to Deutsche Bank, March 7, 1890, HADB, A404.

marketing, and technical innovation. The company was organized into a functional structure with clearly defined departments. Unlike EGE, it broadened its product line to include both direct current (DC) and alternating current (AC) for lightening and streetcar systems. As a leader in management organization and a supplier of electronic equipment, TH enjoyed solid financial backing.²⁷ From the very founding of EGE, Villard had pushed for more consolidation of competing companies. Because the ensuing merger between EGE and TH spelled the end of his involvement in this sector, as well as Edison's and the German companies' involvement in the new company, some accounts give insufficient credit to Villard's original insight. Taking credit for the deal, J.P. Morgan led the consortium that financed the merger. TH's old shareholders held the major position in the new company. EGE's shareholders, including Edison, Deutsche Bank, and the other Germans, chose to hold little or nothing of the now Morgan-controlled enterprise. Even though Villard's rosy prediction about the future of the new company, General Electric (GE), was borne out, in 1892 the Germans seemed to count their blessing that they got their money back before new management or macro-economic difficulties arose.²⁸

In fairness to Villard, he had a very full professional and personal life at this time, including, tragically, the death of his youngest son in June 1890. The bereaved family toured Europe for many months. Villard found time, however, to interview the recently ousted German Chancellor, Prince Otto von Bismarck (1815-1898), as well as other German political and business leaders. Moreover, not only was he running the Edison businesses during the period, Villard took an active role in the 1892 presidential election campaign of his friend Grover Cleveland (1837-1908), a Democrat whose commitment to the Gold Standard endeared him to the business community. Cleveland's success in the election did not eliminate fears that the United States would not honor its gold commitments, which made getting short-term loans in New York difficult, severely threatening the NAC of which he was still president. Ostensibly, he was also overseeing Deutsche Bank's (and its clients') other substantial investments in the United States.

By the middle of 1893, this latter responsibility showed obvious signs of neglect or worse. The physical assets, not state of incorporation, of the vast majority of Deutsche Bank's and its clients' investments in the United States was west of the Mississippi, but Villard's office and residence was in New York City. Although on the surface this division may

27 W. Bernard Carlson, *Innovation as a Process: Elihu Thompson and the Rise of General Electric, 1870-1900* (Cambridge, 1991), 203-19.

28 Kobrak, *Banking*, 59-61.

seem odd, in practical terms the fortunes of these assets depended to a large extent on the health of East Coast and European capital markets.

Second Bankruptcy

The second Northern Pacific bankruptcy was part of the third great wave of American railroad failures. In 1893, 74 companies representing \$1.8 billion in capital (approximately \$45 billion in 2010 dollars), nearly one-sixth of total U.S. capacity, went into receivership due to the financial panic that spring. Since the previous bankruptcy wave in 1884 (the first occurred in 1873), the Northern Pacific evidenced a seemingly unquenchable thirst for capital. In the decade following Villard's first departure from the company, NP had more than doubled the length of track it controlled, accounting for approximately three percent of the United States' entire stock. It controlled terminal, coal, logistic, and navigation companies and an amount of land equal to fifty percent of present-day Germany. Its operations actually consisted of 44 separate companies with \$380 million in debt (approximately \$9.5 billion in 2010 dollars). In 1893 with the parent company alone owing \$10.9 million in interest and sinking fund payments (approximately \$273 million in 2010 dollars), its fixed financial costs alone put it at considerable risk. Considering that average operating revenues and income over the previous three years were \$24.5 and \$9.8 million respectively (approximately \$613 and \$245 million in 2010 dollars), even an untrained eye should have seen that the company was exposed to a downturn in economic activity.²⁹

Despite the risks as 1893 began, Villard and his investors remained remarkably sanguine. Deutsche Bank managers expressed some concern about the price of its preferred shares, but did not have concerns about anything else. In May of 1893 panic swept through U.S. capital markets as fears mounted that America, despite Cleveland's election, would fall off its strict adherence to the Gold Standard. The panic led to one of the most severe downturns in U.S. history. With banks failing, unemployment rising, and a sharp drop in equities prices, short-term lending was hard to come by. Farm commodities prices, already in decline and a mainstay of NP's business, fell further. Villard's NAC, which was to have served as a financial backstop, itself could not get additional loans from its original investors or acquire new ones. Price competition among the rail lines increased further, impairing revenues. In the early summer NP's share price dropped to less than eight percent of its par value, a sure sign that bankruptcy

²⁹ Ibid., 62-63.

was imminent, but even companies like GE were at risk.³⁰ Villard was not alone in underestimating the dangers inherent in over investment, conflicting and unclear bankruptcy laws, as well as volatile capital markets. The bankruptcy of the NP and its sister companies was large, but by far not the largest case during the crisis. By 1896 twenty percent of all U.S. railroad trackage was held by bankrupt companies.

Villard's role in the NP bankruptcy saga says as much about Villard as it does about the difficulties of managing investments over great distances, especially in an era with high macroeconomic turbulence, inappropriate or nonexistent financial regulation, and rudimentary communication technologies compared with that of the twenty-first century. Without a clear warning about NP's dire straits, in the spring of 1893 Villard announced his desire to resign his responsibilities with Deutsche Bank, but the resignation had not been accepted immediately and no replacement had been found. On August 3, Villard cabled his conviction that the only feasible option for NP was receivership, but the letter with his explanation of the decision and the defense of his own behavior was dated August 15. German investors were furious not just about what happened but also about how decisions were communicated. After months of false hopes and dire rumors, Villard finally wrote in mid-August to his honorable friend, Siemens, that NP had come under a court-appointed receiver, a step Villard said he had encouraged albeit without prior Deutsche Bank consultation over essential aspects such as the choice of administrators. Although Villard claimed that his own responsibility made writing the letter difficult, the gist of his missive outlined all his achievements, his own lack of fault, and how much he himself had lost. Typically, he was optimistic about an economic recovery and the possibility of mitigating excess competition that would eventually justify the high levels of investments the company had made.³¹ His optimism would eventually be justified, but the turnaround took three years and a lot of patient administrative savvy, hardly attributes which he had hitherto displayed. Moreover, at least some of the investors doubted his sincerity. Even his great-granddaughter reported, in contrast to his assertions about losses, that Villard, who owned directly or indirectly NP debt and equity, was well prepared for the crisis and lost little of his personal fortune.³²

German investors were furious, but despite many misgivings, they needed Villard, at least during the early stages of the NP's reorganization. Villard, who initially asserted with his German clients that the

30 Ibid., 63-64.

31 See various correspondence among Villard, Siemens, Deutsche Bank, and Villard's secretary, July and August, 1893, HADB, A674, A1142, A718.

32 *Life and Times of an American Titan*, 375.

receivership was the only sensible course, claimed in September that he had played no part in the decision to put the company in the hands of administrators whose job it was to insure that as many creditors as possible would be paid out of the assets of the company. While one of the receivers was a long-time Villard associate (indeed friend), the others were loyal to non-German investors like the Rockefellers. No one on the committee represented the Germans. By late August, however, Deutsche Bank had its own man on the scene with a clear mission to safeguard all German interests, not just those of Deutsche Bank, but his influence was limited. Only with German investors united behind the bank, could Deutsche Bank hope to coordinate an intensive, multi-year effort to salvage the interests of its customers. Meanwhile, Villard's friend Siemens was convinced that the origin of the NP's problems lay in the acquisition of several ancillary lines, especially the Wisconsin Central, for which NP had simply paid too much and in which Villard, suspiciously, had a financial interest. Villard still had some influence over the receivers, though, and for this reason Deutsche Bank had to proceed carefully. During late August and early September, Villard remained virtually in hiding, leaving the briefings to his assistant.³³

In September, Siemens, whose personal reputation was on the line, left for a second and far less enjoyable trip to the United States. Meeting Villard was one of the first points on his agenda. While defending Villard in public, Siemens' stepson and biographer maintained that in private his stepfather accused Villard of violating his duties to Deutsche Bank by willfully neglecting to inform the bank of problems he simply could not have overlooked. Even Villard's offers to resign the previous spring reflected, in Siemens' opinion, only Villard's fatigue and desire to return to Europe, not the company's dire financial straits. It is not clear what infuriated Siemens the most, Villard's incompetence, his dishonesty, or his failure to inform Deutsche Bank before the public discovered NP's predicament.³⁴

Apart from the long-term financial issues facing the NP, creditors had to decide what to do with Villard who still had influence with some of the investors, who were, in turn, highly suspicious of one another, management, and the receivers. Under no circumstances was Villard permitted to continue representing Deutsche Bank and the other Germans. By October Siemens had found an experienced banker, Edward D. Adams (1846-1931), to represent the bank and help structure the ultimate reorganization of the NP, a task that lasted many years. That

33 Kobrak, *Banking*, 67-68.

34 Various correspondence between Deutsche Bank and Villard's office, August, 1893, HADB, A-1147.

solution would incorporate many of Villard's ideas, especially closer cooperation among adjacent and parallel lines, but not his absentee management style, his willingness to throw good money after bad (and convince others to follow suit), and most importantly his blindness to his and his managers' conflicts of interest.³⁵

Retirement

The NP's financial distress spelled the end of Villard's business life. Apart from occasional consultations, his relationship with Deutsche Bank was at an end. Ever modest to the end, Villard claimed credit for the NP turnaround in his autobiography. According to virtually all accounts of the reorganization, he played virtually no role in the administration and refinancing of the line after 1893, a feat that was accomplished by J.P. Morgan, Deutsche Bank, its representative, and several other investors who had, and wanted to have, nothing to do with Villard. Siemens, whose own reputation had been tarnished by his inability to control Villard, felt personally betrayed by Villard and disgusted by his passion for self-promotion and "ruthless pursuit of money."³⁶ Villard was tried for fraud and then sued for malfeasance by some investors, but he escaped all legal punishments. Some of the firms that he had established or controlled continued to exist. Though it remained a murky entity for investors and regulators, NAC, which accounted for a substantial portion a Villard's own portfolio, still held NP securities and was undoubtedly involved in subsequent reorganizations into the new century.

According to his great-granddaughter, the recession and then collapse of the line cost Villard little of his personal fortune. She was probably right. He also probably profited from the resurgence of the line in 1896, for which he claimed credit. In any case in 1893 at age 58, relieved of his business burdens, he could easily settle down to the life of a wealthy retiree, entertaining foreign dignitaries, writing a two-volume autobiography ninety percent of which dealt with his journalistic career, engaging in philanthropic work such as making substantial gifts to the University of Oregon and Columbia University in New York City, and enjoying his family. His great-granddaughter admittedly paints a somewhat rosy picture. He was still troubled by bad health and deafness, a condition he shared with his friend Edison. Horrified by what he viewed as America's imperialist war with Spain in 1898, he preferred to stay in Europe for its duration. In November 12, 1900, back at his residence in Sleepy Hollow just north of New York City, Villard died surrounded by most of his immediate

35 Helfferich, *Siemens*, 258-59.

36 Kobrak, *Banking*, 43 and 92-94.

family; all but his daughter who was by then living in his native land. His long-time friends Edison, as well as his friends, journalists Carl Schurz and Horace White, attended the funeral.³⁷

Conclusion

Despite his many setbacks, Villard's life was by any measure a grand success. Having arrived in the United States virtually penniless, he later lived in grandeur and enjoyed a happy family life. While enmeshed in business conflicts on both sides of the Atlantic, at one time or another he had been on familiar terms with the leading bankers, inventors, journalists, and politicians of his day. Some remained close to the end. His investments were both a measure of his financial clout and his broad contacts and interests. He pioneered such diverse financial engineering tools as leveraged buyouts and mortgage-backed securities, well before they became common business buzzwords and even household terms. At the peak of his financial power, Villard's assets under management in the name of Deutsche Bank alone represented six percent of the bank's entire assets in 1890, an amount in 2011 equal to approximately \$94 billion dollars.

Many of his visions were realized: electrification, the Pacific Northwest's economic growth, and for a while, even the combining of rival rail lines in the West. All these things came to pass, or prospered, as Villard had forecasted, but perhaps with less trauma without his untempered ambition and inconsistent commitment.

Perhaps, though, Villard's long-term influence was greater in the political and social spheres of his life. Many of the currency and banking reforms that he had championed came to pass as American Progressives began to recognize that a more powerful government could serve as an effective counterweight to private initiatives and help insure financial stability. Several American universities and cultural institutes, such as the Metropolitan Museum of Art and the Museum of Natural History, as well as churches and hospitals in his native land, benefited from his generosity. The newspaper he bought in the early 1880s, the *New York Evening Post*, which could trace its heritage back 80 years to Alexander Hamilton, remained for many decades a beacon for liberal ideas. After Villard's death, his son, Oswald Garrison, one of the founding members of the National Association for the Advancement of Colored People, continued to publish the paper, until 1918 when anti-German sympathies hurt circulation. Oswald kept its weekly supplement, *The Nation*, in print and turned it into one of the leading left-liberal magazines in the United States. Although it is not clear that Oswald's father would

³⁷ *Life and Times of an American Titan*, 375-80.

have supported all of his liberal reform causes, he would have been proud that his son continued to use the very special political and social connections of an insider to question basic tenets of, and contribute to, American society with the very special perspective of an outsider. Perhaps that is Henry Villard's most profound legacy.

Christopher Kobrak is a Professor of Finance at the ESCP Europe in Paris. He is currently a Visiting Fellow at the Centre for Corporate Reputation at Oxford University.

"A MOST REMARKABLE MAN": ADOLPHUS BUSCH AND THE EVOLUTION OF THE AMERICAN BREWING INDUSTRY

Timothy J. Holian

Adolphus Busch — “A Most Remarkable Man”¹ — arrived in St. Louis, Missouri, in 1857 as an unknown immigrant from German-speaking Europe. After partnering with Eberhard Anheuser in an existing brewery in 1865, Busch transformed the operation, eventually known as the Anheuser-Busch Brewing Association, into the largest brewery in the world within a quarter of a century. Key to the eventual rise of Anheuser-Busch was the timely adoption of important scientific and technological innovations, an expansive sales strategy geared largely toward external domestic and international population centers, and a pioneering integrated marketing plan that focused on a single core brand, Budweiser, making it the most successful nationally-distributed beer of the pre-Prohibition era. Busch was able to lay the groundwork for his success by cultivating and catering to the extensive German-American population of St. Louis. As a primary Midwestern destination for German immigrants during the mid-nineteenth century, the city grew under their influence from 16,469 residents in 1840 to 451,770 a half-century later.² In this city, a ready-made market for lager beer played to the strengths of Busch’s entrepreneurial spirit and encouraged the formulation of a farsighted vision of how beer could be made and sold beyond traditional local boundaries — most importantly, by utilizing the emerging national rail network and innovations in refrigeration to ship beer from St. Louis to distant markets.

The success of the Anheuser-Busch brewery meant that Adolphus Busch could pursue a lavish lifestyle rivaling that of Old World royalty. Several mansions, in California and New York as well as in St. Louis, were needed to maintain his collection of furniture and fine art, and to guarantee an opulent lifestyle for his family. A personal railcar, the *Adolphus*, transported Busch to preferred destinations across the nation, and a private spur line was built to bring the coach virtually to the back door of One Busch Place, his main family residence in St. Louis.³ Busch also donated millions to charitable causes both inside and outside of the German-American community and gave small but not inexpensive gifts to individuals with whom he crossed paths, in part to impress them with the wealth and success he had attained in the New World. Throughout his life, Busch made frequent return trips to his German homeland, where he maintained the ethnic bonds

- 1 Statement by U.S. President William McKinley, while summarizing his personal meeting with Busch on the question of alcohol and regulation (qtd. in Roland Krebs and Percy J. Orthwein, *Making Friends Is Our Business: 100 Years of Anheuser-Busch* [n.p., 1953], 52).
- 2 Boston University, “Population History of St. Louis from 1830-1990,” <http://physics.bu.edu/~redner/projects/population/cities/stlouis.html> (accessed February 8, 2012).
- 3 Krebs and Orthwein, *Making Friends Is Our Business*, 59.

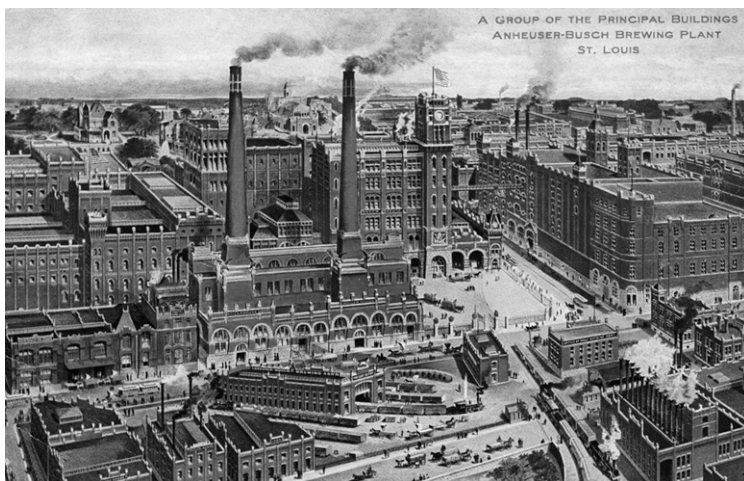


Figure 1: A vintage postcard offering an aerial view of the Anheuser-Busch brewing plant in St. Louis, 1910. The image conveys the bustling activity on the grounds and streets. Courtesy of the Anheuser-Busch Archives.

that defined much of his character.

Ultimately, Busch became one of the most high-profile German immigrants of the nineteenth century and the most successful German-American brewer baron nationwide. Upon his death, he had an estate valued at up to \$60 million

(approximately \$1.36 billion in 2010),⁴ substantial holdings in several companies other than Anheuser-Busch, and a lengthy list of beneficiaries who gained from his propensity to give both time and money to community-minded endeavors. Although never a member of St. Louis high society, Adolphus was lauded after his death as the city's foremost ambassador, its best-known entrepreneur. According to the *St. Louis Post-Dispatch*, in Busch's passing, the world "lost a singular example of successful enterprise coupled with high integrity." "St. Louis," the paper continued, "lost a big private citizen actively identified with a half century of its growth and thousands of men and women and children have lost a good friend."⁵

Family Background and Ethnic Identity

The birth of Adolphus Busch on July 10, 1839, in Kastel, Hesse-Darmstadt, was announced to the public the next day by his father, Ulrich Busch Sr. (1779-1852), during a visit to the city's mayor.⁶ The formality of the gesture spoke to the societal standing of Ulrich, an elder lord of the Rhine River city. Adolphus was the twenty-first of twenty-two children fathered by Ulrich with two wives: his first wife, Catharina, bore five boys and two girls before her death on April 16, 1815, while his second wife, Barbara Busch, neé Pfeiffer (1792-1844), gave birth to eight boys and seven girls before passing away on March 12, 1844. By the end of the 1830s, Ulrich Busch had established himself as an influential member of the German merchant class, with substantial financial holdings derived from lumber harvested on his extensive wooded property, a successful inn and tavern operation, and real estate interests including vineyards, some of which had been cultivated

4 The current and subsequent figures citing 2010 dollar values relative to the original money amount have been calculated in terms of the annual Consumer Price Index for the United States, via the Measuring Worth website, <http://www.measuringworth.com/datasets/uscp/result.php> (accessed February 20, 2012).

5 *St. Louis Post-Dispatch*, October 11, 1913, as cited in Krebs and Orthwein, *Making Friends Is Our Business*, 78.

6 August A. Busch, Busch family history, dated July 25, 1940, in the Missouri Historical Society, as cited in Peter Hernon and Terry Ganey, *Under the Influence: The Unauthorized Story of the Anheuser-Busch Dynasty* (New York, 1991), 20.

since Roman times.⁷ A strong sense of traditional values shaped the upbringing of Adolphus and the other Busch children, and the Catholic family placed particular emphasis on discipline, thrift, loyalty, and hard work. It should be added, however, that these values were cultivated alongside practices that stressed Rhineland conviviality. For instance, one proverb governing the Busch home maintained that “eating and drinking hold body and soul together.” The Busch family’s three-story mansion, the Schützenhof, was located in a prolific wine-growing region, and drink culture, in general, and vinous spirits, in particular, played an important role in Adolphus’ early life and continued to shape his later years as well. Although he went on to become one of the most successful brewery owners in history, Busch always maintained a preference for wine over beer when it came to his own consumption.

Ulrich Busch’s economic success guaranteed superior schooling for young Adolphus. After receiving his elementary education in Mainz and Darmstadt, Adolphus attended school in Brussels, where he studied French and English among other subjects. To gain work experience, the younger Busch eventually took up employment in his father’s lumber enterprise, rafting logs down the Rhine and Main rivers. He also served briefly as an apprentice at a brewery belonging to an uncle. After Ulrich Busch died at age seventy-two in July 1852, Adolphus was forced to chart his own course in life and to channel his energies into more enduring business ventures. In 1856, at just seventeen years of age, he began working as a shipping clerk at a mercantile house in Cologne. Although he only remained in this position for a year, the experience proved formative for Busch: it was there, in Cologne, that he developed the skills and character traits (e.g., energy, enthusiasm, an eye for opportunity) needed to realize his existing ambition to make money and accrue wealth. His desire to maximize his own potential, the unlikelihood of his inheriting a substantial portion of his father’s estate as the second-youngest son, and favorable reports about immigrant life in the United States from his brothers George, Ulrich, and John, prompted Adolphus to leave Europe in 1857 and take up residence in America.⁸ Although Busch chose to make America his new homeland, his journey was by no means a final farewell to the Old Country. In the coming years, Busch took many trips to Europe, generally, and to Germany, specifically, including more than twenty trips to his former hometown.⁹

After arriving at port in New Orleans, Louisiana, eighteen-year-old Adolphus made his way to the American Midwest, where he found a hospitable environment both personally and professionally. Among

7 Hernon and Ganey, *Under the Influence*, 21.

8 A decade later, on February 19, 1867, Busch renounced his allegiance to the Grand Duke of Hesse-Darmstadt and became a United States citizen.

9 Hernon and Ganey, *Under the Influence*, 23, 31. Over the years, Adolphus Busch and the Busch family proudly maintained numerous hallmarks of their heritage. For instance, the family frequently used the German language in private and social settings, and Adolphus proved unwilling to alter or minimize his thick German accent. Moreover, the family offered financial and other support to German-American organizations and charities based in St. Louis and elsewhere. They also collected artwork by German masters, made regular trips back to and around German-speaking Europe, and consumed German foods and beverages, most notably German white wines from the Moselle and Rhine regions. See Hernon and Ganey, *Under the Influence*, 47-49.

his brothers, George had already established a thriving enterprise as a hop merchant, while John, who came to America in 1849, had founded a brewing operation in Washington, Missouri, in 1854. Fifty miles to the east, St. Louis beckoned Adolphus as a rapidly emerging German settlement that was well on its way to becoming part of the famed “German Quadrangle,” an area that also included Cincinnati and Milwaukee, among other cities. Busch thrived on the immigrant culture that pervaded St. Louis, and he quickly realized that the knowledge, habits, and skills he had acquired in his Rhineland youth could help him make the most of certain business opportunities that were typical of river cities everywhere. Adolphus found early employment as a “mud clerk” and was tasked with assessing cargo aboard incoming Mississippi River steamships. Possessed of a keen eye, he also pursued private opportunities to buy and sell the commodities that these ships carried. Whereas many German immigrants of the era maintained a hardscrabble existence until becoming established, a “substantial allowance” of family money allowed Adolphus to enjoy a brief period of acclimation before getting to work. As he acknowledged later in life, his initial weeks in St. Louis were not given over to intense labor so much as to “hunting, loafing, getting acquainted and having a good time.”¹⁰

To amass additional financial resources, Busch worked briefly at a St. Louis supply house owned by German immigrant William Heinrichshofen (1825-1906). Thereafter, he used his earnings and existing funds to enter into a partnership with Ernst Wattenberg (1835-1911) to sell brewing supplies. The new firm — Wattenberg, Busch & Company — was ideally situated in both time and place for success. The rapid rise in German immigration to St. Louis had spurred a population explosion: within a decade, the city’s population had more than doubled, going from 78,000 residents in 1850 to 185,000 in 1860. Many of these newcomers brought with them a taste for a relatively new style of beer — lager — which originated during the 1840s in Central Europe. The brew got its distinct character from a special bottom-fermenting strain of yeast that yielded a smoother, crisper, more refreshing flavor than traditional top-fermented ales. The unique taste also resulted from an extended aging and maturation period in a cool, subterranean environment. The spread of lager beer saw a marked increase in the number of St. Louis breweries that were eager and willing to serve a clientele accustomed to consuming copious quantities of the beverage, from twenty-four in 1854 to forty just six years later, thirty-two of which were owned and operated by individuals of German stock.¹¹ Abundant natural resources also played a vital

10 Walter B. Stevens, *Eleven Roads to Success* (St. Louis, 1914), 21, as cited in Hernon and Ganey, *Under the Influence*, 23.

11 *Daily Missouri Republican*, May 30, 1860, as cited in Henry Herbst, Don Roussin, and Kevin Kiouss, *St. Louis Brews: 200 Years of Brewing in St. Louis, 1809-2009* (St. Louis, 2009), 37.

role in St. Louis' blossoming brewing trade, which benefited from an ample supply of quality water nearby in the Mississippi and Missouri rivers and from suitable hills for caverns for aging lager beer. During the hot summer of 1860, thirsty German-Americans and other residents of St. Louis combined to imbibe 212,000 barrels of beer, generating \$1.5 million in revenue (approximately \$40.6 million in 2010) for the brewer barons who spent one dollar to manufacture each barrel that they then sold for as much as eight dollars to area tavern keepers.

One enterprising brewer of this era was Eberhard Anheuser (1806-1880), a St. Louis resident and German immigrant who had used his profits from a prosperous soap manufacturing business to purchase the struggling Bavarian Brewery (soon renamed the Bavarian Brewery, E. Anheuser & Co.) in 1860.¹² At the time, the Bavarian Brewery was fortunate in being able to market to a large number of German and Central European immigrants. This advantage, however, was more than offset by the competition that had been unleashed by the recent spike in the number of St. Louis brewers. Even more importantly, though, the Bavarian Brewery faced an extremely fundamental problem: by all accounts, its beer was mediocre, a major handicap in a city filled with experienced lager consumers and no lack of brewers who produced a consistently superior product. But if Anheuser was burdened by the challenges associated with running an underachieving brewery, the venture remained profitable for Busch, who continued providing the company with brewing supplies from his office, which was located right around the corner from the Anheuser soap works.

It soon became clear that Anheuser's brewery wasn't the only thing that had captured Adolphus' attention. As he became better acquainted with the firm and with Eberhard Anheuser personally, Busch also became increasingly attracted to his sixteen-year-old daughter, Elisa (1844-1928), known among friends as Lilly or even "the curly head" [*der Lockenkopf*] in reference to the prominent blond curls in her hair.¹³ After a period of courtship, Busch proposed to Lilly. His offer was accepted, and the wedding was set for March 7, 1861 — three days after the inauguration of Abraham Lincoln — at the Holy Ghost German Evangelical Lutheran Church. The service was particularly memorable insofar as it represented the marriage of more than one Anheuser and Busch: for some time, Adolphus' older brother, Ulrich, had been dating another daughter of Anheuser, Anna, and during the service Ulrich and Anna were wed as well. The double wedding, unique as it was, did not come off entirely without incident, as Adolphus arrived twenty minutes late, citing the need to close an important business deal beforehand.¹⁴

12 Todd Barnett, "Eberhard Anheuser," in *IE*.

13 *Frank Leslie's Illustrated Newspaper*, January 11, 1890, as cited in Hernon and Ganey, *Under the Influence*, 26.

14 *St. Louis Republic*, October 11, 1913; *St. Louis Post-Dispatch*, March 8, 1911; Alice Busch Tilton, *Remembering* (St. Louis, 1947), 1-2, as cited in Hernon and Ganey, *Under the Influence*, 26-27.

The marriage between Adolphus and Lilly was scarcely a month old when the reality of a nation at war took priority. After the fall of Fort Sumter on April 12, 1861, Busch, along with his father-in-law, willingly took up arms to help keep Missouri from coming under Confederate control. Ultimately, Busch spent three months as a corporal in Company E of the 3rd Regiment of the U.S. Reserve Corps. He served alongside some 5,000 volunteers and 1,200 reservists, including Eberhard Anheuser, who was also a corporal in Charlie Company.¹⁵ By the time the enlistments of the homeguard had expired in August 1861, both Anheuser and Busch had reprised their normal personal and professional roles. For Adolphus, that meant a return to work in the brewery supply business, as well as the beginning of what would become a sizeable family. After taking in Gustava von Kliehr, the orphaned daughter of one of Lilly's sisters, Lilly herself gave birth to their first child, a girl, Nellie, on April 12, 1863. By the end of 1865, she had given birth to two sons as well: Edward, born in 1864, and August A., born four days after Christmas in 1865. Over the next eleven years, Lily gave birth to eight more Busch children: Adolphus Jr. (1868), Alexis (1869), Emilie (1870), Edmee (1871), Peter (1872), Martha (1873), Anna (1875), and Clara (1876), although three of the girls — Emilie, Alexis, and Martha — died shortly after birth.¹⁶ With the goal of male heirs and potential future business leaders attained, Adolphus focused more intently on entrepreneurial matters and sought out opportunities that, unbeknownst to him at the time, would make him one of the wealthiest and most admired industrialists in the United States by the end of the century.

Business Development

The end of the Civil War marked a turning point in the life of Adolphus Busch, particularly when it came to the professional endeavors that would eventually define him. During the war years, Busch was one of the relatively few St. Louis businessmen who braved the uncertainty of the era and took a chance on dealing in cotton and other Southern products. Through the skillful and efficient buying and selling of commodities, Busch earned substantial profits and positioned himself to invest in other commercial ventures when peace returned to the nation. In 1865, the year the war ended, Busch acquired a stake in the Bavarian Brewery by buying out the interests of Eberhard Anheuser's then-partner, William D'Oench.¹⁷ As Anheuser's new partner for the future, Busch devoted himself to improving the fortunes of the company. To learn as much as possible

15 Robert J. Rombauer, *The Union Cause in St. Louis in 1861* (St. Louis, 1909), 441-45, as cited in Hernon and Ganey, *Under the Influence*, 27.

16 Busch family history by August A. Busch, Jr., Missouri Historical Society, and *St. Louis Post-Dispatch*, May 22, 1905, as cited in Hernon and Ganey, *Under the Influence*, 28, 32.

17 In the case of the Bavarian Brewery, E. Anheuser & Co., the "Company" was in fact William D'Oench, as a silent partner. In the years after D'Oench sold his share in the brewery to Adolphus Busch, the latter was fond of reminding him what he had given up on. Similarly, Busch liked to emphasize how the brewery had been transformed under his leadership. For instance, in 1899, Busch wrote the following lines to D'Oench in a piece of private correspondence: "I wish we might have the pleasure of seeing you here in St. Louis again, so we could have the opportunity of showing you the greatest and largest brewery in America, in which you were once half owner. . . . Now do you recollect what I paid you for your half interest?" See Adolphus Busch to William D'Oench, personal correspondence, Charles Sitton Collection, as cited in Hernon and Ganey, *Under the Influence*, 28; and Herbst, Roussin, and Kious, *St. Louis Brews*, 32.

about the brewing process, Busch read industry journals and other brewery-oriented publications whenever he could, and from 1868 onward he made frequent trips to German-speaking Europe to study brewing techniques and technical innovations, in the hopes of gaining an advantage over his local competitors.

Although Busch had no hands-on experience as a brewer, he had a basic general knowledge of the brewing industry, years of commercial experience, and innate business instincts — all of which he put to good use. He quickly gained a reputation as an adept salesman who “sold the bad almost as facily as he sold the good.”¹⁸ No less important was Adolphus’ attitude toward hard work, which he saw as “pleasure and agreeable recreation,” whose payoff, beyond financial reward, was the satisfaction he felt when his efforts were “crowned with success.”¹⁹ To improve business, Busch seized upon various gimmicks designed to give the brewery and its product greater exposure. Mindful that name recognition was critical in a crowded marketplace, he believed that any publicity, good or bad, was better than no publicity. By giving free beer to customers, paying saloonkeepers to stock Anheuser and Busch brews instead of competitors’ beer, and sending agents to existing draft accounts to buy free rounds for patrons, Adolphus put his product in the public eye, building an awareness of his beer that would persist for years to come.

In 1865, the year that Busch bought his way into the Bavarian Brewery, the firm was struggling to manufacture and sell 4,000 barrels of beer per year.²⁰ Undeterred by the company’s problems, Busch surveyed the business climate and noticed a unique set of circumstances that promised to support the successful operation of a brewing enterprise on an unprecedented scale. First, the dramatic growth of the German immigrant population had created an enormously expanded customer base, and, as importantly, a ready supply of inexpensive but capable labor. Second, the advent of the Industrial Age promised new technology that would revolutionize breweries and make them more cost-effective to operate every year. Third, new transportation networks, most notably railroads, opened up distant markets and allowed beer to be shipped farther, and faster, than ever before. Fourth, government regulation was in its infancy and thus promised few impediments to profit-taking and reinvestment in the business.²¹ At the time, beer brewing seemed to offer unlimited potential to virtually anyone with ambition and energy; the challenge, however, was finding the means to ensure success.

18 Gerald Holland, “The King of Beer,” *American Mercury Magazine*, October 1929, as cited in Hernon and Ganey, *Under the Influence*, 29.

19 Adolphus Busch, correspondence with Charles Nagel, December 8, 1909, as cited in Hernon and Ganey, *Under the Influence*, 29.

20 Insight into the challenges that Busch confronted in building up the small Anheuser/D’Oench brewery can be gleaned from statistical data from the period. According to a May 30, 1860, report by the *Daily Missouri Republican*, just before Eberhard Anheuser purchased the Bavarian Brewery it ranked only twenty-ninth out of forty operational breweries in the city, with a meager output of 3,200 barrels per year (cited in Herbst, Roussin, and Kiouss, *St. Louis Brews*, 9).

21 Hernon and Ganey, *Under the Influence*, 29.

As a first step toward expansion, Busch sought financial backing from a group of prominent French bankers in St. Louis, but was rejected for a \$50,000 loan (approximately \$690,000 in 2010). Apparently, Busch — whose office already possessed a level of opulence out of keeping with his business' limited success²² — was deemed too extravagant and thus a poor risk as a money manager. So Busch went elsewhere and secured the requisite loan from State Bank president Robert A. Barnes (1808-1892). With an extended line of credit, Busch commenced construction of a new brew house, a malt house, and additional storage cellars. The addition boosted the brewery's capacity to 25,000 barrels per year. The investment proved wise: Bavarian Brewery beer production grew by 300 percent between 1865 and 1870.²³

22 An 1878 descriptive account revealed the extent to which Busch decorated the brewery offices generally, and his own specifically, in an effort to leave visitors with a profound impression of success and prosperity: "The office is one of the finest and most tastefully appointed of any in the city, and bears the characteristics of the president's office of a large bank. It is Gothic in the exterior, with small Doric Skylights and modern windows, and antique decorations. The floor is of tessellated marble, and the furniture is of the most exquisite workmanship, and elegantly veneered. The private office of Mr. Adolphus Busch, the Secretary and Manager of the Association, is simply sumptuous, with its beautifully designed and immaculate marble mantel, Axminster carpets, ornamented French plate glass, luxurious chairs, elegant paintings, etc. In addition to its handsome appointment, the office is provided with every possible convenience, including a large iron vault for valuables, lavatories, toilet rooms, etc., with an arrangement for expediting business unsurpassed." See "75 Years Ago . . . In Spirit the Same Today," *Brewers Digest* (September 1952), 70.

23 Hernon and Ganey, *Under the Influence*, 30-31. See also Stevens, *Eleven Roads to Success*, 26.

But Busch realized that unless the quality of the Anheuser and Busch beverages could be greatly improved, the expansion would only result in the production of greater volumes of subpar beer. To address this problem, Adolphus took a series of trips to Europe, where he stopped in Paris, Bohemia, and Bavaria. He benefitted from private guided tours of numerous breweries and gained much useful knowledge through first-hand observation of important innovations that had yet to reach the United States. Busch's improved understanding of the brewing process, together with the hiring of greater numbers of skilled brewmasters, helped the company's beers achieve the desired level of quality. More important, still, was the company's introduction of pasteurization, a process whereby finished beer slated for bottling and shipping to external markets was subjected to heat in order to kill harmful bacteria that caused spoilage. During a trip abroad, the marketing-minded Busch had taken note of the scientific advances made by Louis Pasteur in the area of wine stabilization, and he returned to Missouri with the idea of applying them to his bottled beer trade.²⁴

24 In subsequent years, Anheuser-Busch advertisements stressed the company's role as the first brewery in America to introduce pasteurized bottled beer. Under the slogan "Not How Cheap but How Good," advertisements also emphasized various attributes of the company's brews. With regard to product quality, specific emphasis was placed on the absence of corn as a fermentable article. With the typical

hyperbole of the era, one company advertisement of the 1890s maintained that "the difference between corn beer and fine barley-malt beer is the difference between corn bread and fine white bread. . . . Of corn beer you can drink but little without a protest from the stomach, and the effect is a loss of energy, weariness, stupidity, and drowsiness. The barley-malt beer, however, is a sparkly, spunky, healthy, quickly assimilating drink,

with a body and a character smacking and vigorous. Its effect is buoyant, refreshing, and invigorating. ANHEUSER-BUSCH brands are absolutely free from corn or corn preparation. Nothing but highest grade malt and hops are used in its preparation." See "Anheuser-Busch Brewing Ass'n, St. Louis, Mo., U.S.A., Brewers of Fine Beer Exclusively" (advertisement), in *Frank Leslie's Illustrated Weekly*, November 17, 1892, 353.

The introduction of pasteurization was part of Busch's plan to circumvent St. Louis' intense local competition by shipping his beer to ever-distant markets with greater sales potential. In 1872, after becoming the first brewer in the United States to produce pasteurized bottled beer, Busch was poised to take the lead in the race among brewers to tap into the increasingly lucrative southern and western markets. Bolstered by the establishment of icehouses and warehouses strategically placed along key railroad lines, the company enjoyed significant business growth during the 1870s, boosting its beer output to 44,961 barrels by the end of 1877 — a production level that transformed this once-miniscule operation into the thirty-second largest brewer in the nation. In 1882, in recognition of this achievement, industry observers dubbed Adolphus Busch the “father” of lager beer bottling. In truth, bottled beer had existed for over a century, and its national market share, at less than ten percent, was tiny in comparison with draft beer as sold by the tavern trade. For his part, Busch was not shy about taking credit for his innovations. In a brewery promotional pamphlet dating from around 1887, he claimed that Anheuser-Busch could “point with honest pride to the marvelous change wrought by it in a few short years by virtually creating a new and important industry, a source of national wealth, giving employment to many thousand citizens, and proving the main factor in stimulating and developing the manufacture of bottles, corks, labels, wires, etc., to such extensive dimensions as the most sanguine and hopeful never dreamed of.”²⁵

Professional Innovation and Market Dominance

During the 1870s, Adolphus Busch began to reap the personal rewards of his business success. In 1873, he became a full partner in the brewery, which in 1875 was renamed the E. Anheuser Co.'s Brewing Association.²⁶ The brewery was incorporated that same year, with 480 shares of stock issued at a value of \$240,000 (approximately \$4.92 million in 2010). As president of the company, Eberhard Anheuser received 140 of them, with another 100 held in trust for his daughter Lilly and, by extension, Adolphus. Brewmaster Erwin Spraul held two shares in honor of his vital role in the business, but the remaining 238 — just slightly under an outright majority — went to Adolphus in recognition of the services he had rendered in the past and his potential for leadership in the future.²⁷ That the firm's future would ultimately depend on Busch was obvious to insiders and outsiders alike. For example, in 1878, a group of local commentators described

25 Herson and Ganey, *Under the Influence*, 32; Herbst, Roussin, and Kiouss, *St. Louis Brews*, 34; Stanley Baron, *Brewed in America: The History of Beer and Ale in the United States* (Boston, 1962), 59, 242-46. The fact that beer production rose seventeen percent from 1876 to 1877 suggests that Anheuser-Busch rail shipments of beer to locations outside of St. Louis had a big impact on the company. See “75 Years Ago . . . In Spirit the Same Today,” *Brewers Digest* (September 1952), 63. While Adolphus Busch was by no means the first brewer to bottle beer, he is widely recognized as the first American brewer to do most of his own bottling. The more standard practice of the day was to keg draft beer and ship it to external markets, where local bottlers poured the beer into glass bottles and, when applicable, labeled them before sending them off for distribution and retail sale.

26 Herbst, Roussin, and Kiouss, *St. Louis Brews*, 34; Dale P. Van Wieren, *American Breweries II* (West Point, 1995), 188.

27 Krebs and Orthwein, *Making Friends Is Our Business*, 33; Herson and Ganey, *Under the Influence*, 33.

Adolphus Busch and his rapid rise to prominence within St. Louis business circles:

Mr. Busch, who is the representative head of the Anheuser Brewing Company, is a comparatively young man and a gentleman of the most affable disposition, but his ability as a business man ranks as high as that of any in St. Louis. He not only thoroughly understands the brewing business, but also combines a practical and original knowledge which, in its utility, places him in the advance of his competitors, and makes them his imitators. He has entire control of the brewery, directs its business, makes all the contracts, handles its funds and carries all its responsibilities on his own shoulders. The success of his management . . . ranks him among the best commercial men of the West.²⁸

28 J.A. Dacus and James W. Buel, *A Tour of St. Louis* (St. Louis, 1878), as cited in "75 Years Ago . . . In Spirit the Same Today," *Brewers Digest* (September 1952), 71. The fulsome praise heaped upon Adolphus Busch in the original publication was typical of the era; flattering portrayals of successful business magnates were often penned by writers and editors with financial interests in the success of various firms. Occasionally, such copy was even provided by the firms themselves, as a paid promotional effort to craft its image within the local community.

29 Edwin Kalbfleish, "Anheuser-Busch Financial History," September 18, 1951, Charles Sitton Collection, as cited in Hernon and Ganey, *Under the Influence*, 33; Krebs and Orthwein, *Making Friends Is Our Business*, 20. In subsequent years, Adolphus and Lilly Busch consolidated their control over the business by acquiring as much stock as they could, sometimes going to considerable lengths to do so: in one case, for instance, they paid a family member \$60,000 for a single share. Ultimately, Busch was able to increase his stake in the business from 238 to 267 shares, while Lilly boosted her holdings from 100 to 116. See Maxine Sylvia Sandberg, "The Life and Career of Adolphus Busch," Master's thesis, University of Texas, 1952, 68, as cited in Hernon and Ganey, *Under the Influence*, 34.

In 1879, the name of the company was changed to the Anheuser-Busch Brewing Association in honor of Adolphus' contributions to the firm, and any remaining questions about the power structure at the brewery were settled on May 2, 1880, when Anheuser passed away after a three-year illness. His stock shares were transferred to his five surviving children, but none of them was suited to a position of responsibility at the brewery. With the additional shares that accrued to Lilly, Adolphus Busch obtained full control of the company, and for the next 128 years, Anheuser-Busch remained firmly within the Busch family.²⁹

Steadily increasing beer sales gave Busch the freedom to improve and expand the physical structure of the brewery, which he did, knowing that reinvesting a substantial portion of the company's profits would lead to an even greater return later on. Faced with a brew house that was functionally obsolete relative to the expansive goals of the firm, Adolphus approved the construction of a new facility that was capable of significantly higher production. With an eye toward public relations, he settled upon a design resembling a castle. Large and imposing on the outside, the facility possessed an interior opulence that partially belied its industrial purposes and conveyed a grandiose impression of importance and authority. Busch also ordered the construction of a bottling plant that soon produced 100,000 bottles per day, the largest capacity in the nation. Another significant improvement to the physical plant was the addition of an ice house featuring a mechanized refrigeration system, one of the first

in the nation to be installed on such a large scale. It was an expensive venture, but Busch correctly foresaw the advantages of artificial cooling. Buildings outfitted with such equipment freed the brewery from using caves, with their limited space, for aging and storing lager beer for extended periods. Likewise, mechanized refrigeration spared the brewery the trouble and expense of harvesting, shipping, and storing large, unwieldy chunks of ice. Construction and maintenance costs were reduced, and more accurate temperature levels could be achieved, allowing for better quality control within the brewery setting.³⁰ In 1876, Busch expanded his use of artificial cooling through the purchase of five refrigerated railcars for export shipments, the first such fleet of refrigerated shipping units for beer in the nation.³¹ Up to that point, “refrigeration” usually entailed packing ice blocks into boxcars — a process that sometimes left perishable meats and dairy products insufficiently chilled and often rotted the wooden floors over time, leading to higher maintenance and replacement costs. In the new Busch cars, however, ice and other coolants such as ammonia were stored in special containers and tubing, which meant that the refrigeration was both more uniform and longer-lasting for extended trips to distant markets. The idea proved highly successful: by the end of the next year, Busch operated forty refrigerated railcars, and by 1888 the fleet had expanded to 850.³²

At the same time that Busch acquired his first refrigerated rail cars, the beer that would revolutionize the fortunes of the brewery — and, by extension, the entire American brewing industry — was added to the company product line.³³ At the beginning of 1876, the E. Anheuser Co.’s Brewing Association marketed sixteen different beers, including Standard, Pilsener, Pale Lager, Burgundy, Liebotschaner, Erlanger, and Faust, the last being named after Tony Faust, a St. Louis saloonkeeper and personal friend of Eberhard Anheuser in the 1850s. None was able to occupy a distinct niche in the marketplace — and to a certain extent, they actually cut into each other’s sales and

30 William J. Vollmar, *Budweiser: The Early Years* (St. Louis, n.d.), 3; Hernon and Ganey, *Under the Influence*, 34.

31 In the parlance of the times, “export” shipments were those of beer sent to markets outside of the customary sales range of the brewery on a local

or regional basis, but not necessarily to foreign nations or territories. Such markets for Anheuser-Busch during the mid- to late- nineteenth century included Texas and New Orleans to the south, San Francisco to the west, and New York and Philadelphia to the east, among others. Over time,

Anheuser-Busch successfully extended its market presence abroad as well — by 1895, Mexico, Brazil, Australia, and England were among those countries receiving regular shipments of Budweiser beer. See Krebs and Orthwein, *Making Friends Is Our Business*, 33.

32 Vollmar, *Budweiser: The Early Years*, 4. See also Herbst, Roussin, and Kious, *St. Louis Brews*, 37.

33 The concept of brand marketing is understood much differently today than it was in the years prior to Prohibition, when the product line of a given brewery was defined by the style of the brew — such as Kulmbacher, Wiener, Bohemian, Pilsener, Dortmunder, and of course Budweiser — rather than by a specific name. Only in the post-Prohibition era did the concept of distinct product names emerge for the various beers and ales made by American breweries. In the case of Anheuser-Busch, Budweiser output was augmented during the first fifty years after repeal by the introduction of the popular brands Michelob and Michelob Light, Busch, and Anheuser-Busch Natural Light (later simply Natural Light). Additionally, there were also line extensions of the Budweiser name, including Budweiser Bock, Budweiser Malt Liquor, and Budweiser (Bud) Light, as well as later (and occasionally short-lived) entries such as Bud Dry, Bud Ice, Budweiser Select, and Budweiser American Ale.



Figure 2: Framed lithograph of a scene in a railroad restaurant car, 1904. Courtesy of the Anheuser-Busch Archives.

34 Cited in Vollmar, *Budweiser: The Early Years*, 6. In 1878, Carl Conrad trademarked the Budweiser name under the auspices of his work as an importer of wines and liquors. Although Busch obtained the American trademark for Budweiser in 1882, a conflict with the Czechoslovakian brewer of Budweiser over production and distribution rights in Europe persisted well into the twentieth century. See Hermon and Ganey, *Under the Influence*, 38, for a concise overview of the legal issues involved in the dispute up to 1991. For years, Budweiser was understood as a style of beer rather than a brand name; and for this reason, there were numerous brews with this moniker on the market »

Budweiser, which was made by a brewery in the town after which it was named — Budweis — approximately eighty-five miles south-east of Pilsen. The beer was sold in many parts of German-speaking Europe and even on a limited basis in the United States, where it was marketed in New York on import under the Budweiser moniker.

Back in America, later in 1876, Conrad contracted with the E. Anheuser & Company brewery to make and sell Budweiser for his distribution as an upscale product. They decided to package it for shipment in bottles with foil covering a wire-wrapped cork closure, the idea being to invoke the image of fine champagne. They also used the most desirable ingredients they could procure to brew it. The result, according to Busch, was a “very pale, fine beer, paler than in ordinary use and made from German malt and hops.”³⁴ Marketing played a key role in establishing the brand, with Busch choosing the name Budweiser

»in the United States in the pre-Prohibition era, most notably one by Busch’s Milwaukee-based archrival Schlitz. The vast majority of these failed to endure the dry years, and after repeal only one such beer — DuBois Budweiser,

brewed by the tiny DuBois Brewing Company of DuBois, Pennsylvania — survived legal challenges from Anheuser-Busch and lasted into the modern era, at least until September 30, 1970, when a judge brought a sixty-five-year

legal battle between the two firms to an end with an exclusivity ruling in favor of the St. Louis corporation. See “Budweiser Trade Name Fight Ended,” *Greeley Daily Tribune*, October 1, 1970, 23.

prevented the development of a comprehensive marketing effort geared toward a single dominant brand. In search of a distinctive beer that would achieve widespread public appeal, Busch looked toward Central Europe to a brewing style that he had come to know in the course of his travels. For years, Bohemian brewers had produced Pilsener beer, as crafted in the city of Pilsen. Made with the region’s characteristically soft water and with specially-chosen area grains and hops, Pilsener was carefully aged in cool underground cellars that allowed for *kräusening*, a secondary fermentation process that naturally carbonated the beer. The result was a crisp, clean, lightly bitter brew of refreshing and pleasing character. During a trip to the region with his good friend, the liquor importer/bottler Carl Conrad, one particular brand caught Adolphus Busch’s attention:

because of its familiarity to native speakers of German but also because of its ease of pronunciation for non-Germans. Thus, the name was chosen to appeal to German immigrants, native-born Americans, and immigrants from other countries.³⁵ Recognition came quickly for the brand, which was referred to early on as the “world renowned Conrad’s Budweiser Beer” and was shipped from its St. Louis base of manufacture to restaurants as far away as Denver and New York. In its first year of production, Budweiser sales amounted to 225,342 bottles, a figure that grew tenfold to 2.3 million bottles in 1880.³⁶



Figure 3: Anheuser-Busch Eagle Logo, introduced in 1872. Courtesy of Anheuser-Busch Archives.

Despite Budweiser’s success, by the end of 1882, Conrad was facing severe financial difficulties and had to declare bankruptcy; among his outstanding debts was \$94,000 (approximately \$2.07 million in 2010), payable to the Anheuser-Busch Brewing Association. Keenly aware of the business opportunity in front of him, Busch negotiated the acquisition of the Budweiser brand from Conrad, under the premise that the Budweiser name and the established reputation of the product far outweighed the debt that he owed to the brewery.³⁷ It would prove to be one of the most foresighted transactions in American business history: in Budweiser, Busch obtained the signature brand that catapulted his brewery to national dominance and international fame.³⁸

»the Budweiser label) set it apart from other brewing operations of the day. From 1875 to 1880, roughly the period when Anheuser-Busch began making Budweiser and saw company production grow almost sixfold to well over 100,000 barrels per year, beer output nationwide rose by only 28.6 percent, with the average brewery growing from just 3,414 barrels manufactured (1875) to 4,852 (1880). The small market share for Anheuser-Busch beers generally and Budweiser specifically is best explained by the total output of the large number of competing breweries scattered across the country at that time. The number thereof — despite being in slight decline, from 2,783 (1875) to 2,741 (1880) — still dwarfed the number a century later. For instance, in 1980, near the peak of Anheuser-Busch’s market dominance, just 101 breweries, under the control of forty-nine different firms, operated nationwide. See United States Brewers Association, *1979 Brewers Almanac*, as cited in Stack, *A Concise History of America’s Brewing Industry*.

35 Although Budweiser was the flagship beer of Anheuser-Busch for over a century, it is interesting to note that, unlike some other Anheuser-Busch brews, it was never advertised with a specific emphasis on its St. Louis origins. This suggests that it was always intended more for national and international distribution than local consumption. In fact, by the 1880s, the Budweiser brand had replaced another beer, St. Louis Lager, as the brewery’s principle product. The replacement was made in recognition of Budweiser’s

initial sales success, but also in the knowledge that a generically-named beverage like St. Louis Lager could be made by any St. Louis brewer. This being the case, it lacked the distinctiveness that Adolphus Busch needed to realize his goals of widespread brand name recognition for the brewery in external markets. See Herbst, Roussin, and Kious, *St. Louis Brews*, 37.

36 Vollmar, *Budweiser: The Early Years*, 7.

37 Hernon and Ganey, *Under the Influence*, 37. The

bankruptcy forced Conrad from his business as a distributor, but his close personal relationship with Adolphus Busch guaranteed his employment at the Anheuser-Busch Brewing Association for the next four decades, until his death in 1922. See also Hernon and Ganey, *Under the Influence*, 37.

38 Although total Anheuser-Busch market share nationwide only stood at around four percent during the period immediately before Prohibition, the rapid growth of the firm (and »

39 Herbst, Roussin, and Kious, *St. Louis Brews*, 37. Over the years, there have been many interpretations of the “A and Eagle” logo, but according to a 1954 company account by Eberhard Anheuser, chairman of the board and grandson of the original partner in the firm, the “A” in the corporate emblem represents Anheuser and the eagle “symbolizes Adolphus Busch, whose vision knew no horizon!” The account holds that the insignia was used for the first time in 1872 and formally trademarked in 1877. It remains a cornerstone of Anheuser-Busch advertising to this day. See “In the Anheuser-Busch Tradition: The ‘A and Eagle,’” *Budcaster* 3.3 (March 1954): 7, 22; “Protection of Our Trademarks,” *Budcaster* 8.8 (August-September 1959): 6; and “Trade Marks: Protectors of Quality,” *Budcaster* 7.3 (Fall 1970): 12-13.

40 Vollmar, *Budweiser: The Early Years*, 8. The familiarity of Anheuser-Busch and Budweiser nationally gave rise to marketing efforts by others who sought to take advantage of the established names. Perhaps the most prominent pre-Prohibition reference to the company came in 1903, when Tin Pan Alley songwriters Harry von Tilzer and Andrew B. Sterling composed “Under the Anheuser Bush,” a waltz that gained popular acclaim and was adopted by the brewery for the 1904 World’s Fair in St. Louis (<https://www.youtube.com/watch?v=BOxrFGXQrZY>). During the duration of the fair, the company distributed sheet music of the song along with an invitation for visitors to tour the brewery. In 1907, another company-inspired song, “Budweiser’s a Friend of Mine,” was penned by Vincent Bryan and Seymour Furth, but it did not garner the same level of public recognition (https://www.youtube.com/watch?v=UTpYe_dvDXU). Biographies of Tilzer and Sterling, and references to their »

Bolstered by Budweiser’s initial success, Busch focused his attention on marketing both it and the brewery to a wider audience. The effort to establish a corporate identity had already been launched a decade earlier, in 1872, when the company introduced the Anheuser-Busch logo, an intertwined A and eagle.³⁹ In the early 1880s, Adolphus Busch put together a four-pronged strategy to make Budweiser the most celebrated beer in the nation. First, Busch planned to distribute traditional, saloon-based point-of-sale advertisements on a massive scale. As part of this, he aimed to produce first-rate advertisements, and he succeeded in achieving a level of quality — and cost — unheard of among most brewers. Second, Busch planned to hire and dispatch a large group of trained and motivated salesmen, each of whom would represent a specific territory under the supervision of regional managers and would work closely with local distributors. Third, in addition to the customary promotional posters and printed matter, Busch planned to outfit his salesmen with small but innovative giveaway items — most notably an Anheuser-Busch combination pocketknife/corkscrew with a small peephole directing the viewer’s gaze to a likeness of Busch himself. The idea was to make the Budweiser name more memorable to those who encountered it. Fourth, he focused on mass-saturation advertising in the media outlets of the day, including magazines, newspapers, literary journals, playbills, and billboards across the country.⁴⁰ The ultimate purpose of these efforts was to ensure that there was virtually no important place in the United States where the Anheuser-Busch and Budweiser names were not on prominent display on a nearly constant basis.⁴¹

While Busch maintained cordial relations with other St. Louis brewers, few of whom presented any serious threat to his business supremacy in the area, his dealings with out-of-town brewers occasionally

» other works, can be found in “Under the Anheuser Bush,” *Budcaster* 3.9 (September 1954): 3-4.

41 A rough estimate of how much money Anheuser-Busch designated for advertising on Budweiser specifically, and to sustain its growth strategy generally, can perhaps be gleaned from the advertising expenditures of the Pabst Brewing Company, a firm of comparable

size and market ambition. From 1891 to 1893, Pabst spent \$403,408 to promote its brews — a figure that “probably was large even for a ten-million-dollar corporation selling in one of the most highly competitive markets” — including a record \$162,414.94 in 1891. The figure, which represented a twenty-eight percent increase over any preceding year, was credited with leading

directly to a 263,294 barrel growth in Pabst sales. It also provided one of the earliest direct correlations between massive national marketing campaigns and increasing beer sales. For a detailed overview of Pabst’s advertising expenditures and strategies, see Thomas Cochran, *The Pabst Brewing Company: The History of an American Business* (New York, 1948), 129-46.

assumed a less congenial tone.⁴² In some cases, practicality governed their relations and helped keep the peace — as, for instance, during the 1880s, when Busch contacted Milwaukee beer magnate Frederick Pabst (1836-1904) on multiple occasions to suggest fixing beer prices within the saloon trade (a legal activity at the time) in an attempt to ensure healthy profits and to prevent saloonkeepers from playing the brewers off against each other. But outside of major urban centers, particularly in Midwestern regions and in rural areas and smaller towns and cities with fewer breweries and less competition, the story was different. For example, a less than amicable arrangement marked the end of one economic disagreement in New Orleans, where local breweries engaged in a price war to the detriment of Anheuser-Busch products there. When the local brewers eventually upped their prices, believing that the external competition had been tamed, Adolphus cut the price of his beers, and continued to do so until the locals capitulated and agreed to Busch's demand that he alone would determine the price of beer in the city for the next two decades.⁴³ On other occasions, Busch opted to forego negotiations and simply acquired breweries of strategic interest to him. Through his early rail shipping activity, Busch had already built up a strong presence in Texas in the 1880s, and by the end of the nineteenth century, he had managed to obtain an interest in the Lone Star Brewing Company of San Antonio⁴⁴ and the Texas Brewing Company in Fort Worth. Then, in 1895, Busch purchased another San Antonio operation, the Alamo Brewery, with plans to close it in order to minimize Lone Star's competition in the city and the southern part of the state.⁴⁵

42 Contemporary sources corroborate the idea that St. Louis' German-American brewers enjoyed cordial relations, seeing each other as friendly competitors both personally and professionally — a situation that resulted, in no small measure, from their shared ethnic and immigrant bonds. At the same time, however, these sources also indicate that local rival firms were often unable to compete with the steadily increasing sales figures posted by Anheuser-Busch. Among St. Louis brewers, only the Lemp Western Brewery was able to match the early growth

of the E. Anheuser Co.'s Brewing Association: in 1877, it registered the production of 61,299 barrels of beer, compared to the 44,961 barrels logged by Anheuser-Busch, which claimed second place in the city. See Herbst, Roussin, and Kious, *St. Louis Brews*, 12, for a list of the largest operating breweries in St. Louis for 1877, as culled from the trade publication *The Western Brewer*.

43 Hemon and Ganey, *Under the Influence*, 40-41. While Adolphus had considerable success in influencing beer prices in conjunction with his competitors, he was

not always able to secure a desirable outcome. In early 1895, Anheuser-Busch, the Joseph Schlitz Brewing Company of Milwaukee, and the United Breweries of Davenport, made an attempt to manipulate the market in Davenport, Iowa. Schlitz proposed raising the price per barrel from \$6.00 to \$7.00 if Anheuser-Busch and United Breweries followed suit. When they failed to reach a consensus, a price war broke out that quickly lowered the cost per barrel to only \$4.00. See "Notes From Home and Abroad," *American Brewer* 28.3 (March 1895): 124.

44 The Lone Star Brewery Operation that was partly owned by Adolphus Busch should not be confused with the Lone Star Brewing Company that operated in the same city after the repeal of Prohibition. The latter firm opened under independent ownership in 1940 and produced several different brews, including its flagship Lone Star Beer, under different corporate owners until it closed in 1996, shortly after being acquired by the Stroh Brewing Company.

45 Hemon and Ganey, *Under the Influence*, 40-41; Julia Brookins, "William Achatius Menger," in *IE*.

Vertical integration was essential to Anheuser-Busch's ability to maximize profits and streamline its production process, and company possession of many of its own subsidiary operations translated into considerable cost savings for the brewery over time. After launching the first fleet of refrigerated rail cars in 1876, Busch founded the St. Louis-based Refrigerator Car Company a few years later. The company manufactured units for its parent firm as well as other brewers and interested businesses. In 1887, Adolphus established the Manufacturers Railway Company to address the need to switch brewery boxcars from spur tracks to the main rail lines used for export shipments. Over time, Busch also established an on-site malt house to process the grain needed for brewing, created the Adolphus Busch Glass Manufacturing Company to make the bottles that he needed to ship to distant markets, and launched a similar firm to make the wooden barrels required for unpasteurized draft beer.⁴⁶

Well before the end of the nineteenth century, Adolphus Busch's expansive sales strategies, innovative promotional efforts, and systematic expansion of the Anheuser-Busch network of businesses helped his brewery achieve a level of growth largely unmatched by his rivals.⁴⁷ Over a six-year period beginning in 1875, production and distribution rose over sixfold: from 31,545 barrels per year in 1875 to 44,961 in 1877; then to 105,234 barrels in 1879; and finally to over 200,000 barrels in 1881. Another six years of growth took the company to 456,511 barrels in 1887, making it the largest beer producer in the world at the time. Production only continued rising, reaching 702,075 barrels in 1890.⁴⁸ A quarter-century after purchasing an interest in the struggling Bavarian Brewery, Busch had managed to transform a small, locally-oriented operation into a multifaceted corporation with name and brand recognition across the United States and in dozens of other countries.

46 Krebs and Orthwein, *Making Friends Is Our Business*, 33; Herbst, Roussin, and Kious, *St. Louis Brews*, 37.

47 While on the national level rival producers such as Pabst and Schlitz exhibited comparable growth during the period, it was not uncommon for large brewers to actually lose market share—as did Anheuser-Busch, during the period 1895 to 1915—due to the increasing number of breweries nationwide; their rapid technological advancement and growing efficiency and higher barrelage as a result of such progress; and periods of economic stagnation, such as during the 1890s, when a pronounced recession drove down production figures in St. Louis, Cincinnati, and other cities with a large number of competing breweries. Above and beyond the market share loss demonstrated by Anheuser-Busch, from 1889 to 1894, the barrelage of St. Louis Breweries, Ltd., a syndicate of British-owned brewers in the city, fell from 775,936 to 694,623 in total, and 11.4 percent from 1893 to 1894 specifically. See “The Syndicate Breweries of America,” *The American Brewer* 28.2 (February 1895): 60. For a more extensive discussion of the factors influencing beer production and market share, particularly during the 1890s, see Timothy J. Holian, *Over the Barrel: The Brewing History and Beer Culture of Cincinnati*, Volume One, 1800–Prohibition (St. Joseph, 2000), 207–12.

48 Production figures for the period are cited in Herbst, Roussin, and Kious, *St. Louis Brews*, 36; Krebs and Orthwein, *Making Friends Is Our Business*, 22; Jack S. Blocker, Jr., David M. Fahey, and Ian R. Tyrell, *Alcohol and Temperance in Modern History: A Global Encyclopedia*

(Santa Barbara, 2003), 44; and “75 Years Ago . . . In Spirit the Same Today,” *Brewers Digest* (September 1952): 71. The title of largest brewer in the world shifted several times during the 1880s and 1890s. For instance, whereas Anheuser-Busch held the leading position

in 1887, by the end of 1891 the Pabst Brewing Company had assumed the crown, with a production level of 790,290 barrels. See “Pabst Brewing Co., the Largest Beer Brewery in the World,” (advertisement), in *Frank Leslie's Illustrated Weekly*, May 19, 1892, 276.

Social Status and Philanthropy

During the 1880s, the level of prosperity attained by Busch increasingly influenced his private life: eager to impress upon others his status as a German immigrant who had realized the American Dream, he spent large sums of money as a matter of custom. To arrive at his domestic destinations, he commissioned the *Adolphus*, a special rail car that was lavishly paneled, carpeted, and decorated with little regard for cost. Invariably, Busch wore the finest European crafted and tailored clothing; for his wife he purchased jewelry the likes of which few women in St. Louis high society possessed.

The Busch residences further demonstrated the many rewards of success reaped by Adolphus. While in St. Louis, the Busches made use of no fewer than three homes. Number One Busch Place, the former Anheuser family property, was the showplace of the group. As the primary estate, the brick-and-stone mansion stood out to casual passers-by and was decorated lavishly to maximize the impression of grandeur it made on visitors. The interior featured huge crystal chandeliers, parquet floors and stained glass windows, a treasure trove of antiques, and works of art from a wide range of American, German, and French artists. Number Two and Number Three Busch Place were built for the Busch children as they grew older and had families of their own, the former becoming the primary residence of August A. Busch as the most direct heir to Adolphus and the leadership of the brewery.⁴⁹



Figure 4: Three-quarter-length portrait of Adolphus Busch, 1890s. Courtesy of the Anheuser-Busch Archives.

49 Herson and Ganey, *Under the Influence*, 45. Number One Busch Place was torn down in 1929, one year after the death of Lilly Busch, and is now the site of a lagering cellar in the service of the brewery. Adolphus Busch's private art

collection included works by American artists (Browne, Bellows, Chase, Hitchcock, Lawson, Metcalf, Schofield, Sargent, Winslow Homer, and McNeill Whistler), German artists (Habermann, Hofmann, Kampf, Liebl, Lenbach, Menzel, Schuch,

Truebner, and Schramm-Zittau), and French artists (Boudin, Blanche, Degas, Harpignies, La Touche, Manet, Monet, Menard, and Renoir). See Krebs and Orthwein, *Making Friends Is Our Business*, 55, for a more extensive list.

After years of enduring the cold winters and harsh summers of St. Louis, Busch took ownership of estates in Pasadena, California; Cooperstown, New York; and Bad Schwalbach, Hesse-Nassau, Germany, where he constructed an expansive residence named Villa Lilly, after his wife. Combined with a rustic lodge, the *Waldfrieden*, and expansive hunting grounds, the Villa Lilly added 1,200 acres of land to the Busch empire. From 1886 onward Adolphus made a habit of spending most of the winter with his family in Pasadena, where he had acquired the mansion of tobacco magnate George S. Myers (1832-1910) and renamed it Ivy Hall. He also had another home there, the Blossoms, which was reserved for visiting friends and otherwise for family members. The Blossoms alone cost \$165,000 (approximately \$3.95 million in 2010); from 1892 to 1897 Busch spent a half-million dollars (approximately \$13.6 million) to transform the property through the addition of a series of gardens that eventually spanned thirty-five acres and included a variety of botanical treasures, fountains, and terraces whose maintenance required fifty employees.⁵⁰

With his personal wealth assured through the brewery's longtime prosperity, Busch increasingly sought to engage in charitable activity, embracing an ethic of giving back to the community that had given him the opportunity to earn his fortune.⁵¹ Frequently, Adolphus gave \$1,000 to \$5,000 gifts (2010 value: \$23,676 to \$118,382) to orphanages, hospitals, and relief societies, in St. Louis and elsewhere, including an annual \$5,000 contribution to the House of the Good Shepherd every Groundhog Day. Busch regularly donated money to German-American causes, both in honor of his immigrant heritage and as a show of solidarity with the community and its core values. In 1910, Busch donated \$5,000 toward the construction of a monument to Franz Daniel Pastorius, the founder of Germantown, Pennsylvania, the first permanent German settlement in America. The gesture stood out among the lagging donations by other magnates, prompting one journal at the time to ask, "Is there really only a single Adolphus Busch among the thousands of wealthy German-Americans?" [*"Gibt es denn wirklich nur einen einzigen Adolphus Busch unter den Tausenden von wohlhabenden Deutschamerikanern?"*].⁵² In late 1911, Adolphus gave \$5,000 (approximately \$118,000 in 2010) to the German-American Teacher's College in Milwaukee, describing the gift in a letter as a demonstration of his desire for greater awareness of what "the German element" had contributed to American culture:

50 Hernon and Ganey, *Under the Influence*, 46-47.

51 In addition to charitable giving within the German-American community, Busch occasionally sent money back to Germany to recognize his heritage and pay homage to his roots. In one such case, Busch donated 50,000 German marks (approximately \$12,500; 2010 value: \$296,000) to the city of Mainz for unspecified distribution to needy individuals and/or organizations. See "Personal Notes," *American Brewer* 43.2 (February 1910): 81.

52 "Umschau," *Monatshefte für deutsche Sprache und Pädagogik* 11.6 (June 1910): 185.

Whilst congratulating you on this endeavor, allow me to say that I hold it to be a sheer obligation of honor for the German element in the United States to support you in this effort and to open both heart and soul for the continuance and improvement of that wonderful educational institution. . . . I've always been convinced that the Milwaukee Teacher's Seminar is a true spiritual arsenal for such battles and is therefore, alongside the great German-American Alliance, one of the most distinguished means of preservation of the German element and German cultural values in America.⁵³

In extraordinary cases, Busch went well above and beyond anticipated levels of giving. When a major earthquake devastated San Francisco in 1906, he pledged \$100,000 (\$2.5 million in 2010) — \$50,000 personally and another \$50,000 on behalf of the brewery — to help victims, a precedent that the company followed for decades to come through monetary contributions and the distribution of supplies, most notably thousands of cases of brewery-packaged drinking water, to places affected by similar crises.⁵⁴ Institutions of learning also benefitted from Busch's generosity, most prominently Washington University in St. Louis, whose medical school was started with \$850,000 (2010 value: \$20.1 million) given in the name of Robert A. Barnes, the bank president who had provided the loan needed for Adolphus to expand the brewery back in the 1860s.⁵⁵ At the turn of the twentieth century, Busch gave an additional \$100,000 (2010 value: \$2.68 million) to the university for the construction of the Busch Chemical Laboratory, a Tudor Gothic edifice made of Missouri granite and Bedford limestone that one contemporary observer described as “an enduring monument to the liberality of Mr. Busch.”⁵⁶ Adolphus also partook in the kind of civic involvement that was common among wealthy German-American entrepreneurs of the period. After St. Louis received the

53 “Umschau,” *Monatshefte für deutsche Sprache und Pädagogik* 13.1 (January 1912): 24-25. Busch's donation served to inspire other German-Americans to support the Milwaukee project, including the City Federation of German Societies of Evansville, Illinois, which proposed and passed a measure to take up a collection for it “according to the example of Adolphus Busch in St.

Louis, with open arms and an open till.” See “Umschau,” *Monatshefte für deutsche Sprache und Pädagogik* 13.2 (February 1912): 60.

54 One such Anheuser-Busch initiative occurred in 1960, when the company donated 6,000 quarts of pasteurized Miami city drinking water to victims of Hurricane Donna, in the Florida Keys, as well as for

those who aided the clean-up effort. The water was processed and packaged at the Regal Brewery in Miami, which was owned and operated by Anheuser-Busch at the time. See “Regal Brewery Aids Hurricane Donna Victims in Florida Keys,” *Budcaster* 9.10 (November 1960): 3; and “Regal Brewery's ‘Operation Water’ Wins P.R. Award,” *Budcaster* 10.5 (May 1961): 5.

55 Hernon and Ganey, *Under the Influence*, 70-71.

56 Edward H. Keiser, “The Busch Chemical Library,” *Science* 13.320 (February 15, 1901): 261. The Busch relationship with Washington University continued well into the future, as demonstrated by the sizeable gift given by Anheuser-Busch toward the construction of the Adolphus Busch III Laboratory of Biology. Dedicated on May 4, 1959, the facility served a new field of study at the school — molecular biology — and incorporated up-to-date scientific equipment such that it became “an important meeting ground where modern advances in chemistry and physics are focused on the problem of finding out how living things work.” See Barry Compton, “Adolphus Busch III Laboratory Is Dedicated,” *Budcaster* 8.6 (June 1959): 4-5.

distinction of hosting the 1904 Louisiana Purchase Exhibition, he was offered, and accepted, the position of director of the World's Fair, a role he fulfilled until his resignation in November 1904.⁵⁷ In 1913, Busch served as the honorary president of the seventh convention of the National German-American Alliance, held in St. Louis that year, and oversaw its centenary celebration of the Battle of Leipzig (also known as the Battle of the Nations), which had led to the defeat of Napoleon and his eventual abdication and exile.⁵⁸

True to German-American tradition, Busch was an active supporter of fine arts institutions. Local engagement included help in "most generously" underwriting a summer loan exhibition of paintings by both American and foreign masters at the St. Louis City Art Museum in 1911. On a national level, Busch donated money as well as works of art, such as Heinrich Zügel's painting *Oxen Going through the Water*, to the Metropolitan Museum of Art in New York. By the spring of 1909, the painting had become one of the most popular pieces in the museum's permanent exhibition of contemporary art.⁵⁹ In 1911 and 1912, he donated \$350,000 (2010 value: \$8.12 million) to help fund the construction and maintenance of the Germanic Museum on the campus of Harvard University. He made the gift in the hopes of creating a museum that would spur the establishment of comparable institutions at universities in other cities.⁶⁰ Today, the museum houses an extraordinary collection of art from German-speaking Europe, and is known as the Busch-Reisinger Museum.

In one particular case, Busch's private love for the visual arts spilled over into his professional life, where it ultimately reached and influenced countless millions of beer consumers. In the early 1890s, Busch spent \$35,000 (approximately \$875,240 in 2010) to acquire a painting that he greatly admired, *Custer's Last Fight* by Cassilly Adams. At the time, the painting hung on the wall of a St. Louis saloon. The American-Indian motif resonated with Adolphus, as it did with many German immigrants, some of whom had developed a fascination with Native Americans, the Wild West, and frontier life back in their homeland.⁶¹ Busch was so moved by the painting that

57 Herbst, Roussin, and Kious, *St. Louis Brews*, 39.

58 "Umschau," *Monatshefte für deutsche Sprache und Pädagogik* 14.4 (April 1913): 143.

59 "Principal Accessions," *Metropolitan Museum of Art Bulletin* 4.4 (April 1909): 69.

60 "Personal Notes," *The American Brewer* 43.1 (January 1910): 29, and 43.6 (June 1910): 297-98; "Art in St. Louis," *Art and Progress* 2.12 (October 1911): 373; Charles H. Herty, "University and Educational News," *Science* 33.839 (January 27, 1911): 146. In a message Busch delivered at the cornerstone ceremony, he reiterated his hope that such efforts would prompt greater cooperation and understanding between Germany and the United States: "We have every reason to promote a venture that demonstrates our love for our adoptive Fatherland and the love which still beats within our hearts for the land of our birth. . . . In conclusion I hope that »

» such intimate relations between America and Germany can be created. Long live the good harmony between Germany and the United States!" See "Umschau," *Monatshefte für deutsche Sprache und Pädagogik*

13.7 (September 1912): 243-44.

61 This fascination had been nurtured by a variety of sources, including letters from friends and family members who had already immigrated

to the United States, promotional brochures that played up the unique aspects of American frontier life, and the literary works of prominent German writers such as Karl May (1842-1912).

he commissioned a local artist to recreate the work with additional details and then arranged for the new version to be lithographed for widespread distribution. It proved to be the most successful promotion launched by Anheuser-Busch in its pre-Prohibition marketing efforts.⁶² In 1896 — the same year that Anheuser-Busch introduced the enduring Michelob brand⁶³ — it placed thousands of copies of the Custer image in strategic retail accounts; in subsequent decades, the brewery printed over a million copies of the image, making it one of the most widespread art images ever used for commercial purposes and what *Time* magazine later called “at the turn of the century, the most famous painting in the U.S.”⁶⁴

Final Years

At the dawn of the twentieth century, Adolphus Busch could look back on a legacy of accomplishment rivaled by few German-American entrepreneurs, and even fewer members of the industry in which he had become an unquestioned pioneer and leader. In 1901, production at the St. Louis brewery surpassed the one million barrels-per-year mark, and Anheuser-Busch overtook Schlitz as the largest beer producer in volume in the United States.⁶⁵ Not content to rest upon his laurels, and eager to keep pace with rapidly increasing demand, Busch authorized a \$1.2 million (approximately \$30.7 million in 2010) expansion of the facility in 1905 through the construction of a seven-story stock house. In 1906, Anheuser-Busch reached the 1.5 million barrel production mark, and in 1907, with an insured value of \$6 million (approximately \$143.6 million in 2010), the improved brewery complex was capable of producing at least 1.6 million barrels of beer per year, of which 560,000 barrels alone — some 173 million bottles — were bottled Budweiser for external markets.⁶⁶

62 The advertising icon most commonly associated with Anheuser-Busch — the Budweiser Clydesdale horse-and-wagon team — in fact was not introduced until 1933, with the repeal of Prohibition. For an overview of the early history of the Clydesdales and Anheuser-Busch, see “Budweiser’s Famous ‘Eight-Horse Hitch,’” *Brewers Digest* 27.5 (May 1952): 40-41.

63 From the beginning, Michelob was produced as a superior-quality, European-style lager beer served on draft at selected retail accounts, although starting in late 1961 it also was packaged in bottles, and later still in cans, to make it more accessible to the general public. The name of the product was chosen by Adolphus Busch personally. Additional information

on the Michelob brand can be found in “The History of Michelob,” *Budcaster* 9.7 (July 1960): 5; and “Michelob Now Available in Bottles,” *Budcaster* 11.1 (January 1962): 13.

64 Herbst, Roussin, and Kiouss, *St. Louis Brews*, 38; “The Baron of Beer,” *Time* 66.2 (July 11, 1955): 82. According to *Time*, the lithographer who altered and reproduced the »

» Adams work “redrew most of it, adding dozens of new figures and buckets of gore (i.e., three dying soldiers being scalped) to what was once a fairly restrained, stilted scene.” In subsequent years, the original Adams painting met with an unpleasant fate. Donated by Busch to the 7th U.S. Cavalry during the mid-1890s, it went lost from around 1898 — when the group was dispatched to the Spanish-American War — until 1921, and was not recovered by the regiment until 1934, when it was removed from storage and professionally restored by the Works Progress Administration. On June 14, 1946, it was destroyed in a fire at the officers’ club at Fort Bliss, Texas. See Peter Caswell, “The Bar Room Custer,” *Military Affairs* 11.1 (Spring 1947): 51.

65 “75 Years Ago . . . In Spirit the Same Today,” *Brewers Digest* (September 1952): 63; Blocker, Jr., Fahey, and Tyrell, *Alcohol and Temperance in Modern History*, 44; Uwe Spiekermann, “Family Ties in Beer Business: August Krug, Joseph Schlitz and the Uihleins,” *Yearbook of German-American Studies* 48 (2013 [2015]): 59-112.

66 Hernon and Ganey, *Under the Influence*, 56, 64-65; “75 Years Ago . . . In Spirit the Same Today,” *Brewers Digest* (September 1952): 64.

As the nineteenth century had drawn to a close, Busch had turned his attention to the threat of prohibition legislation, which was gradually making inroads across the nation at the local and state levels and was threatening established brewery markets.⁶⁷ As early as 1908, the brewery marketed Bevo, a non-alcoholic brew designed to maintain an Anheuser-Busch presence in dry zones and hedge bets against the possible suspension of standard beer sales nationwide. In 1910, Busch made clear his personal belief that the dry movement was a misguided venture that was out of keeping with the German virtues long demonstrated by both brewers and their product:

The meanest thing in the world is prohibition. If given full swing it would ruin the world. It is a maker of hypocrisy and a destroyer of moderation. We want moderation in everything. In Germany every one drinks, but it is done in moderation, and Germans are a remarkably healthy race. We want the high license and the regulation of the saloon. I do not mean to say that all those who preach prohibition are hypocrites. They mean well, but are on the wrong track.⁶⁸

67 While the threat of Prohibition was the foremost concern of Adolphus Busch in his last years of running Anheuser-Busch, other problems arose as well: for instance, on April 27, 1910, an extensive fire broke out at the St. Louis brewery, devastating bottling and storage buildings on the property and causing over \$500,000 (approximately \$11.8 million in 2010) in damage. See "American Notes," *American Brewer* 43.5 (May 1910): 242. The prohibition movement is best understood in this context as a reactionary nativist movement against the German element and as an assertion of "American" values at their expense. The largely German ethnic character of the late-nineteenth-century brewing industry made it an easy target for such agitation; beginning primarily in rural areas and spreading over time into urban settings, anti-alcohol forces linked anti-foreign sentiment with both real (e.g., an increasingly immoral saloon trade) and perceived vices in an attempt to gain traction for their agenda. Their efforts culminated in the ratification of the Eighteenth Amendment, which occurred in the wake of America's entry into World War I against the Germans in 1917.

68 Cited in "Adolphus Busch on Prohibition," *American Brewer* 43.7 (July 1910): 326.

Transition at the company was not limited to its product line. Son August A. Busch, Sr., groomed as the eventual successor to the presidency, had begun working at the brewery in the 1880s as an apprentice and then as a scale clerk before rising to a position of leadership a decade later, assuming *pro tempore* command of the operation in place of his father during the out-of-town trips that Adolphus took with greater frequency.⁶⁹

In the spring of 1911, Adolphus and Lilly hosted a lavish ceremony in California to celebrate their fiftieth wedding anniversary, an occasion deemed important enough to give brewery employees in St. Louis a day off from work and each of the Busch children a new home. Congratulations came from around the world, with the well-wishers including current U.S. president William Howard Taft, former U.S. president Theodore Roosevelt, and German emperor Wilhelm II.⁷⁰

69 The fact that Adolphus Busch was in Europe for extended periods did not prevent him from conducting brewery business as needed. Busch kept in frequent contact with St. Louis via cable while abroad, sending instructions regarding important

decisions to his son and others. On average, this communication cost some \$100 per day (approximate 2010 value: \$2,368). See "75 Years Ago . . . In Spirit the Same Today," *Brewers Digest* (September 1952): 63.

70 Herbst, Roussin, and Kiouss, *St. Louis Brews*, 39; Krebs and Orthwein, *Making Friends Is Our Business*, 67. A detailed overview of the opulent nature of the Busch's fiftieth anniversary celebration can be found in Hennon and Ganey, *Under the Influence*, 78-79.

It turned out to be one of the last high-profile events that Adolphus ever hosted, as the stress of prohibitionist gains seemingly exacerbated a general health decline that had been brought on by advancing years. By 1910, Busch had begun to pursue a more reclusive lifestyle, and was said to be “surrounded by doctors, nurses and guardians and never permitted to be seen at close range.”⁷¹ Despite his fading strength, political activity still occupied a good bit of Busch’s time during his last years. This included a personal visit with Theodore Roosevelt and opposition during the electoral campaign of 1912 to the candidacy of Democrat Woodrow Wilson, a man he dismissed in private correspondence the following comment: “I have a kind of feeling that the fellow is a prohibitionist and that he is leaning that way and therefore all the German orators, all the liberal men ought to accuse him of [being] an enemy to personal freedom.”⁷²

In May 1913, Busch returned to St. Louis, but owing to his fragile health and his inability to stand or walk without assistance, his homecoming was muted compared with his previous, more celebrated arrivals. Still, Adolphus remained sharp mentally and focused on both personal responsibilities to family and professional obligations at the brewery. On June 9, 1913, he departed New York and sailed with his family to Germany for the last time. There, he engaged in hunting, albeit with help from a trusted personal assistant, corresponded extensively with friends and family, and monitored the rising tide of prohibition legislation back at home, remaining in regular contact via letter and telegraph with trusted associates on business matters. In September of that year, Adolphus accepted an award for his charitable contributions to the German people from Phillip, Duke of Hesse. Otherwise, he began to curtail many of his activities (aside from stag hunting) due to recurring feelings of illness. In early October, Busch was taken home from hunting after complaining of discomfort, and fluid was removed from his lungs. On October 10, 1913, Adolphus apparently attended to fifteen letters on his desk at Villa Lilly, smoked a cigar, and chatted freely and cheerfully with family members. By evening, Busch went to bed as usual. At approximately 8:15 p.m., he died in his sleep of what was officially reported as heart disease, though a later biography concluded that cirrhosis of the liver contributed to his death.⁷³

In keeping with his grandiose lifestyle, the passing of Adolphus Busch occasioned one of the most extravagant funeral ceremonies of the century and demonstrated the totality of his impact on nearly

71 Cited in Hernon and Ganey, *Under the Influence*, 80.

72 Adolphus Busch to Charles Nagel, personal correspondence, July 3, 1912, Nagel Papers at the Yale University Library, as cited in Hernon and Ganey, *Under the Influence*, 80.

73 *St. Louis Post-Dispatch*, October 11, 1913; October 12, 1913; and October 22, 1913; *Dictionary of American Biography* (New York, 1943), 143, as cited in Hernon and Ganey, *Under the Influence*, 83-84.

all whom he had touched over the previous half-century. After being transported in a private rail car to port in Bremen, his body was brought back to the United States aboard his favorite steamship, the *Kronprinz Wilhelm*, and was then taken by a specially-chartered train — which included his private car, the *Adolphus* — to St. Louis for burial. One hundred hotel rooms were reserved for out-of-town guests, 180 honorary pallbearers were named, and mourners included the presidents of Harvard, the University of California, and the University of Missouri, numerous business and industrial leaders, and at least one major rival for the title of owner of the largest brewery in the world: Colonel Gustav Pabst of Milwaukee (1866-1943). Five thousand Anheuser-Busch employees attended a final viewing of their boss at the Busch mansion the day before the funeral, and when the home was opened to the public, some 30,000 additional individuals came to pay tribute. The city of St. Louis formally shut down for five minutes in honor of Busch: all business was suspended, power to the street cars was turned off, and factories came to a halt. Throughout the nation, memorial services were held in cities with Anheuser-Busch branch offices, most notably in Dallas, Texas, where the Adolphus Hotel — bought by the beer baron and renovated in 1912 for the unprecedented sum of \$2.5 million (approximately \$58 million in 2010) — hosted 300 people and played the same music that had been heard at the service in St. Louis. The funeral itself, held at the Busch mansion, was presided over by notable figures such as Baron Friedherr von Lesner, the attaché of the German Embassy in Washington; at the end, the casket was placed upon a truck for a final trip around the brewery, where some 25,000 people stood outside its iron gates to glimpse the proceedings. The final procession, to Bellefontaine Cemetery in St. Louis, followed a well-publicized route with as many as 100,000 spectators lining up to pay tribute.⁷⁴

74 Extensive details of the Busch funeral proceedings are available in Herson and Ganey, *Under the Influence*, 85-86.

75 The Busch tendency to allocate large amounts of money to expand and modernize the St. Louis brewery also continued in the early post-Prohibition era. Some \$68 million (2010 value: approximately \$824 million) was spent on new equipment and structures for the St. Louis plant from 1933 to 1950, before a second Anheuser-Busch facility, in Newark, NJ, was put into operation in 1951 to ease production and shipping expense problems. See “The Brotherly Brewers,” *Fortune* 41.4 (April 1950): 180, 182.

Conclusion

The legacy of Adolphus Busch continued to be felt for decades to come, as Anheuser-Busch consolidated its status as the largest brewer in America, and as Budweiser grew to become the best-selling brand of beer in the world. August A. Busch, Sr., guided the firm through the difficult years of World War I and Prohibition until he committed suicide in February 1934 on account of extensive health problems; grandson Adolphus Busch III (born 1891) successfully navigated the choppy waters of the remainder of the Great Depression and World War II before dying of cancer in August 1946.⁷⁵ Another

grandson, August A. (Gussie) Busch, Jr. (1899-1989), saw the company through much of its golden era of growth, taking the firm from a single-site entity to one with nine separate breweries nationwide and aggregate beer sales of 26,522,000 barrels by 1973. In 1964, under his leadership, production at the St. Louis facility alone reached the ten million barrels-per-year mark. After alternating with Pabst and Schlitz as the largest brewer in the nation in the first two decades after the repeal of Prohibition, Anheuser-Busch seized the top spot for good in 1957, and remained the number one U.S. brewer until the present.⁷⁶ In 1997, its worldwide sales volume surpassed the 100 million barrel mark for the first time, and in 2003 the company peaked in U.S. market share at 49.8 percent; virtually one of every two beers sold in the United States was brewed by Anheuser-Busch. Ultimately, the sustained success of the business made it an attractive target for takeover, and in 2008 the multinational brewing conglomerate InBev acquired Anheuser-Busch with shareholder approval, based on an all-cash offer of \$70.00 per share of stock that represented a total value of \$52 billion.⁷⁷ The move, which put an end to Busch family control of the business, came 143 years after Adolphus acquired his initial stake in a struggling St. Louis brewery and set it on a path to becoming the largest and most successful brewing entity in American history.

Timothy J. Holian is a Lecturer of German at the University of Wisconsin White-water. His professional interests include German-American Studies and the history of the brewing industry in the United States. He is the author of the two-volume book project *Over the Barrel: The Brewing History and Beer Culture of Cincinnati*, among other research-based works.

76 Herbst, Roussin, and Kious, *St. Louis Brews*, 41-45; Anheuser-Busch, Inc., "1972 Beer Sales Set New Record," *A-B News* 10.1 (January 1973): 1.

77 Herbst, Roussin, and Kious, *St. Louis Brews*, 49; "Anheuser-Busch — Van Nuys, CA — Breweries on Waymarking.com," http://www.waymarking.com/waymarks/WM85MT_Anheuser_Busch_Van_Nuys_CA (accessed February 12, 2012).

JACOB H. SCHIFF, BANKER AND PHILANTHROPIST

Bernice Heilbrunn

A banker and philanthropist, Jacob H. Schiff secured European funding to build America's railroads, mines, and other enterprises. He helped transform the United States into the world's leading industrialized economy. At one time or another, Schiff marketed the bonds of every major U.S. railroad. Under his innovative leadership, the New York banking firm of Kuhn, Loeb & Company developed a worldwide reputation for successful financing, sound judgment, and integrity. Schiff's strategic loans to Japan during the Russo-Japanese War facilitated Japan's surprise victory. In the interest of American prosperity, Schiff advocated the German model of integrated industry, which he preferred over the American penchant for unbridled and often ruinous competition. Despite his political influence, his business advice to presidents and lawmakers failed to win favor at a time when muckrakers, politicians, and reformers demanded trust-busting. Pursuing charitable work from an early age, Schiff contributed his wealth and time to secular charities and Jewish communal needs, not only in America and Germany but also worldwide. Schiff became known as a leader of American Jews during his lifetime. His estate, valued at approximately \$35 million in 1922 (\$455 million in 2010 U.S. dollars),¹ less than one-third the size of J. Pierpont Morgan's estate, reflected his lifelong charitable giving.²

Family and Ethnic Background

Jacob H. Schiff (born Jakob Heinrich Schiff on January 10, 1847, died September 25, 1920, in New York, NY) was the second son and third child of Moses (1810-1873) and Clara Niederhofheim Schiff (1817-1877) of Frankfurt am Main. Moses Schiff, a successful stockbroker, was an active member of Frankfurt's orthodox Jewish community. With a Frankfurt lineage dating back to about 1370, the Schiffs were among the city's oldest and most established Jewish families. Jacob Schiff's direct ancestors included many rabbis, scholars, scientists, and merchants, some of whom were particularly notable: Meir ben Jacob Schiff (1608-1644), who wrote a commentary on the Talmud, and David Tevele Schiff (1722-1791), rabbi of London's Great Synagogue from 1765 until his death. Other Schiff relatives included two Chief Rabbis of London, Nathan Marcus Adler (1803-1890) and Hermann Adler (1839-1911), who served in that position from 1845 to 1911.³

1 All current values (in 2010 USD) are based on Samuel H. Williamson, "Seven Ways to Compute the Relative Value of a U.S. Dollar Amount, 1774 to present," *MeasuringWorth*, 2011, using the Consumer Price Index.

2 "J.H. Schiff's Estate Fixed after Decade," *New York Times*, August 23, 1931, 1; Jacob H. Schiff Left \$34,426,282 Estate," *New York Times*, March 3, 1922, 1.

3 Cyrus Adler, *Jacob H. Schiff: His Life and Letters*, vol. 1 (Garden City, NY, 1928), 1-3.

Schiff grew up in Frankfurt, a bustling commercial and banking center and the seat of the German Confederation. Frankfurt was also the center of Jewish life in Germany.⁴ Frankfurt's Jews, who consistently accounted for about ten percent of the city's population, won political rights in 1864.⁵ Schiff received a balanced secular and religious education in the renowned Frankfurt Jewish school that his father, together with other communal leaders, established in 1853. The school educated students from religious homes to become businessmen and community leaders. Schiff's family life, his father's active role in the community, and his school experience were key factors in the shaping of his youthful personality.⁶ At fourteen, he began his business training. First, he apprenticed at a leading mercantile warehouse enterprise in Frankfurt; then he worked for his brother-in-law in banking.⁷

Ambitious and hardworking, Schiff decided to immigrate to America. Unlike many immigrants, Schiff did not leave Germany to escape poverty or to marry. Nor was he pulled toward emigration by family in America. In fact, Schiff was the only member of his family to leave Germany. Apparently, he emigrated because his rigid, overbearing father was too strong a presence for a young man determined to control his own future. He was drawn to the U.S., a developing nation ripe for investment after the Civil War. While still in Germany, Schiff wrote an exploratory letter to a family friend in St. Louis, Missouri, in the hopes of securing a position. When that failed to yield results, Schiff, undaunted, sailed to New York alone and without any offer of employment. He arrived in August 1865.⁸

Schiff became a naturalized U.S. citizen in 1870, a fact that indicates his intention to remain in America. Yet becoming an American citizen did not mean severing ties with Europe. Schiff always maintained strong business and family connections with Germany. When the Hamburg-based banker Moritz Warburg offered Schiff a position with his firm, M. Warburg, which represented the London & Hanseatic Bank of London, Schiff moved to Hamburg in 1873. Just two years earlier, in 1871, the disparate German states that had once made up the German Confederation had been united under Emperor William I into a single German nation state. It is conceivable that the promise of economic growth presented by the newly unified Germany helped pull Schiff back to his native land; alternatively, the depression of 1873 in America may have pushed him to leave New York.

4 Nachum Gidal, *Jews in Germany from Roman Times to the Weimar Republic* (Cologne, 1998), 90, 148.

5 Robert Liberles, *Religious Conflict in Social Context: The Resurgence of Orthodox Judaism in Frankfurt am Main, 1838-1877* (Westport, 1985), 162.

6 *Ibid.*, 152-55.

7 Adler, *Jacob H. Schiff*, vol. 1, 7.

8 *Ibid.*, 4-6.

Schiff only worked for M. Warburg for a few months. His father died later that year, and he returned to Frankfurt to attend to his mother. About a year later, the German-born American banker Abraham Kuhn (1838-1900) visited Frankfurt and offered Schiff a position at his New York investment banking firm, Kuhn, Loeb & Company. Though reluctant to leave his widowed mother, Schiff returned to New York City with her blessing. He brought strengthened ties to European banking to his new position in America.⁹

As a single young man, Schiff lived and worked among German immigrants in New York City. The social milieu of German immigrant youth must have provided Schiff with a supportive environment, particularly since he was quickly incorporated into New York's German-Jewish community. Nevertheless, the serious young Schiff lamented the absence of social institutions and organized activities for young people, and he sought alternatives to sports and drinking. When he could afford to do so, Schiff helped establish the 92nd Street Y in New York City to provide others with some of the cultural opportunities that he missed.¹⁰

Business Development

Frankfurt Jewish connections proved invaluable to the young Schiff when he started out in investment banking in New York City, particularly since gentiles would not do business with him. When the eighteen-year-old Schiff first arrived at the docks in 1865, he was met by William B. Bonn (1843-1910), a fellow Frankfurter who was a few years his senior. Bonn, who was with the Frankfurt-based investment-banking firm of Speyer & Company, provided Schiff with crucial early support; later, Speyer & Company worked with Schiff on many investment opportunities.¹¹

In addition to Bonn, Schiff reached out to other New Yorkers who had emigrated from Frankfurt and elsewhere in Germany. Within months of his arrival, Schiff secured a position as a clerk with the brokerage firm Frank & Gans. One year later, days before his twentieth birthday, Schiff entered into a partnership with Heinrich "Henry" Budge (1840-1928) and Leo Lehmann, both from Frankfurt, and together, they founded the New York brokerage firm of Budge, Schiff & Company. The importance of ethnic ties can be seen in the fact that it was William Bonn who had urged Lehmann, then in Europe, to return to New York to form a partnership with Schiff. For young Germans, American investment banking was sometimes a short-term venture

⁹ Ibid., 8.

¹⁰ Naomi Cohen, *Jacob H. Schiff: A Study in American Jewish Leadership* (Hanover, NH, 1999), 4-5.

¹¹ Adler, *Jacob H. Schiff*, vol. 1, 6-7.

of making connections. That was the case with Budge. A few years after entering into the partnership, Budge left America, moved to Hamburg, and became a member of another banking firm in that city.¹²

Schiff built his reputation and fortune at the commercial banking firm of Kuhn, Loeb & Company in New York City. Kuhn, who emigrated from Germany in 1839, and Solomon Loeb (1828-1903), who came to America ten years later, were both from Worms in the grand duchy of Hesse. Upon their arrival, they both became dry good merchants in Cincinnati. After amassing \$500,000, they relocated to New York City, eventually starting what in 1867 became the investment-banking firm of Kuhn, Loeb & Company. Kuhn and Loeb relied on their European contacts, especially Germans, to place U.S. government and railroad bonds. After Kuhn brought Schiff into the partnership in 1875, Schiff aggressively expanded Kuhn, Loeb & Company's business.¹³

Among U.S. growth industries, railroads were the undisputed leader. From the late 1860s until the 1890s, the demand that they created for steel, coal, rolling stock, civil engineering, and labor drove the U.S. economic engine. Their capitalization dwarfed the largest manufacturers, and their influence was felt in all aspects of American society.¹⁴

Schiff made good use of his European banking connections, successfully allying with European bankers to attract European capital to finance American railroads. European investors sought out American investments, which promised higher rates of return than European ventures. In turn, American business, particularly railroads, depended on European capital to finance expansion, improvements, and operating expenses. Schiff brought to the banking business an existing base of contacts garnered from his Frankfurt network, his previous work in New York, and his experience at M. Warburg in Hamburg. He cultivated and extended this base assiduously through frequent European travel, regular correspondence, personal outreach, and private hospitality. By way of example, about 1,500 letters from Schiff to German-born British banker Ernest Cassel (1852-1921) attest to Schiff's attentive mingling of business and personal camaraderie as he kept important clients informed of the status of their investments. Cassel, who valued Schiff's advice, recommended him to his colleague, the young Paris banker Édouard Noetzlin (1848-1935). When Noetzlin traveled to New York, he met with Schiff, who advised him to go to Mexico to explore possible investments. As a result of his Mexican trip, Noetzlin set up the National Bank there in 1881. His friendship with Schiff opened a door to their eventual cooperation in

12 Cohen, *Jacob H. Schiff*, 4; Adler, *Jacob H. Schiff*, vol. 1, 7.

13 Adler, *Jacob H. Schiff*, vol. 1, 11-12.

14 Thomas McCraw, *Prophets of Regulation: Charles Frances Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge, MA, 1984), 4.

large joint transactions, especially their marketing of Pennsylvania Railroad bonds in 1906. Another one of Schiff's close European contacts was Robert Fleming (1845-1933), first of Scotland, later of London. Fleming visited the U.S. eighty-two times, and Schiff met with Fleming during his European trips; together with regular correspondence, their visits provided the basis for a lifetime of banking transactions on behalf of clients.¹⁵

Schiff did not limit his business to Europeans. Developing links with Japanese investors, Schiff corresponded with and visited Baron Korekiyo Takahashi (1854-1936). He and his wife, Therese Loeb Schiff, even hosted the Baron's teenage daughter for three years, the start of a lifelong friendship between the Schiffs and the extended Takahashi families.¹⁶

For the most part, Schiff's European and Japanese contacts served in lieu of the foreign branch offices, staffed with family members, maintained by the New York-based Morgan bank and by many European banks as well. Schiff generally emphasized alliances instead of branch offices, which he organized with independent firms in London, Paris, and Amsterdam. In some instances, however, Schiff did choose to rely on family contacts. In Hamburg, for example, his former employer, M. Warburg, eventually became family, and the two firms increasingly worked together to secure German investment capital.¹⁷ After his nephew Otto Schiff (1875-1952) left Germany and settled in London, he occasionally worked on behalf of Kuhn, Loeb with English investors interested in American opportunities.¹⁸

Making his home in New York City, Schiff settled into America's financial capital. Earlier in the nineteenth century, the Erie Canal project, which connected New York to the Great Lakes, helped transform New York City into America's center of finance and trade. At the time, westward expansion, industrialization, and mining promised revenues for railroads. With the end of the Civil War, pent up demand exploded in a frenzy of business activity.¹⁹

Schiff was the only immigrant banker who undertook railroad financings; the others left the business to Yankee bankers. When Schiff joined Kuhn, Loeb, he recognized the significance of railroads to his work. Writing to his mother on January 1, 1875, Schiff noted that "the opportunity is enormous here . . . The coming expansion of the United States, in railroading and all that, is so large."²⁰ Schiff tapped into this new market with a decisiveness and willingness to assume

15 *Ibid.*, 12.

16 *Ibid.*, 13.

17 Jacob Schiff to Ernest Cassel, January 20, 1891; Jacob Schiff to Paul Warburg, December 23, 1895, Jacob Schiff Papers, American Jewish Archives, Cincinnati, Ohio.

18 The Jacob Schiff Papers document his frequent correspondence with Robert Fleming, first in Scotland and then in London, Ernest Cassel in London, Max Warburg in Hamburg, the Barings House in London, Edouard Noetzelin in Paris, Baron Korekiyo Takahashi in Japan, and others in Amsterdam and elsewhere.

19 Daniel Howe, *What Hath God Wrought: The Transformation of America, 1815-1848* (New York, 2007), 117-20; George Tindal and David Shi, *America: A Narrative History*, 6th ed. (New York, 2004), 760-62.

20 Cohen, *Jacob H. Schiff*, 5.

risk that most established American firms avoided. He quickly assumed a leadership role within Kuhn, Loeb. When Solomon Loeb retired in 1885, Schiff, then thirty-eight, became head of the firm. As a mark of his humility and devotion to his wife's family, Schiff never changed the firm's name to include his own, though he was indisputably the firm's leader during his lifetime.²¹

Until 1904, railroad investments exceeded the sum of all other forms of commercial investments in the United States.²² Railroads needed large amounts of money to lay track and buy equipment. Issuing bonds was one way for them to meet their financial needs. Europeans who wanted high yields on their investments chose emerging economies, looking to the United States as it rapidly developed. Transcontinental railroads promised to bridge the Atlantic and Pacific but involved enormous risk, since the western territories were thinly populated and it was unclear whether trade and ridership would be sufficient to make the railroads profitable. Southern railroads, underdeveloped from the start and largely destroyed during the Civil War, were being rebuilt and expanded, but there were uncertainties there, too. Railroads everywhere engaged in cutthroat competition. Their managers were not always fiscally judicious. To obtain capital in a timely manner, railroads relied on underwriters to assume the risk of the market for their debt. If bankers could not find subscribers for a debt issue, they had to purchase the securities themselves and assume the risk involved with their future placement.

Under Schiff's direction, Kuhn, Loeb juggled these market uncertainties. Sometimes the firm readily placed debt issues; other times, it had to buy them and place them later, when opportunity permitted, sometimes at reduced prices that required Kuhn, Loeb to assume the loss. In some instances, Kuhn, Loeb acted on its own to place debt instruments; in other instances, the firm joined other banks in syndicates to offer the debt issuance, sharing the profits as well as the risks. Such activities demanded that the firm maintain adequate cash liquidity to meet its clients' needs. When Schiff entered the field, syndicates were a relatively new way to market debt instruments. It may be that German syndicates predated American ones, for Schiff placed Northern Pacific Railway securities with a syndicate of German investors in 1870.²³ The first underwriting syndicate in the U.S. was founded in 1871.²⁴

Schiff expanded Kuhn, Loeb's underwriting beyond railroads to provide capital for mining and industrial manufacturing. The success of these enterprises was closely linked: the railroads often created the

21 Cohen, *Jacob H. Schiff*, 5; McCraw, *Prophets of Regulation*, 4-5.

22 Steven Usselman, *Regulating Railroad Innovation: Business, Technology, and Politics in America, 1840-1920* (New York, 2002), 243.

23 Adler, *Jacob H. Schiff*, vol. 1, 83.

24 Frederick A. Cleveland and Fred Wilbur Powell, *Railroad Promotion and Capitalization in the United States* (New York, 1909; 1981), 287.

market for their product and in other instances benefitted from their transport. Westinghouse Company, for example, appeared promising to Schiff in 1898 because it manufactured air brakes for railroads. Mining, on the other hand, promised to be a source of revenue for the railroads that carried minerals. Among other mining ventures, Schiff handled the Guggenheim family purchase of Anaconda Copper in 1898. Schiff's work on behalf of Daniel Guggenheim (1856-1930), the son of Swiss-Jewish immigrant Meyer Guggenheim (1828-1905), underscored the European ties that were sometimes critical to the entrepreneurial aspects of his banking activity. Schiff knew Guggenheim and introduced him to Cassel in 1900.²⁵

On rare occasions, Schiff knitted together his business and charitable endeavors. Working with his friend, the railroad builder, manager, and financier James J. Hill (1838-1916), Schiff came up with a plan to settle Russian-Jewish immigrants on farms in the Pacific Northwest. The plan responded to a variety of concerns and objectives: humanitarian, political, and financial. First and foremost, the settlement plan aimed to offer Russian-Jewish immigrants a better life outside of overcrowded East coast tenements. At the same time, the plan also served the larger political goal of removing Russian-Jewish immigrants from the scrutiny of anti-immigrant critics who viewed urban ghettos as evidence of the need for immigration restrictions. Lastly, financial objectives played a role as well, for new settlements offered the promise of increased railroad traffic and thus greater profitability. This being the case, the plan represented a unique fusion of Schiff's charitable activity on behalf of Russian-Jewish immigrants, his interest in social and political questions, in general, and his business interests, particularly in the railroad sector. The plan also demonstrated Schiff's willingness to use the resources at hand to experiment with new solutions to intractable problems, though in this case the attempt proved unsuccessful.²⁶

Railroad presidents reached out to Schiff, seeking his help in capitalizing their businesses; they invited him to sit on their boards, turned to him for advice and counsel in their business activities, dined with him at home and, in some instances, developed close personal friendships with him. Hill, for instance, trained Schiff's son Mortimer in the railroad business, and Edward Henry Harriman (1848-1909) became a lifelong friend. But Schiff was their second choice; only after J.P. Morgan (1837-1913) rejected their business, either because of the risk involved or for other reasons, did they take their business to Kuhn, Loeb.

²⁵ Cohen, *Jacob H. Schiff*, 24.

²⁶ *Ibid.*, 118.

Schiff, for his part, never accepted any business that Morgan might want. After Kuhn, Loeb decided not to pursue business with Atchison Railroad in 1905, Schiff offered the following words of explanation to banker Edgar Speyer, “We have always tried to abstain from interfering with the existing arrangements of our neighbors, and since Morgans have for some time been doing the Atchison Company’s business, we would not be willing to force ourselves into this against the desire of Morgans.”²⁷

Schiff always kept investors informed of financial and political developments that affected the railroads in which they invested. He even relayed climate forecasts to help investors predict agricultural productivity, an important source of railroad freight and, therefore, one key indicator of railroad profitability. For example, in 1882, he advised Cassel that “there will be no change [in business conditions] until we get definite news about crop conditions. Thus far the news has been very favorable, but if the cold and wet weather keeps on, we shall have bad times in this country.”²⁸

Schiff befriended investors and invited them to his home, arranged working trips to inspect transcontinental rail lines throughout the United States, and introduced investors to American presidents.²⁹ Earning the confidence of clients was always a key factor in Schiff’s success. He joined Kuhn, Loeb only a couple of years after two major events had rocked the nation, undercutting public confidence in the railroad sector and in industry in general. First, there was the corruption scandal involving *Crédit Mobilier of America*,³⁰ the construction company for America’s Union Pacific Railroad. In 1872, it came to light that the company had bribed members of Congress and federal government through sales and gifts of stock, a move that had brought the company enormous profit at the public’s expense. The following year saw the first bankruptcy of financier Jay Cooke’s Northern Pacific Railroad. Against the backdrop of these events, Schiff paid close personal attention to the interests of investor clients and helped shore up their confidence.

In the interest of his investors, Schiff insisted that the companies in which they invested be conservatively managed. He worked closely with railroads to ensure that they set aside capital to fund their debt obligations. He frowned on railroad managers who paid out all their profits to stockholders looking for high dividends. In a letter to Stuyvesant Fish (1851-1923), president of the Illinois Central Railroad Company, Schiff commended Fish for the “prudent policy”

27 Jacob Schiff to Edgar Speyer, January 10, 1905, Jacob Schiff Papers.

28 Jacob Schiff to Ernest Cassel, 1882 (n.d.), Jacob Schiff Papers.

29 Jacob Schiff to Ernest Cassel, Robert Fleming, Noetzlin, Jacob Schiff Papers, *passim*.

30 *Crédit Mobilier of America*, a company formed by Union Pacific, created a conflict of interest by giving and selling stock to influential senators, congressmen, and the vice president, all whom then stood to gain from the company’s profits. As a result of this situation, Congress failed to regulate Union Pacific’s construction costs, which the federal government had subsidized. *Crédit Mobilier* made enormous profits, and the congressmen profited personally. See U.S. Congress, House, “Report of the Select Committee of the House of Representatives, Appointed under the Resolution of January 6, 1873, to Make Inquiry in Relation to the Affairs of the Union Pacific Railroad Company, *Crédit Mobilier of America*, and Other Matters Specified in Said Resolution” (Washington, DC, 1873), 3, 4, 7; and http://cpr.org/Museum/Credit_Mobilier_1873.html (viewed August 12, 2012).

that Illinois Central pursued in “laying something aside for improvements and betterments in times of prosperity.” This had not been the policy of the Louisville & Nashville Railroad, whose “financial ills and troubles,” according to Schiff, arose from “a forcing in the payment of dividends, when surplus earnings would have better gone into improvements and betterments, for which purposes, instead, bonds were liberally issued.” Schiff reminded Fish that many other railroad companies operated in a similar, unsound manner, and as a result “were forced into bankruptcy largely because surplus earnings were paid out to the stockholders.”³¹

When Schiff recommended investments, he either took a board position or became an advisor to management. His practice of casting proxy votes for the German, English, and French clients he represented gave him a voice in management. By building close personal relationships with railway management, he could better ensure the investors whom he advised of the fiscal soundness of their investments. But by 1906, he would withdraw from all board positions in businesses in which his clients invested, as a result of public opposition to such practices.

America’s economy experienced frequent cyclical financial crises during the last decades of the nineteenth century. The 1893 depression in America was unusually severe, resulting in massive unemployment, homelessness, and poverty. Many railroads were thrown into bankruptcy. Among the railroads that seemed beyond recovery was the Union Pacific. Business writer Bertie C. Forbes (1880-1954) described the Union Pacific as “a battered, bankrupt, decrepit stretch of rust.”³² America’s first transcontinental railroad, the Union Pacific was built with an unusual amount of federal government involvement, including land grants from the public domain, direct monetary subsidies, and free timber and building materials from lands of the United States — all of which complicated its finances and ensured that Congress and the public were much more involved than usual in any efforts to reorganize it.³³

In 1895, Schiff and Kuhn, Loeb undertook the reorganization of the Union Pacific Railroad.³⁴ As a result of this mammoth effort, Kuhn, Loeb became so closely identified with Union Pacific that the railroad sometimes was referred to as the Kuhn-Loeb line. Schiff’s success in reorganizing Union Pacific generated large profits for Kuhn, Loeb and secured its status and reputation as the second largest private investment bank in New York after Morgan.

31 Jacob Schiff to Stuyvesant Fish, September 20, 1899, Jacob Schiff Papers.

32 Bertie Forbes, *Men Who Are Making America* (New York, 1919), 330.

33 Cleveland and Powell, *Railroad Promotion*, 249, 257; Maury Klein, *The Life and Legend of E. H. Harriman* (Chapel Hill, 2000), 106-107.

34 “American Stock Markets,” *Manchester Guardian*, October 12, 1895, 5.

In the course of reorganizing Union Pacific, Schiff worked with Edward H. Harriman, an investment banker turned railroad magnate who was intent on taking it over. Schiff recognized Harriman's genius and helped him become director and eventually chairman of Union Pacific. In the process, Schiff won a lifelong friend and business associate. Schiff became Harriman's banker, growing his own financial resources as well as those of Kuhn, Loeb as Harriman extended his control over a large swath of America's rail system. After Union Pacific, Schiff and Kuhn, Loeb went on to reorganize other railroads, earning large commissions for managing the transactions, often ten percent of the value of the financings.³⁵

Schiff financed the Pennsylvania Railroad from 1881 until his death, handling transactions amounting to approximately half a billion dollars. When the railroad ambitiously pursued the construction of a tunnel under the Hudson River and a massive station in New York City, Schiff, understanding that the plan would benefit not only the railroad but New York City as well, used his political influence in New York City to facilitate the project. Schiff was particularly proud of his work with the Pennsylvania Railroad, and his close relationship with its management extended across successive administrations. Proudly displayed on his office wall were two cancelled loan checks from Kuhn, Loeb to the Pennsylvania Railroad. They had been issued within a six-month period, one for \$49,098,000 and the other for \$62,075,000.³⁶ Schiff's primary competitor in the business of providing commercial credit to railroads was J. Pierpont Morgan and his brokerage firm.³⁷

In the years leading up to World War I, Schiff increasingly found himself called upon to work with Morgan on financial matters. Schiff collaborated with Morgan in 1905 on Pennsylvania Railroad stock securities.³⁸ In 1914, the two banking houses, working together, rescued New York City from a potential financial debacle when Britain exercised its right to redeem certificates for gold. In this instance, Schiff succeeded in convincing the Rothschild bankers to secure the gold that New York needed.³⁹

Schiff engineered railroad financings in his triple role of banker, investor, and lender, believing that his work was in the best interests of the railroads, his clients, and the nation. Over time, however, Schiff and other bankers came under increasing public scrutiny. It started back in the 1870s with the Grangers, an organization of farmers who fought the unfair practices of railroad tycoons and

35 Forbes, *Men Who Are Making America*, 330; Klein, *E.H. Harriman*, 107-17; "Lays Railroad Ills to Banking Control," *New York Times*, February 1, 1915; "Wabash Syndicate Formed; Kuhn, Loeb & Co. and Allies Underwrite Reorganization Plan," *New York Times*, May 1, 1915; "\$41,420,000 for M.O.P. By \$50 A Share Tax; Kuhn, Loeb & Co. Reorganization Plan Provides for Reduction of Bonded Debts," *New York Times*, July 7, 1915; "Security Owners Indorse 'MOP' Plan; Kuhn-Loeb Program for Missouri Pacific's Reorganization is Likely to Succeed," *New York Times*, December 16, 1915.

36 Adler, *Jacob H. Schiff*, vol.1, 72-77; Birnbaum, *Our Crowd*, 177.

37 Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York, 1990), 89-90.

38 Adler, *Jacob H. Schiff*, vol. 1, 77-78.

39 Chernow, *House of Morgan*, 185.

sought government regulation of the industry. Their concerns were adopted and subsequently advanced by the Populists, by Progressive reformers, and by the American public at large. Their protests were directed at railroad executives' interlocking directorates, long haul-short haul rate disparities, free passes, rebates, and kickbacks, all of which were viewed as evidence of serious wrongdoing. In the first decade of the twentieth century, journalists Lincoln Steffens (1866-1936), Ida Tarbell (1857-1944), and Ray Stannard Baker (1870-1946), all of whom earned great renown as muckrakers, captivated their audiences with highly publicized accounts of anti-competitive behavior that enriched wealthy capitalists at the expense of farmers and small businesses. Politicians tried to respond to the public demand for legislation that would regulate the railroads and put an end to anti-competitive activity. Schiff's work landed him squarely in the middle of the controversies that dominated the politics of this era.⁴⁰

Going against public opinion, Schiff supported "community of interest" arrangements among railroads, replacing some competition with cooperation to make railroads profitable. He also recommended non-competitive ownership of railroads. According to Schiff, eliminating duplicate railroad lines would make railroads profitable and benefit the nation. He pointed to Germany's encouragement of integrated industry as an example of sound industrial organization. After the U.S. Supreme Court ordered the dismantling of the Standard Oil trust, Schiff called the court's ruling "destructive." Schiff took his argument for community of interest and noncompetitive ownership to President Theodore Roosevelt in 1902, 1905, and again in 1907, but failed to persuade the president that monopoly practices could benefit the American public.⁴¹

When Harriman decided to buy a controlling interest in the Chicago, Burlington and Quincy Railroad to ensure Union Pacific's entry into the Chicago market, secure its western routes, and prevent Hill's railroads from driving him out of business, he ran up against Hill's control of the Burlington. That railroad, together with Hill's Great Northern and Northern Pacific railroads, gave Hill control of western rail traffic. Hill was backed by Morgan; Harriman worked with Schiff. Their subsequent competition to acquire a controlling stock share in the Northern Pacific Railroad triggered the Wall Street Panic of 1901. Schiff devised a solution to rescue Wall Street and bring Hill and Harriman to the table. With order restored, Morgan formed a holding company, the Northern Securities Company, one of the world's largest corporations

40 McCraw, 9; Usselman, 119-20, 328-30.

41 Adler, *Jacob H. Schiff*, vol. 1, 42-44, 46-50.

at the time. Known by its detractors as the Great Railway Trust, the Northern Securities Company provided Theodore Roosevelt with a prime opportunity to make political hay before the next presidential election, and he directed his attorney general to file suit against the holding company as an illegal restraint of trade. By a 5-4 margin, the U.S. Supreme Court ruled that Northern Securities was an illegal combination and ordered its dissolution. Schiff may very well have fumed about America's unwarranted fear of business concentrations as this giant step in the writing of American business law occurred.⁴²

Schiff joined the boards of more than twenty railroads, banks, life insurance companies, and other corporations to oversee policy and ensure sound financial management on behalf of his investor clients. Banks and insurance companies that invested in railroads were of particular interest to him, and he made important connections that benefited his business. For instance, as a director of the Franklin National Bank of Philadelphia, he befriended the bank's president, Henry Tatnall (1855-1939). When Tatnall became treasurer of the Pennsylvania Railroad in 1901, he called on Schiff to handle its financing. As a board member of National City Bank, the bank associated with the Rockefeller family, Schiff came to know the bank's president, James Stillman (1850-1918), who played a major role in financing the Union Pacific and other railroads.⁴³

Schiff's position on various boards sometimes drew public scrutiny. For example, his association with the Equitable Life Assurance Company was viewed as problematic by some. Schiff served as a director of Equitable Life Assurance Company from 1893 until 1905, during which time Kuhn, Loeb sold railroad securities, at a profit, to Equitable. Though Schiff sought legal advice during his dealings with Equitable, and never monopolized its purchase of securities nor profited unduly from the transactions, Schiff and Kuhn, Loeb became enmeshed in a widely publicized state investigation of Equitable's management in 1905. Schiff's forthright public testimony preserved his reputation, but he and Kuhn, Loeb suffered negative publicity in the course of the investigation. For the first time, the public learned about the enormous volume of trade that Kuhn, Loeb handled. From 1900 to 1905, Kuhn, Loeb sold \$1.75 billion worth of securities (\$1.75 billion in 1905 is equal to approximately \$44.7 billion in 2010).⁴⁴

Roosevelt's aggressive regulation of business, together with market uncertainties, helped trigger the Panic of 1907. In response, Morgan and Schiff banded together to help rescue an uncertain economy.

42 "Wall Street Was Taken By Assault," *New York Times*, May 12, 1901, 3; *Northern Securities Co. v. United States*, 193 U.S. 197 (1904); Albro Martin, *James J. Hill and the Opening of the Northwest* (New York, 1976), 496-520.

43 Adler, *Jacob H. Schiff*, vol. 1, 77; "Jacob H. Schiff Returns; Expansion in Germany Due to Government Aid to Trade, He Says," *New York Times*, August 27, 1911.

44 Adler, *Jacob H. Schiff*, vol. 1, 185-94; Birnbaum, *Our Crowd*, 328-29.

Their efforts won them little public favor, however. Whereas Morgan and Schiff saw themselves as serving the greater good, the public perceived them, and other bankers, as the problem, not the solution. Fed by muckrakers' reports, public opinion lashed out against the so-called Money Trust. In response, Congress held investigatory hearings. The Pujo hearings, named after Congressman Arsène Pujo (1861-1939), chairman of the House Banking and Currency Committee, lasted from May 1912 through February 1913. Targeting Morgan but also including Schiff and Kuhn, Loeb in its investigation, the committee's counsel, Samuel Untermyer (1858-1940), sought to expose American bankers' anti-competitive behavior.⁴⁵ Schiff was called to Washington to testify. Answering evasively, Schiff appeared defensive and guarded in his responses. He admitted that New York City banking resources had become concentrated, that Kuhn, Loeb had handled Union Pacific securities issues exclusively for at least ten years in the absence of competitive pricing, and that his firm and Morgan did not venture into each other's territory. Untermyer's intense questioning of Morgan and Schiff also focused a spotlight on Wall Street bankers' ties with the industries they financed. Progressive lawyer Louis Brandeis (1856-1941) later wrote *Other People's Money*, which defamed Kuhn, Loeb for the fees and commissions it earned during its reorganization of Union Pacific Railroad.⁴⁶

After the publication of the Pujo Committee Report, Congress passed the Federal Reserve Act of 1913, which called for the creation of the Federal Reserve Bank. Schiff campaigned for the bank, arguing that a central bank and currency reform would improve America's economic system. Periodic economic panics might be avoided if the U.S. took appropriate action, Schiff insisted. In three speeches before the New York State Chamber of Commerce in 1906, Schiff had recommended the establishment of a central bank, like the Bank of England, to remedy America's inelastic currency problems. Schiff's crusade for a central bank, waged simultaneously by his brother-in-law Paul Moritz Warburg (1868-1932), led to the creation of the Federal Reserve Bank in 1914 and to Warburg's appointment to the bank as its only German-born member.⁴⁷

The Woodrow Wilson administration also pushed for additional legislation to regulate and control banking and limit business combinations. In 1914, Congress passed the Clayton Antitrust Act and President Wilson signed it into law, prohibiting horizontal restraints on trade and interlocking directorates. Schiff was forced to change

45 Hawkins, Richard, "Samuel Untermyer," in *IE*.

46 U.S. Congress, House, "Report of the Committee Appointed Pursuant to House Resolutions 429 and 504 to Investigate the Concentration of Control of Money and Credit" (Washington, DC, 1913), 102, 104-106; Cohen, *Jacob H. Schiff*, 30-32; "Schiff to Testify," *New York Times*, December 8, 1912; "\$25,000,000,000 Resources Represented in 180 Men," *New York Times*, December 19, 1912; "Schiff Believes in Individual Concentration," *New York Times*, January 17, 1913, 1.

47 Adler, *Jacob H. Schiff*, vol. 2, 277-88.

the way that he did business. The interlocking directorates and holding companies that Schiff favored to limit ruinous competition and promote profitability had become illegal.⁴⁸

Schiff combined business with conscience when he elected to finance loans that enabled Japan to defeat Russia in the Russo-Japanese War of 1904-05. At the start of the war, Japan was widely perceived as the weaker of the two parties, but Schiff disliked Czarist Russia, which continued to persecute Jews. He therefore decided to arrange loans for Japan, knowing that Kuhn, Loeb might profit at the same time. Working with Ernest Cassel in London, Schiff secured English bankers' cooperation. He won support from American bankers as well, and included German investors in subsequent war loans. His efforts won him the gratitude of the Japanese government and people. Feted in Japan in 1906, he dined with the emperor, a rare invitation for a Westerner.⁴⁹

Schiff was also very interested in opportunities in China; he worked with the State Department to participate with Morgan in a syndicate to invest in China. Diversifying into central and South America, Schiff and Kuhn, Loeb financed businesses throughout the western hemisphere.⁵⁰

Social Status and Personality

Anti-Semitism was pervasive in New York City during Schiff's lifetime. By necessity, Schiff had to work for a German-Jewish banking firm; no other banking firm would have employed him. Morgan, for instance, referred to Schiff as "that foreigner."⁵¹ His bank did business with Kuhn, Loeb only reluctantly until the early 1900s, at which point they cooperated more readily. Schiff, sensitive to his social position vis-à-vis Morgan, avoided antagonizing him. J.P. Morgan would not socialize with Jews. Morgan, whose favorite hobby was sailing, famously said: "You can do business with anyone, but only sail with a gentleman."⁵² After John Pierpont "Jack" Morgan (1867-1943) succeeded his father as head of the Morgan firm, Schiff became more forthright in his dealings. For instance, Schiff demanded an explanation from Jack Morgan after he left Kuhn, Loeb out of an Erie Bonds syndicate.⁵³

As a German banker of the Jewish faith, Schiff served on civic boards and charities with American Protestant businessmen and philanthropists as well as German and Jewish men, but he socialized primarily

48 Clayton Act, <http://www.stolaf.edu/people/becker/antitrust/statutes/clayton.html> (viewed August 12, 2012).

49 "Mr. Schiff on Japan's Loan," *New York Times*, May 18, 1904; "Jacob H. Schiff Going to Japan," *New York Times*, January 7, 1906; "Harriman and Schiff Dine Japan's Financier," *New York Times*, January 10, 1906.

50 Cohen, *Jacob H. Schiff*, 33-36.

51 Cohen, *Jacob H. Schiff*, 24. Comp. Susie J. Pak, *Gentlemen Bankers: The World of J.P. Morgan* (Cambridge, MA, 2013), esp. chapter 3.

52 *Ibid.*, 14.

53 Jacob Schiff to Mortimer Schiff, March 23, 1915, Jacob Schiff Papers.

with other German Jews. New York City establishment social clubs did not admit Jews, so they formed their own clubs. One would not have expected the Morgans to invite the Schiffs to their home, though they might meet together at the Waldorf Astoria Hotel for charitable fundraisers. The pages of the *Social Register* offer ample evidence of the anti-Semitism that prevailed in New York society at the time. Although Schiff was among the wealthiest men in New York, the *Social Register* excluded him. Most non-profit institutions denied him a seat on their boards despite his munificent donations to the arts, museums, libraries, and colleges.⁵⁴

A man guided by strong principles, Schiff addressed anti-Semitism where he thought he could make a difference. For instance, when the episcopal bishop of the New York diocese, Henry C. Potter (1835-1908) in a letter to Schiff, remarked that prejudice against Jews derived from the dishonesty of Jewish Wall Street bankers, Schiff responded with a four-page letter that showed that Jewish firms on Wall Street were *more* honest than others.⁵⁵ On another occasion, he took issue with a comment by his friend Charles Eliot (1834-1926), president of Harvard University, about international Jewish banking ties.⁵⁶ On principle, Schiff refused to do business with anyone who publicly disparaged Jews, and he turned down business opportunities even when this entailed financial loss. He would not join the Reading Railroad syndicate in 1887, for example, “though it offered a sure profit,” because the Reading’s president had publicly insulted Jews “in a very vulgar manner.” Kuhn, Loeb repeatedly rejected Reading Railroad business. “I should be ashamed before myself and my children if I acted otherwise,” Schiff explained.⁵⁷

Schiff’s principles cost Kuhn, Loeb all underwriting business with Russia at a time when other firms participated without compunction. Because of Czarist persecution of Jews, Schiff prohibited Kuhn, Loeb from lending to Russia. He was indignant when Jewish bankers Rothschild and Bleichröder undertook large Russian financial transactions, but he did not depart from his position. During World War I, Schiff contended with anti-German sentiments, and his failure to extend loans to Russia (which, together with France, Britain, and later the U.S., opposed Germany and the other Central Powers in the war) only made matters worse. Still, he remained unrelenting and chose to follow his conscience rather than offer support to Czarist Russia. In 1915, when Morgan led American bankers in providing funds for the Allied war effort, Kuhn, Loeb declined to participate after it became

54 Cohen, *Jacob H. Schiff*, 53-54.

55 Jacob Schiff to Bishop Potter, January 18, 1898, Jacob Schiff Papers.

56 Jacob Schiff to Charles Eliot, March 14, 1917, Jacob Schiff Papers.

57 Jacob Schiff to Ernest Casel, March 6, 1888, Jacob Schiff Papers.

known that Britain's Lord Chief Justice, Rufus Isaacs (1860-1935), refused to limit Russian access to Allied loans. Kuhn, Loeb faced public criticism as a result of their abstention, but Schiff and the firm responded creatively by underwriting humanitarian loans, including a 50-million-dollar loan to Paris, France (approximately \$1.12 billion in 2010). The loan was to alleviate suffering by funding hospitals, orphanages, and providing aid to widows and the unemployed.⁵⁸

Schiff married American-born Therese Loeb (1854-1933), a daughter of his partner Solomon Loeb, in 1875. Their marriage followed a pattern common among European banking families: business and family were united; capital was preserved. Jacob and Therese Schiff had two children, Frieda (1876-1958) and Mortimer (1877-1931). Mortimer was groomed for partnership in Kuhn, Loeb. His education and training, carried out under his father's rigid guidance, offers evidence of Schiff's own uneven assimilation. Mortimer attended a private school for German-Jewish boys in New York City. Upon Mortimer's graduation, Schiff, who believed that his son was not yet ready for college, tried to secure a place for him at Groton, a largely Episcopal college preparatory boarding school. When Groton refused to waive its requirement that young men participate in religious training, Schiff sent his son to college. He chose Amherst College rather than Harvard University, despite Mortimer's clear preference for the latter. Schiff did so because he believed that a climate of frivolous dissipation prevailed at the Ivy League university. In the end, Schiff pulled Mortimer out of college altogether, despite his fine academic record. This decision was motivated by Schiff's desire to see his son educated in the German manner, that is, by means of apprenticeships. Instead of attending German universities, as wealthy Americans might, Mortimer learned the railroad business from railroad magnate James J. Hill in the American Northwest and then learned banking in London under the tutelage of Schiff's German-born friend, the financier Ernest Cassel.⁵⁹

Schiff's daughter, Frieda, was sent to Brearley, New York City's finest academic school for girls. She may have been the first Jewish student accepted by that exclusive school. On a visit to Frankfurt, she met and later married German-born Felix Warburg (1871-1937), son of Schiff's former employer, M. Warburg of Hamburg. Felix moved to New York and became a partner in Kuhn, Loeb. He participated actively in the Schiff family tradition of philanthropy as well. Felix's brother Paul (1868-1932) soon married Jacob Schiff's young sister-in-law, Nina

58 "Kuhn, Loeb to Lend \$50,000,000 to Paris; Loan 'to Alleviate Suffering' Arranged for City that Never Borrowed Outside France," *New York Times*, September 28, 1916.

59 Cohen, *Jacob H. Schiff*, 4, 6, 13.

Loeb (1870-1945). He also moved to New York and joined Kuhn, Loeb. From 1916, Paul Warburg served on the Federal Reserve Board, founded in 1914, thanks to the crusade that he and Schiff waged on behalf of a U.S. central bank and currency reform. Though the young Schiffs, Loeb, and Warburgs all married German bankers' children in America, each marriage was reportedly a love match and not an arranged union. It is likely that the children were keenly aware of the expectations that came with their role as scions of banking families. Other partners in Kuhn, Loeb also entered into suitable marriages that united business and family. Throughout Schiff's lifetime, the leadership of Kuhn, Loeb was made up entirely of German immigrants or the children of German immigrants.⁶⁰

A patriarch in the traditional German mold, Schiff headed a close-knit family whose wellbeing and continued adherence to American, German, and Jewish values was critical to him. His letters to close associates are replete with details of his family life. After his responsibilities at Kuhn, Loeb lessened somewhat, it seemed that he was always departing for or returning from a vacation with children and grandchildren. These were the times that he valued most. Apparently, Schiff was known as a somewhat tyrannical presence in his family. Like his own overbearing, Schiff demanded that his wife and children perform to his expectations. He transmitted his values of hard work, frugality, charity, and communal responsibility to his children and grandchildren.

Schiff's ongoing use of German reflected his love for the language and culture of his homeland. Schiff corresponded with friends and associates in German and spoke German with his family as well. Before World War I, many Americans held the German language and German culture in high esteem. With the advent of war, however, speaking German became cause for suspicion, and Schiff refrained from using it in public. Schiff's language skills helped him to develop and maintain European business connections and to keep in touch with German family members. Schiff also used written English well, and he was known for his elegant, articulate letters to presidents, policy makers, colleagues, and newspaper publishers, among others. Nevertheless, his spoken English was always marked by a strong German accent.

Schiff always maintained his dedication to Judaism but modestly Americanized his expression of faith. Orthodox in Germany, he affiliated

60 Ibid., 6-7.

with Reform Judaism in New York City, where he joined two prominent congregations of Jews who mostly hailed from German lands. He tithed while still a young man, not waiting to accumulate wealth before beginning his charitable endeavors. He scheduled lunch meetings on the Sabbath when necessary, an accommodation that conflicted with traditional Jewish observance. At the same time, he worked hard to maintain the traditions of his German-Jewish background. Schiff prayed daily. He brought his family together for Friday night Sabbath observance. Schiff refused to let business interfere with religious observance, and he encouraged his family as well as Jews with whom he did business to be respectful of religious observance.⁶¹

As an American Jew, Schiff often broke new ground in his business and charitable work. For example, in 1898, he was elected vice president of the New York Chamber of Commerce, becoming the first Jew to hold an office in that organization. Thanks to his White House connections, he was asked to recommend a Jew for a cabinet position, another first.⁶²

As a community leader, Schiff embodied a typology of responsibility that he had first encountered in Frankfurt's Jewish community. It had been the tradition in Germany for Jews to belong to a *Gemeinde*, or community, that assumed responsibility for the social welfare and education of the Jews in that community. In America, Schiff acted as a community leader to secular as well as Jewish constituencies.

Although Jewish life in America was centered on synagogues, Schiff became a kind of lay leader of the Jewish community beyond the boundaries of synagogue life. In many instances, Schiff worked independently to advance his charitable activities on behalf of Jews in America, Russia, and worldwide. He spoke to presidents, lobbied the State Department for action, raised funds, organized committees to distribute relief, and established schools and institutions. His favorite charity was the Montefiore Hospital and Home for the Aged, which he established in 1884 and on whose board he served as vice president from 1885 until his death. Whenever Schiff was in New York, he spent his Sundays visiting with the elderly residents of the Montefiore Home.⁶³

61 Ibid., 6, 100-101; Jacob Schiff Papers, passim.

62 Jacob Schiff to Simon Wolf, October 11, 1916, Jacob Schiff Papers.

63 Cohen, *Jacob H. Schiff*, 64-69.

Schiff assumed responsibility for the care of Russian-Jewish immigrants. He worked to Americanize them while preserving their Judaism, and he invested in communal services to provide them greater access to quality healthcare, housing, education, and recreation. The

Educational Alliance, a community center for immigrant youth in New York's Lower East Side, offered night classes in English and citizenship, providing a pathway to Americanization. Schiff served as its vice president and donated funds in support of it. Schiff also funded the non-sectarian Henry Street Settlement and



Visiting Nurse Service, led by Lillian Wald (1867-1940), a New Yorker of German-Jewish descent. One of the nation's first settlement houses, the Henry Street Settlement offered social services to the poor of New York's Lower East Side. Schiff also helped fund the Hebrew Technical Institute in New York, which had been founded in 1884 by his brother-in-law Morris Loeb (1863-1912) to train men in crafts and mechanics.⁶⁴

Figure 1: Jacob Schiff and New York City Mayor William Gaynor, 1913. Bain News Service. Courtesy of the Library of Congress.

Concerned with immigrant Jews' religious needs, Schiff played a leading role in rebuilding the defunct Jewish Theological Seminary (JTS) as a training ground for Conservative Jewish rabbis and teachers. Recognizing that Russian Jews were abandoning religious observance but were uncomfortable with American Reform Judaism, Schiff tried to create an American form of Judaism that immigrants would find welcoming. He personally funded JTS and took an active role in its administration. His daughter Frieda, who took over her father's seat on the board after his death, donated her Fifth Avenue home to JTS for use as a Jewish museum.

Schiff supported all Jewish denominations, knowing no Jews who were alien. Thus, he funded teachers' institutes not only at JTS but also at Hebrew Union College, training grounds for Reform rabbis and teachers, and Yeshiva University for Orthodox rabbinic training. Similarly, he funded Reform, Conservative, and Orthodox Jewish houses of worship. To bring Jewish learning to the community, he donated America's largest collection of Judaic writings to the New York Public Library and sponsored Judaic libraries at the Library of Congress and Harvard

64 Ibid., 90-95; "Educational Alliance," <http://www.edalliance.org/index.php?submenu=OurHistory&src=gendocs&ref=History&category>AboutUs> (viewed May 12, 2011).



Figure 2: Knitting Class at the Henry Street Settlement, 1910. Lewis Wickes Hine, photographer. Courtesy of the Library of Congress.

University.⁶⁵ Remembering the loneliness of his own early years in New York, Schiff helped establish the 92nd Street Y, a branch of the Young Men's Hebrew Association, to provide cultural, social, and recreational opportunities to foster Jewish continuity.⁶⁶

Always alert to political issues, Schiff took note of increasing

American anti-Semitism toward Russian-Jewish immigrants. The Immigration Restriction League, which was organized by Harvard graduates in 1894 and headed by the president of the Massachusetts Institute of Technology, lobbied nationwide to restrict Jewish and southern Italian Catholic immigration, contending that new immigrants, who apparently also brought crime and idiocy, threatened the American race. Congress responded to public pressure to cap immigration, repeatedly passing restrictions to limit the entry of "new immigrants." Schiff reacted to legislative restrictions on ongoing immigration by reaching out to congressmen and presidents via letters, telegrams, and personal meetings, urging them to keep America's doors open. A patriot and a Jewish communal leader, Schiff engineered the Galveston Movement, which diverted Russian Jewish immigrants away from New York to the Port of Galveston, Texas, from which point they found new homes throughout the south and Midwest. Schiff hoped that this would stem a wave of anti-Semitism that was seemingly fueled by visions of crowded New York City tenements. Mindful of public opinion, Schiff recognized that there would be a time when America's doors would be closed to immigration. Therefore, although he was not a Zionist, he supported the building of institutions in Palestine for Russian-Jewish refugees, contributing generously to Haifa Technikum (later called the Technion), an agricultural experimentation station, and other institutions and public relief efforts in Palestine.⁶⁷

65 Cohen, *Jacob H. Schiff*, 76, 80, 266n104.

66 A plaque in the Lexington Avenue lobby of the 92nd Street Y honors Jacob Schiff's contributions.

67 Cohen, *Jacob H. Schiff*, 153-88.

Unlike Morgan, who shied away from politics, Schiff attempted to reform municipal government and to weigh in on national issues and international affairs. As a businessman, Schiff followed and sought to influence politics, frequently in instances where his clients' investments were at stake. For example, when President Wilson and Congress threatened to take control of the nation's railroads in 1916, Schiff sent Wilson a telegram carefully outlining the problems that government seizure (without accompanying compensation) would pose for investors, who had provided the necessary capital for the railroads. Schiff's business activities gave him access to U.S. presidents and Congressional leaders, and, over time, he used these contacts to promote not only his financial interests but also various social reforms that were dear to him. For example, Schiff sought to help persecuted Russian Jews secure better treatment in Russia and, when that proved impossible, refuge in America.

Foreign contacts also played a key role in Schiff's charitable efforts. Schiff looked to London and Berlin for scientific expertise to help chronically ill patients in the Montefiore Home and Hospital, an institution that he actively supported for thirty-five years. He also helped manage Munich-born and Paris-based Baron Maurice de Hirsch's (1831-1896) efforts on behalf of Russian Jews in America; these efforts centered on industrial education, agricultural colonies, and other philanthropic initiatives on behalf of immigrants.⁶⁸

Recognizing Americans' preference for democratic participation, Schiff participated in the founding of the American Jewish Committee (AJC) in 1906, and increasingly pursued his leadership role in the Jewish community with AJC support. Initially established as a self-defense organization, the AJC fought persecution abroad and at home, quickly expanding its sphere of interest to cover other issues of concern to Schiff.⁶⁹

During World War I and the Eastern European pogroms that followed in its wake, Schiff aided Eastern European Jews and Jews in Palestine through generous donations via American organizations, especially the Joint Distribution Committee. On a different note, Schiff underwrote the construction of Harvard University's Semitic Museum and then sponsored its Near East expeditions, which transformed American research in the area of biblical archaeology.⁷⁰

Schiff also assumed a leadership role in New York City municipal affairs, reforming the government and building civic institutions. For

68 Telegram from Jacob Schiff to President Woodrow Wilson, December 16, 1917, Jacob Schiff Papers; Cohen, *Jacob H. Schiff*, 65-66.

69 Cohen, *Jacob H. Schiff*, 54.

70 Rachel Hallote, "Jacob H. Schiff and the Beginning of Biblical Archaeology in the United States," *American Jewish History*, vol. 95, September 2009, 225-47.

instance, over the course of many years, Schiff played an active role in reformers' efforts to end the Tammany machine's control of New York City government. To achieve this and other reform goals, Schiff participated in the German-American Union of Citizens' efforts to clean up city government and the courts in 1894, the Good Government Club in 1895, the Committee of 70 in 1898, the Committee of 15 in 1902, and the Committee of 9 in 1905. These committees promoted mayoral candidates who sought to overthrow the Tammany machine, fight prostitution, gambling, the police, and corruption, and promote issues benefitting the public welfare. Schiff provided advice and funding to anti-corruption city mayors, including Mayor William Gaynor (1849-1913). Under Mayor William Lafayette Strong (1827-1900), he served on the Board of Education. A believer in civic institutions, Schiff also took leadership roles in the New York Chapter of the American Red Cross, served as treasurer of Barnard College, and made substantial contributions to the New York Public Library, the Metropolitan Opera, the American Museum of Natural History, and the Metropolitan Museum of Art. He also funded a recreation center at Barnard College, on whose board he sat, to mark the fiftieth anniversary of his arrival in America, and he endowed a professorship at Columbia as well.⁷¹

Approximately 5'3" tall and fit, with a closely trimmed beard and moustache, Schiff cut a dignified figure. He carried himself with the reserved bearing of a gentleman and was always elegantly attired. He readily gave money to many in need and encouraged family members to do so as well. His wife Therese occupied herself with numerous charities, and their daughter Frieda carried on the family's philanthropic activities. Mortimer Schiff was an active supporter of many organizations, including the Boy Scouts of America, which he served as president in 1931. Schiff's grandchildren were also schooled in charitable giving from an early age. Schiff avoided ostentation himself and expressed concern whenever he detected it in his family. When his daughter and her husband built a Beaux-Arts style house on Fifth Avenue, he made his disapproval known.

Schiff's sense of social justice, together with his concern for labor relations, prompted him to align with workers and union activists. He supported efforts to restrict child labor, limit women's work hours, and improve work conditions. In 1893, he worked for passage of a New York state law to regulate child and women's labor. He tried to

71 "United for Better Government," *New York Times*, March 22, 1894, 8; "Watchers at the Polls," *New York Times*, October 27, 1895; "City Farms on Vacant Lots," *New York Times*, April 12, 1897; Louis Pink, *Gaynor, The Tammany Mayor Who Swallowed the Tiger: Lawyer, Judge, Philosopher* (New York, 1931), 220.

provide assistance to unemployed workers through government job-creation measures to improve municipal infrastructure — a move that anticipated the later initiatives of Franklin Delano Roosevelt’s New Deal. After the Triangle Shirtwaist Factory fire in 1911, Schiff helped organize and manage a Red Cross fund for the victims’ families, and he presided over a mass meeting organized by the pro-union Women’s Trade Union League to win better fire protection for factory workers. When garment workers walked out on strikes, he tried to mediate their disputes, while also working to improve tenement living conditions.⁷²

Schiff took part in efforts to end World War I, hoping to bring peace to the belligerents and forestall a lengthy battle. Part of his plan was to marshal American public opinion behind peace and to impress Americans’ wishes upon the warring powers. He also wanted the U.S. to refuse to provide munitions to anyone. Finally, he envisioned that peace would be negotiated with the help of the U.S. and without any power being victorious. Schiff’s effort to take no side except that of peace offered an attractive, though unrealistic, plan for a nation divided among ethnic groups.⁷³

Schiff provided strong financial and public support for African-American education and civil rights. Schiff was an early member of the governing committee of the National Association for the Advancement of Colored People (NAACP), which was founded in 1910.⁷⁴ His generous contributions enabled the organization to meet its budget during its initial years. When President Wilson initiated the segregation of the federal civil service, Schiff joined in the NAACP’s 1913 letter-writing campaign to try to persuade the president, whose presidential campaign he funded, to revoke his policy. Schiff willingly addressed participants in NAACP conferences, where his presence boosted the fledgling organization’s attendance. In 1919, Schiff signed the call for the First National Conference on Lynching and The Address to the Nation on Lynching.⁷⁵ Schiff donated funds to Booker T. Washington’s Tuskegee Institute, which was dedicated to African-American education, and supported other schools for Southern blacks.⁷⁶

Immigrant Entrepreneurship

While ethnicity created certain opportunities for Schiff, it also closed the doors to others. As a German of Jewish faith, Schiff succeeded in an American Protestant business environment. Schiff refused to violate

72 “Our New York Weekly Bulletin,” *Reform Advocate*, April 8, 1911, 285; “Domestic News,” *Reform Advocate*, April 22, 1911, 371; Adler, *Jacob H. Schiff*, vol. 1, 291-98.

73 Charles Eliot, *The Road Toward Peace* (Boston, 1915), 144-46.

74 W.E.B. DuBois, ed., *The Crisis* 1, no. 1 (November 1910): 12. Subsequent issues of *The Crisis* also list Schiff as a member of the organization’s committee.

75 *Annual Report of the National Association for the Advancement of Colored People* (New York, 1920), 94.

76 Hasia Diner, *In the Almost Promised Land: American Jews and Blacks, 1915-1935* (Westport, 1977), 120, 125, 151, 168, 174, 188; Adler, *Jacob H. Schiff*, vol.1, 314-18.

Jewish religious observance, even when doing so resulted in business losses. Despite his religion, Schiff's honesty, integrity, knowledge of the railroad business, and successful marketing of debt securities won him a loyal following among the leading American railway entrepreneurs, including Alexander Cassatt (1839-1906) and Samuel Rea (1865-1929) of the Pennsylvania Railroad, Edward H. Harriman of Union Pacific, and James J. Hill of Great Northern Railroad.

Ethnic solidarity provided leads to potential banking contacts in New York and Europe: men who, like Schiff, were excluded from positions with established Protestant banking houses. As discussed above, Schiff started out with the help of German immigrant bankers, including William Bonn, Leo Lehmann, and Henry Budge. German Jews in Europe who managed investments in commercial paper formed the core of Schiff's expanding network at a time when Gentile and Jewish bankers did not mix. Among those already referenced, Schiff worked closely with Ernest Cassel in London, who advised British investors, including King Edward VII, and Édouard Noetzelin of Paris, who became honorary president of the Banque de Paris et des Pays Bas and opened the French market to American railroad securities. Family marriages with the Hamburg-based Warburgs gave Kuhn, Loeb a valuable link to German banking. The fact that brothers Felix and Paul Warburg decided to relocate to New York after marrying into the Schiff-Loeb family is evidence of Kuhn, Loeb's reputation in the international world of finance.⁷⁷

Some business networks were neither ethnic nor national in origin. Schiff also had diverse long-term friendships that developed from his business and, in turn, nurtured it. Schiff welcomed relationships with non-Jews and non-Germans and sought them out.⁷⁸ Fleming was one of the men whom Schiff befriended and did business with over a lifetime; another was Baron Takahashi. Edward Baring, the later Lord Revelstoke (1828-1897) of London's Baring Brothers & Co. cooperated in many transactions with Schiff. In America, Schiff became close friends with and adviser to many railroad and banking leaders. Harriman was an intimate as well as a business associate. Hill's friendship with Schiff began in 1886. Rea, Cassatt, and Stillman called Schiff a friend. Seth Low (1850-1916), mayor of New York and president of Columbia University, and Charles Eliot, president of Harvard University, were also among Schiff's friends.⁷⁹

Schiff successfully Americanized and yet always retained his identity as a German and a Jew. Within two years of becoming a citizen, Schiff

77 Adler, *Jacob H. Schiff*, vol. 1, 13; Ron Chernow, *The Warburgs: The Twentieth-Century Odyssey of a Remarkable Jewish Family* (New York, 1993).

78 See Jacob Schiff to Ernest Cassel, May 28, 1883, Jacob Schiff Papers. In his letter, Schiff specifically seeks an *English* [emphasis in original] firm to serve as Kuhn, Loeb's agent in London.

79 Adler, *Jacob H. Schiff*, vol. 1 and 2, passim.

joined the New York State Chamber of Commerce, where he developed business connections and pursued philanthropic endeavors. He remained active in the Chamber of Commerce throughout his lifetime. Schiff was among the founding members of the American Red Cross and served as treasurer of the New York branch. These iconic American business and charitable organizations offer evidence of his integration into American business life.

Although Schiff was patriotically engaged in American civic life, he always maintained close ties to Germany. His extended family lived in Germany; he made at least twenty trips to Europe over the course of his lifetime. He valued German culture. After making a \$100,000 gift (approximately \$2,320,000 in 2010) to Cornell University to endow German studies in 1912, Schiff funded the Amerika-Institut at the University of Berlin in 1913 — two signature efforts to develop and reinforce ties between Germans and Americans. In 1914, Schiff joined with Frankfurt citizens to found the University of Frankfurt, then Germany's only civically funded university.⁸⁰

Schiff combined an enduring love for the land of his birth with American patriotism. On the occasion of his daughter Frieda's religious confirmation, Jacob and Therese Schiff donated Jewish ceremonial objects adorned with an American flag and an American eagle, reflections of their patriotism, to New York City's Temple Emanu-El. In a symbolic fusion of Schiff's American patriotism and German heritage, the ceremonial objects were made by Silberwarenfabrik Lazarus Posen Witwe, a firm based in Frankfurt and Berlin.⁸¹

World War I challenged Schiff to choose between his German and American loyalties. Before America joined the war effort, Schiff campaigned for peace. In 1916, Schiff joined with others to lobby for a negotiated peace among the warring nations. A lifelong Republican, Schiff supported Wilson in 1916, trusting that Wilson would keep America out of the war. Although Kuhn, Loeb did not participate in Allied loans before America's entry into the war Kuhn, Loeb sponsored French municipal loans for humanitarian purposes and sought to fund German municipal loans as well; however, the Federal Reserve Board banned the German loans. During the war, Schiff was careful to accommodate anti-German sentiments. He refrained from speaking German with his family in public. He modified the terms of his endowment to Cornell, supplanting German studies with modern language studies. His modest peace efforts reflected not only his abhorrence of war but also his love for the

80 "Schiff Gives Cornell \$100,000," *The Penn Germania: A Popular Journal of German History and Ideals in the United States*, vol. 1, January 1912, 66-68.

81 "Therese Loeb Schiff," Jewish Women's Archive, <http://jwa.org/encyclopedic/article/schiff-therese-loeb> (viewed May 12, 2011); "Emanuel from Past to Present," <http://www.emanuelnyc.org/timeline.php> (viewed May 12, 2011).

land of his birth and the nation where his extended family still lived. When the U.S. entered World War I, Schiff set aside his campaign for peace and made clear that he supported his adopted country. Schiff invested heavily in U.S. Victory Bonds; at the time of his death, he owned Liberty bonds valued at \$6,395,970 (approximately \$69,600,000 in 2010).⁸²

Conclusion

Jacob Schiff, ambitious to make a future for himself in post-Civil War America, became one of this nation's leading investment bankers. Building upon his European contacts, family, and ethnic networks, he syndicated loans for every railroad in America, contributing to the successful industrial expansion and development of his adopted country. Over the course of his lifetime, he managed loans to governments and businesses worldwide. Schiff built Kuhn, Loeb & Company into America's second largest investment banking firm. As a philanthropist, he continued the German-Jewish tradition of communal welfare, proving his loyal citizenship through contributions to American civic, cultural, and educational institutions that served every race and religion. He also took a lead in efforts to reform municipal government in New York City.

First, Schiff personally learned the business of the railroads before selling their debt issuances. He obtained seats on their boards of directors or served as an advisor to management, overseeing their fiscal affairs. He traveled their routes, studied their equipment, and assessed their competition. He became friends with their presidents. He practiced the same careful tactics with every investment that he pursued to ensure that it was properly managed. Schiff won clients because he carefully tended their investments.

Second, Schiff personally apprised European investors of political and economic conditions that promised to have an impact on their American investments; he did this primarily through frequent correspondence and personal visits. Third, Schiff became known for his sound judgment. Financial writer Bertie C. Forbes opined that Kuhn, Loeb "issued more good investments and fewer bad ones than any other banking concern in America."⁸³ Finally, Schiff personally observed the motto that he drummed into his partners: "Our only attractiveness is our good name and our reputation for sound advice and integrity."⁸⁴

82 "Jacob H. Schiff Left \$34,426,282 Estate," *New York Times*, March 3, 1922, 1.

83 Forbes, *Men Who Are Making America*, 328.

84 Birnbaum, *Our Crowd*, 179.

Schiff was a strong believer in the German model of integrated business, and he attempted to convince Americans that it would result in greater national prosperity. Despite his political influence, his message failed to sway politicians, and he could not forestall government regulation of business practices. He preached an unpopular sermon to a skeptical public during the Progressive era, when Wall Street bankers and railroads earned the wrath of the public.

As a philanthropist, Schiff built institutions that advanced his ideals and social values, and he persuaded his family to continue the charitable efforts that he initiated, at least into the next generation. But he could not bequeath his leadership abilities or his dedication to community nor could he permanently arrest the appeal of assimilation.

Bernice Heilbrunn is a Lecturer in Jewish Studies at the University of Houston, where she recently earned her Ph.D. in U.S. history. Her dissertation, “Faith as Motive for Reform: Emil G. Hirsch and Chicago Jewish Progressives,” examined Hirsch’s transnational roots and his focus on social justice. She has a B.A. and M.A. in History from Harvard and a J.D. from Harvard Law School. Her special interests are German-Jewish and American-Jewish history.

MAKING ENTERTAINMENT AMERICAN: FLORENZ ZIEGFELD JR.

Heather Hester

Florenz Ziegfeld Jr. is recognized as an “American” icon who fundamentally changed show business in the United States. He established the modern Broadway show, used standardized beauty as an integrative marker of a rapidly changing immigrant society, and was fundamental for building American global leadership in entertainment. Beginning as a middle-class entertainment manager of German heritage, he combined the allure of fin-de-siècle European metropolitan culture with the needs and desires of the multicultural American nation. His shows mixed the popular appeal of vaudeville with seductive nudity while asserting an artistic appeal that made them acceptable to growing middle-class audiences. Despite drawing on various European theatrical traditions and frequently employing European talents, he produced an increasingly standardized “American” product that, in some ways, prefigured the Hollywood stars of the interwar period.

As such, Ziegfeld became a “glorifier of the American girl,”¹ who set show business trends for over three decades. He was among the impresarios who made the early twentieth-century Broadway theatre industry; his shows and publicity stunts challenged the moral code of late-Victorian era America, and toward the end of his career, he helped pave the way for the musical film as a Hollywood genre. His “Ziegfeld girls,” sophisticated though somewhat naughty showgirl beauties with ornate costumes and lavish headdress became American cultural icons of the early twentieth century, embodying at once consumerist desires for commodified femininity and the bold independence of the emerging New Woman.

As a producer, Ziegfeld was highly successful. His fortune of millions allowed for a legendarily extravagant lifestyle, which proved opportune for his business. Praised for his ability to find new talent, to produce stars, and market dream worlds for the masses, his career is an example of the rising American culture industry that had global impact: “Mr. Ziegfeld, in the course of any year, sees and appraises the beauty of the most beautiful girls of America, for the same reasons that Mr. Heinz views and chooses America’s most nearly perfect pickles.”²

1 “Florenz Ziegfeld Dies in Hollywood After Long Illness,” *Associated Press*, July 23, 1932.

2 James Whittaker, “Extra! A Ziegfeld Follies Girl Need Not Be a Raving Beauty,” *Chicago Daily Tribune*, March 26, 1922.

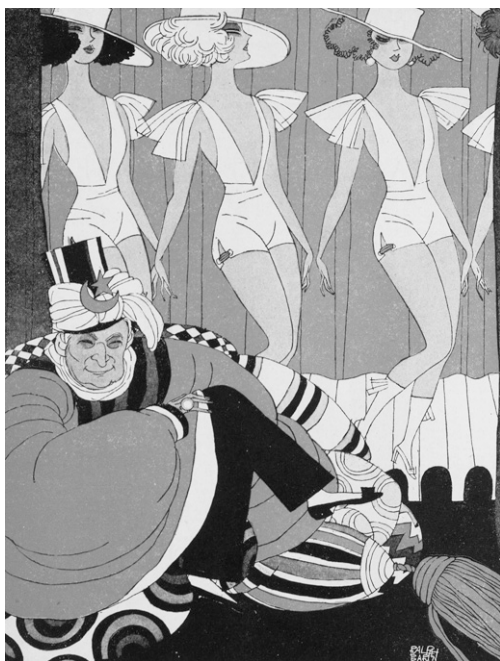


Figure 1: Caricature of Ziegfeld as “Florenzo the Magnificent,” 1923. From *Judge*, June 2, 1923. Courtesy of the Library of Congress.

Family and Ethnic Background

Florenz “Flo” Ziegfeld Jr. was born in Chicago in 1867, March 21, to Dr. Florenz [Florence] Ziegfeld Sr. (1841–1923) and Rosalie de Hez (1850–1932). The father of the future famed producer was a native of Jever in the Grand Duchy of Oldenburg, Germany. After earning a degree at the Leipzig Conservatory of Music, Ziegfeld Sr. felt that his skills would be better utilized in America, where fewer music institutions had been established. In November of 1863, he immigrated to United States and made his home in Chicago, with its thriving German-American community. There he began his career as a music instructor.³ The demand for his skillful instruction was high, and he soon saw the need for other accommodations and additional resources for his students.⁴ By 1867, he had founded the

Chicago Musical Academy, renamed the Chicago Musical College in 1872. Originally housed in the Crosby Opera House, it was an internationally acclaimed institute of music over which Dr. Ziegfeld presided until 1916. After Chicago’s Great Fire of 1871 destroyed the establishment, it was reopened in the Central Music Hall.⁵ During his career, Dr. Ziegfeld brought many famous European masters to the U.S., among them Johann Strauss, Emile Suaret, and William Castle. In 1872, one year after the Franco-German war, he assembled the world’s most famous military bands from France, Germany, and Britain at the Boston peace jubilee.⁶

In 1865, Dr. Florence Ziegfeld, a burgher in Germany, met and soon married Rosalie de Hez, a French immigrant of a slightly higher station than her betrothed; she “claimed a most distinguished grand-uncle, the count Étienne-Maurice Gérard, one of Napoleon’s

3 Passport Application, 1871, roll 171, and Passport Application, 1899, roll 535, in Passport Applications, 1795–1905, ARC Identifier 566612 / MLR #A1 508, NARA Series M1372, available online through Ancestry.com (accessed May 18, 2011); Ethan Mordden, *Ziegfeld: The Man Who Invented Show Business* (New York, 2008), 7; W.S.B. Mathews, ed., *A Hundred Years of Music in America: An Account of Musical Effort in America* (Chicago, 1889), 482; “Florenz Ziegfeld Is Dead In Chicago,” *Washington Post*, May 21, 1923.

4 Mordden, *Ziegfeld*, 8; U.S. Federal Census, 1880, Census Place: Chicago, Cook, Illinois; Roll: 193; Family History Film: 1254193; Page: 643D; Enumeration District: 109; Image: 0209; copy

on <http://www.ancestry.com> (accessed May 18, 2011).

5 Mordden, *Ziegfeld*, 11; Robert McColley, “Classical Music in Chicago and the Founding of the

Symphony, 1850–1905,” Illinois Historical Journal 78:4 (1985): 289–302, 291.

6 “Florenz Ziegfeld, Master of Music. Claimed by Death,” *Bridgeport Telegram*, May 21, 1932.

generals.” In two years’ time, Florence and Rosalie welcomed their first-born child, Florenz Edward Ziegfeld Jr.⁷ Carl, who would remain more loyal to his role in the Musical College than his elder brother, was the next born (1869-1921), followed by William (1872-1927), then daughter Louise (1875-1940) — each approximately three years apart in age.⁸ Raised in Chicago, the booming American metropolis in the late nineteenth century, the young Florenz Ziegfeld was at no loss for German influence. The family was among “the largest ethnic group in the city,” and very nearby Milwaukee was “a German colony in all but name.”⁹ Perhaps most consequential though, was the German influence of his father and his family. According to the U.S. Federal Census of 1880, the Ziegfeld household became home to extended German family, namely the paternal grandparents, Florence (1808-1882) and Louisa Ziegfeld (1810-1896), who had followed their son to his newfound homeland.¹⁰

Father Florence, in addition to his musical college, was, in 1872, at the forefront of the pursuit to establish Chicago’s Wagner Verein and reportedly had been a student of Richard Wagner himself.¹¹ Ziegfeld Sr. worked closely with German Chicago Symphony Orchestra director, Theodore Thomas (1835-1905), and had a deep appreciation of German composition, which he extended to his children. He educated Flo and his siblings in the music of “Beethoven, Schumann and Bach.”¹² Taught to play the piano and trained in the musical arts, however, it is said of Florenz Ziegfeld, Jr. that for “all the Beethoven and Schubert that filled his ears in youth, he developed no interest in classical music.”¹³ Instead, it was popular variety shows such as Buffalo Bill’s Wild West Show, where he worked during the mid-1880s, which captured the imagination of young Ziegfeld.

Florenz Ziegfeld’s name was quite possibly the part of his persona which most closely resembled his father, as they differed in all matters of behavior and business; yet surely some credit is due Florence Ziegfeld Sr. — “regarded as one of the greatest contributors to the development of art in America,” according to one obituary — for the career of Florenz Ziegfeld, Jr., “the man who invented show business.”¹⁴ Both men were deeply invested in music and musical performance, but where Florence Sr. championed the bourgeois ideal of classical music education, his son would use musical performance to challenge such Victorian culture.

Still, his father also introduced Florence, Jr. to the world of commercial musical entertainment — if perhaps unwittingly. Named

7 Ibid.

8 “Carl Ziegfeld, Head of Musical School, Is Dead,” *Chicago Daily Tribune*, August 8, 1921; US Federal Census, 1880.

9 Mordden, *Ziegfeld*, 7-8.

10 US Federal Census, 1880.

11 “The Wagner Verein,” *Chicago Daily Tribune*, Oct. 29, 1872; “Florenz Ziegfeld [Sr.] Is Dead In Chicago.”

12 “Florenz Ziegfeld Dies in Hollywood.”

13 Mordden, *Ziegfeld*, 9.

14 “Florenz Ziegfeld [Sr.] Is Dead in Chicago”; Mordden, *Ziegfeld*.

musical director of the 1893 Columbian Exposition, Florence Sr. put his son in charge of finding European musical acts for the struggling Trocadero theatre he had established on the fair site. Instead of the desired classical performers, however, Florence, Jr. focused on low-brow vaudeville and circus acts.¹⁵ As discussed below, this family business helped launch his career as a musical impresario.

Florence soon left the confines of his Chicago family, and it would be a few prominent women in his life that would significantly shape the course of his career. On his journey from a young, middle-class Chicago talent promoter to a famous Broadway producer, Ziegfeld discovered the talented and beautiful vocal actress Anna Held (1872–1918) in London in 1896 while searching for a Parisian beauty to fill a role in one of his upcoming plays. While “Flo” (as he was known to friends) seduced Anna with promises of Broadway fame, she seduced him with her feminine Parisian charm.¹⁶ Though she had been born in Warsaw and raised as Jewish by her French Jewish father and Polish Catholic mother, neither she nor Ziegfeld advertised those particulars when she immigrated to the United States to become a *Parisian* star and Mrs. Florenz Ziegfeld.¹⁷

Held was central to Ziegfeld’s rise as a stage producer. She had already had a successful career in Europe, performing at Berlin’s Wintergarten and headlining shows in Paris and London.¹⁸ In the United States she would become a big star. After rising to fame over the next ten years, then growing weary of life in the limelight, and evermore so of her husband’s more managerial, less companionship role, Held divorced Ziegfeld in 1912.¹⁹ Curiously enough, and despite reports that the two had been married in Paris, it was discovered that in fact Anna Held and Florenz Ziegfeld, Jr. had maintained a fifteen-year companionship — constituting a common-law marriage — but had never in fact wed in an officiated ceremony.²⁰

Ziegfeld’s later expansion from the Broadway stage to the Hollywood movie set was closely intertwined with his relationship to his second wife. Two years after his separation from Held, in April of 1914, Ziegfeld married the much younger Ethelbert Appleton Burke (1885–1970), better known to the public as actress Billie Burke (famous for her role as Glinda, the Good Witch, in the 1939 film *The Wizard of Oz*). Burke, who had studied in London and France and performed in Great Britain and New York, transitioned, like her

15 “Florence Ziegfeld Jr.,” in Jan Pinkerton and Randolph Hudson (ed.), *Encyclopedia of the Chicago Literary Renaissance* (New York, 2004), 390.

16 Charles Higham, *Ziegfeld* (Chicago, 1972), 23, 29.

17 Linda Mizejewski, *Ziegfeld Girl: Image and Icon in Culture and Cinema* (Durham, 1999), 55.

18 Eve Golden, *Anna Held and the Birth of Ziegfeld’s Broadway* (Lexington, 2000), 17.

19 “Anna Held Warns Her Husband,” *Boston Daily Globe*, June 26, 1910; “Anna Held Gets Divorce,” *New York Times*, August 22, 1912.

20 “Divorce for Anna Held,” *Boston Daily Globe*, August 22, 1912; Higham, *Ziegfeld*, 44.

newlywed husband, from a theatre career to working in the movie business.²¹ On October 23, 1916, their only child, daughter Florenz Patricia “Patty” Burke-Ziegfeld (1916–2008), was born. Initially announced in the papers before having been named, she was simply called the “newest Ziegfeld beauty.”²² By then, Ziegfeld’s career and personal life were closely enmeshed with the emergence of the early-twentieth-century American entertainment industry, its culture of “stars,” and Broadway or Hollywood productions that would redefine “American” culture by challenging the strictures and stuffiness of the Victorian era. The beginnings of his career, however, were very much steeped in the German-American communities of his Chicago hometown.



Figure 2: Florenz Ziegfeld with his wife Billie Burke (right) and their daughter Patricia Ziegfeld (center). New York World-Telegram and the Sun Newspaper Photograph Collection, Library of Congress. Courtesy of the Library of Congress.

Immigrant Entrepreneurship

Refinement, his father would have argued, was not Ziegfeld Jr.’s forte, but when it came to his renowned — and marketable — eye for entertainment, he was undeniably a virtuoso. Ziegfeld Sr. provided him the first opportunity to prove just that during the 1893 Chicago World’s Fair when Flo took over his father’s private enterprise, The International Temple of Music, located near the family’s entertainment theatre, the Trocadero. The venue originally featured classical performances and ensembles geared to a Victorian middle-class audience. Ziegfeld Sr. booked as entertainment for the World Fair the German-American Women’s Chorus, the German *Liederkrantz*, and the *Junger Männerchor*, and sent his son to find additional talent in New York and Europe. Ziegfeld Jr. scouted the talent scene of his World’s Fair competitors and opted for the more popular appeal of vaudeville and variety acts.

Ziegfeld thus began as a sort of scout or talent agent for his father’s entertainment house. Given a chance to draw larger crowds, Ziegfeld Jr. proved quite quickly that his entertainers could bring great revenue. His first big success was the discovery of German muscle man, Eugene Sandow (1867–1925) in New York. Ziegfeld Jr. convinced Sandow to change managers and they created an immensely popular show to huge crowds of spectators awed by his strength.²³ In 1893, he put the statuesque German model, a native of East Prussia (born Friedrich Wilhelm Müller in Königsberg) on display for audiences, coaching

21 “Billie Burke Weds,” *New York Times*, April 13, 1914; John William Leonard, ed., *Woman’s Who’s Who of America: A Biographical Dictionary of Contemporary Women of the United States and Canada, 1914–1915* (New York, 1914), 147.

22 “Daughter Is Born to ‘Billie Burke,’” *Boston Daily Globe*, Oct. 24, 1916.

23 Richard Ziegfeld and Paulette Ziegfeld, *The Ziegfeld Touch: The Life and Times of Florenz Ziegfeld, Jr.* (New York, 1993), 21–23.

him to strike classical Greek and Roman poses designed to imitate up-market entertainment. According to Sandow, the theatre could hold six thousand spectators, and the house was sold out every night of his performance. He was of slightly over-average stature with a muscular physique of massive proportions, which appealed to the ladies who would pay extra to admire him in his dressing chamber.²⁴

The two having hit it off, “Ziegfeld and Sandow enjoyed the food, the beer, the pretty girls, and the endless evenings in an atmosphere utterly and completely German.”²⁵ After a great success with the Chicago World’s Fair patrons, earning \$30,000 (or \$750,000 in 2010 dollars) within six weeks, the two took the show on the road, with Ziegfeld booking the strong man in major cities nationwide.²⁶ Under Flo Ziegfeld’s management, Sandow’s frequent publicity stunt was to offer \$10,000 (\$250,000) to any member of the audience who could match his strength, naturally unrivaled, and the finale of a performance was often Sandow lifting a dumbbell-shaped pair of baskets, each containing an adult man. Though impressive, this was incomparable to the attraction to which crowds were drawn in San Francisco: a wrestling match between a mitted and muzzled lion and an unarmed Sandow. After two years of these dazzling performances, Ziegfeld had earned a spectacularly impressive name for himself and a quarter of a million dollars (or \$6,700,000 in 2010 dollars).²⁷

Sandow was more than a popular circus act, however, and his success reveals much about Ziegfeld’s sensibility regarding audience desires at the time. Sandow’s act combined physical prowess with the refinement of classical art. His poses recalled those of Greek statues, but his near nudity was always an important part of his attractiveness to audiences. In a way, Ziegfeld began to learn how to sell “sex” to a Victorian era audience, pushing boundaries of the accepted yet legitimizing possible transgressions with references to classical style, artistic refinement, or European extravagance.

Ziegfeld looked repeatedly to Europe for new talent as his career progressed. Sandow parted ways with him after the national tour. The two had tired of one another, Ziegfeld lost his performer, and, as was to be his habit throughout his career, he gambled away much of his fortune. In 1896 Ziegfeld found himself in New York in search of a new show and met comedian Charles E. Evans (1846-1945), whom he convinced to revive his formerly popular and somewhat risqué play, *Parlor Match*. Searching for a female lead, they immediately turned to London where Ziegfeld would find “Parisian” performer Anna Held.

24 Ziegfeld and Ziegfeld, *The Ziegfeld Touch*, 21-23; Eugen Sandow, *Strength and How to Obtain It* (London, 1897), 130-138.

25 Higham, *Ziegfeld*, 15.

26 All financial comparisons are made using the U.S. Purchasing Power Calculator, available at <http://www.measuringworth.com/uscompare/>.

27 John Springhall, *The Genesis of Mass Culture: Show Business Live in America 1840 to 1940* (New York, 2008), 159; Higham, *Ziegfeld*, 14-18; Ziegfeld and Ziegfeld, *The Ziegfeld Touch*, 28.

Anna Held (1873?-1918), who was then approximately twenty-three years old, was the kind of European star Ziegfeld believed Broadway needed. She had begun her career at sixteen as a chorus girl and broke out as a multi-lingual soloist and actress in Paris and London. Persuaded perhaps by more than her talents, Ziegfeld foresaw great success for her so he named the terms: “\$1,500 (\$36,000) a week for five months in New York and on tour in *A Parlor Match* and \$1,000 (\$26,800) to bring her to America.”²⁸ She could not turn down such an exuberant offer, considerably more appealing than her current salary. Held left her life in Europe — and her husband — and followed Ziegfeld to Broadway.

Ziegfeld touted Held’s sex appeal, telling the press and public that she bathed her beautiful skin daily in milk, inviting attention to her allure as an extravagant European lady.²⁹ As one of his obituaries noted, one of Ziegfeld’s most habitual tactics, dating back to his promotion of Sandow, was that of “exhibiting something so nearly perfect that people were attracted by their own desire to admire.”³⁰ Just like Sandow, Held became a new “product” for which Ziegfeld created high demand: “Anna Held’s identity as a European ‘lady’ was the key to marketing her as the secret of white sexuality and to marketing attractive female sexuality as white.”³¹

Anna Held was more than a commodity, to be sure, but had shaped her persona, originally developed in Paris, in her own way. She was a woman who boldly challenged Victorian era gender roles, riding horses astride and bicycles, and was one of the first women to drive and own her own automobile. At the same time, she conveyed sophisticated European naughtiness and flirtation — all of which Ziegfeld cleverly marketed. Thus, a Polish-born Jewish woman from Paris became an idealized figure to appeal to the tastes of a new, emerging American middle-class.

As business developed, Ziegfeld time and again drew on European elements in an effort to find a medium between the opera and the playhouse and to combine the popular appeal of new commercial entertainment such as vaudeville or the nickelodeon with middle-class respectability. His ventures embodied a desire to “elevate the ‘lowly’ Broadway chorus into the realm of upper-class gentility.”³² Much like his father, Florenz Ziegfeld wanted to introduce Europe’s musical culture to the United States, yet he did so in a very different way that drew on the more libertine aspects of the continent’s fin-de-siècle artistic life. His strategy was to package romantic, European

28 “Anna Held Dies After Gallant Fight for Life,” *Chicago Daily Tribune*, August 13, 1918; Higham, *Ziegfeld*, 19–20, 23, 29.

29 Springhall, *The Genesis of Mass Culture*, 160; Louis Pizzitola, *Hearst Over Hollywood: Power, Passion, and Propaganda in the Movies* (New York, 2002), 186.

30 “Florenz Ziegfeld Dies In Hollywood.”

31 Mizejewski, *Ziegfeld Girl*, 55.

32 Springhall, *The Genesis of Mass Culture*, 159.

appeal into innovative American stage productions. As late as 1904, the *Washington Post* reported that “Mr. Ziegfeld has gone to Europe, where he will keep his eyes open for any novelties that may add to the gayety of New Yorkers during the coming season.”³³ Such nods to European culture — advertising Anna Held, a woman of Jewish and working-class origin, as the “star of Paris” — were ambiguous, however, as they did not imply traditional bourgeois high culture, but rather a more undefined allure of metropolitan refinement. This amalgamation of cultural traditions had been key to his success since his business beginnings as a young talent scout, proving he himself possessed talent — and a well of multi-cultural knowledge from which to draw — that could refashion “European” artistry into an “American” commodity.

The definition of what exactly was “*American*” was by no means clear at the turn of the century and cultural entrepreneurs like Ziegfeld did their part in shaping popular definitions of the term: “During the period 1890–1920, the concept of Americanism was threatened less by foreign wars than by European immigration to this country,” and “new immigrants challenged the problem of what ‘an American’ could be and what this American *looked* like.”³⁴ Ziegfeld, himself of immigrant background, on the one hand imported European talent and borrowed from European entertainment models such as the *Folies Bergère*, the Parisian musical show. On the other hand he catered to a middle-class audience that was highly sensitive to “foreign” influences in various aspects of society. The result, as in other areas of the growing commercial entertainment industry of the early twentieth century, was a product designed to appeal to both “old-stock” and “new” Americans.

33 “Florenz Ziegfeld Joins Weber,” *Washington Post*, July 3, 1904.

34 Mizejewski, *Ziegfeld Girl*, 115.

35 Jennifer L. Bishop, “Working Women and Dance in Progressive Era New York City,” M.A. thesis (Tallahassee, 2003), 76.

36 “Ziegfeld Now to Glorify Native American Humor,” *New York Times*, Dec. 7, 1924.

37 “What Makes a Woman Beautiful?” *Washington Post*, Feb. 21, 1932.

Ziegfeld was regularly producing popular Broadway shows in New York by the early 1900s, the most famous of which were his *Follies*, discussed in more detail below. The show illustrates how “the Ziegfeld aesthetic evolved concurrently with American political and cultural superiority.”³⁵ An example of this was Ziegfeld’s announcement in 1924 of his new interest in American realism in the arts — productions to find the humor in familiar Americanisms, the “genus *Americanus*.”³⁶ From then until his final year, Ziegfeld maintained that whatever the definition of beauty would be, he would glorify it, declaring “American women are the most beautiful in the world”; and whatever the definition of *American* was, he would promote it through his productions.³⁷ Ziegfeld, once the importer of

foreign talent, developed a new, truly “American” enterprise — an institution glorifying the “American” girl, with Ziegfeld as the great glorifier — and projected an image of exactly what the American looked like — standardizing beauty and branding it a dominantly *American* good.³⁸ In this, perhaps, his success mirrors the success of American commercial entertainment more broadly which thrived through a vibrant transnational culture with its ability to fuse aspects of different cultures into standardized products with a broad appeal, cutting across ethnic and class boundaries.

Business Development

The “American” legend, the so-called great Ziegfeld of Broadway, was making headway in Broadway business by the turn of the century as a self-made theatre impresario. Show business was already highly specialized, as were most of the smaller firms in the pre-World War I period. Ziegfeld’s firms were financed with his own money and venture capital offered by private investors, frequently other Broadway producers. He, himself, was the driving force of business; his shows were not shaped and directed by growing bureaucracies as in many other industries at the time. He focused on one particular branch, though he later did experiment with the new media of radio and films to reach broader audiences — and customers. While, in most of the big trusts of the era, managers represented the abstract and rational tone of efficient business, Ziegfeld was still able to contribute a highly personal note, the Ziegfeld touch. His relations to his employees remained personal and he shared close, even intimate, relationships with his stars, paying salaries that raised new standards for the cultural industry.

In 1898 Ziegfeld was named co-proprietor, along with William A. Brady (1863-1950), “prize fight promoter and theatrical hustler,” of the Manhattan Theatre. However, because of bickering, partially over the booking of Held, the two parted ways in 1901.³⁹ When he partnered with Joseph “Joe” Weber (1867-1942) in 1904 to present burlesque performances, Held was named as a main attraction.⁴⁰ The image of feminine desirability was being sold as innocence and a touch of European misbehaving intrigue. Held’s draw was that of a Parisian with misbehaving eyes, a sweet singing voice with a French accent, and overt sex appeal.⁴¹ One article declared:

Mr. Florenz Ziegfeld, Jr., is to be congratulated for his excellent judgment. In his latest offering to Washington, “The

38 “Florenz Ziegfeld Dies in Hollywood”; Mizejewski, *Ziegfeld Girl*, 116.

39 “Theatrical Gossip,” *New York Times*, Jan. 26, 1898; quotation from “Theatrical Gossip,” *New York Times*, April 8, 1901.

40 “Florenz Ziegfeld Joins Weber,” *The Washington Post*, July 3, 1904; “Ziegfeld Joins Weber: Partnership Formed to Continue Broadway Music Hall,” *New York Times*, June 21, 1904.

41 Mordden, *Ziegfeld*, 42-44.

Parisian Model,' he has gone as near the limit of indecency as a theatrical manager can go, without precipitating police intervention. Which means, of course, that the entertainment at the National Theater this week will play to capacity business. The artistic mélange, which serves to exploit the talents of Anna Held, is chiefly remarkable for its novel schemes to display the female form only more or less adorned.⁴²

As audiences responded, Ziegfeld's female forms became less and less adorned. The *Chicago Daily Tribune* reported: "It is burlesque of the better class, and the female form adorned with as scant covering as the law allows is one of its features."⁴³ In 1906, Ziegfeld joined the Theatrical Syndicate and, in 1907, introduced his first of the Ziegfeld *Follies* with the help of Abraham Erlanger (1859-1930), who paid him \$200 (\$5,000 in 2010 dollars) weekly. The production, whose name suggested a debt to the Parisian shows of the *Folies Bergère*, was a vaudeville-style show, with actors, comedians, singers, dancers, and, of course, chorus girls providing aesthetically spectacular entertainment. It required a \$16,800 (\$400,000) investment and returned a profit of \$120,000 (\$3,000,000).⁴⁴

The *Follies* were Ziegfeld's most significant production, running from 1907 until his final year, 1932. The *Follies* most clearly presented his ideal type of the "Ziegfeld Girl" whose appeal went beyond respectable nudity, but had aspirational qualities as well. The Ziegfeld Girls were supposedly characterized by grace and beauty in face, form, and manners, but also possessed talent and an industrious work ethic. They were "busy as bees" and striving for perfection, but they could come from all rungs of the social ladder — whether socialite or school teacher, stenographer or waitress, everyone could be a Ziegfeld girl.⁴⁵ From its beginnings, the *Follies* was innovative entertainment, the first Broadway production to present nudity. Yet, Ziegfeld managed to recreate the image of the chorus girl as one deserving of appreciation and respect. "The chorus girls, as a class, are just as good as girls in any other occupation I know. Seventy-five per cent of the girls who begin in that humble vocation — girls who are the singing, dancing background of an opera or a musical comedy — are good girls. . . . Her looks plus her intelligence are her capital."⁴⁶

The image of naughtiness as respectable art gave his shows a broader appeal. Ziegfeld did not just intend to draw men to gawk at girls, but

42 F. P. Morse, "National — Anna Held in 'The Parisian Model,'" *Washington Post*, Dec. 3, 1907.

43 W. L. Hubbard, "News of the Theaters," *Chicago Daily Tribune*, Nov. 23, 1908.

44 Anthony Bianco, *Ghosts of 42nd Street: A History of America's Most Infamous Block* (New York, 2004), 68.

45 Florence Ziegfeld, "What Truth About a 'Ziegfeld Girl,'" *New York Morning Telegraph*, 1925.

46 Florenz Ziegfeld Jr., "The Truth About the Chorus Girl," *Washington Post*, Sep. 10, 1916.

both men and women from all social spheres to appreciate form, and he did so by gracefully introducing the display of nudity, and even the persona of the chorus girl herself, as glamorous art. Presenting the *Follies* ladies as works of art, Ziegfeld found a loophole in New York law that allowed the exhibition of nude art so long as the *subjects of art* were still, creating a business strategy that was widely reproduced and proved wildly popular among the middle class masses and wealthy elite alike.⁴⁷ With this, he drew on ideas from the *Lebensreform* movement and the Art Nouveau style, both prominent in Europe from the late 1890s. However, he utilized and commercialized these ideas in a particularly American fashion: “Ziegfeld glamorized the chorus girl and made her a symbol of the modern, independent woman. Her status, as well as her salary, increased, and she even became a suitable mate for the wealthy.”⁴⁸

Much like Hollywood by the 1920s, Ziegfeld created glamorous stars that could defy and contradict the gender norms of their time, inspiring emulation and adoration at the same time. Pushing the allure of the *Follies* beauty, the sex appeal of his wife and main star Anna Held remained key to exploiting the market during his first years. Even after he and Held separated, Ziegfeld remained the authority in marketing, and even defining, attractive as well as humorous femininity. From the beginning he used images and started advertisement campaigns to promote his shows — learning from circus guru P. T. Barnum’s example of employing promotional hype and extravagant stunts, but avoiding all disgrace. Ziegfeld also became a celebrity himself.

Newspaper publisher William Randolph Hearst (1863–1951) played no small role in Ziegfeld’s success. “Hearst was more than a financial supporter and friend to Broadway’s famous impresario: if Ziegfeld can be credited with ‘Glorifying the American Girl,’ then Hearst deserves credit for glorifying Ziegfeld’s *Follies* . . . The Hearst press was “unquestionably the chief publicist for the *Follies* throughout their lifetime.”⁴⁹ From the outset, Ziegfeld’s stunts and Held’s appeal had helped the publisher sell papers. Critics, meanwhile, lauded Ziegfeld for the artistic qualities of his shows. Already gaining acclaim for his work, he was praised in that while the technical aspects of his shows were comparable to those put on by competitors and imitators such as John Murray Anderson, “the touch of Ziegfeld is the touch of an artist, whereas the touch of such a man as Anderson is the touch of a showman.”⁵⁰ Most critical to his success, however, was that the

47 Bianco, *Ghosts of 42nd Street*, 68; Stephen M. Vaillo, “Broadway Revues in the Teens and Twenties: Smut and Slime?” *The Drama Review* 25:1 (1981): 25–34, here 25.

48 Ziegfeld and Ziegfeld, *The Ziegfeld Touch*, 179.

49 Pizzitola, *Hearst Over Hollywood*, 186.

50 George Jean Nathan, *The Theatre: The Drama; The Girls* (New York, 1921), 145.

theatre, or better, Ziegfeld's productions managed to succeed on two fronts. First, they never failed to adapt and keep up with changing times: with the elections of 1908, the *Follies* of that year had "more or less to do with the candidates," poking particular fun at Taft; second, they consistently outdid themselves, making each show better than the previous one.⁵¹ When the burlesque show returned to New York in 1912, on the roof of the newly purchased New York Theatre — renamed the Moulin Rouge to reinforce, again, its European appeal — it was reported of the *Follies* that "the chorus wears less and the comedians fall harder."⁵²

By 1913, the *Follies* had become too large, both figuratively and literally, for its venue and made its first debut in the New Amsterdam theatre, "signaling its arrival as a big-time Broadway Franchise," and giving rise to Ziegfeld Follies Inc.⁵³ The *Midnight Frolic*, a midnight cabaret performance, was introduced in 1914, opening on the rooftop of the New Amsterdam, and the following year's review of the show described it as featuring "ravishing orgies of color," "stunningly gowned girls," and comedian Will Rogers (1879-1935), one of many stars produced and promoted by Ziegfeld in the following decades.⁵⁴ Broadway shows like the *Follies* had increasingly become big business as the New York theatre industry grew during the first decades of the twentieth century through imported continental popular operettas and vaudeville shows.

51 Hubbard, "News of the Theaters."

52 Burns Mantle, "'Follies' 1912 Series Returns to Burlesque," *Chicago Daily Tribune*, Oct. 27, 1912; quotation from "Week's Plays On Broadway," *Washington Post*, Jan. 28, 1912.

53 Bianco, *Ghosts of 42nd Street*, 68.

54 "'Midnight Frolic' Again," *New York Times*, August 24, 1915.

55 "What Earthly Use Is A Show Girl?" *Washington Post*, March 21, 1915.

56 Florenz Ziegfeld Jr., "Ziegfeld Tells Why He Did It," *Washington Post*, March 21, 1915.

57 Rachel Shteir, *Striptease: The Untold History of the Girlie Show* (New York, 2004), 50.

Excess was indispensable to such productions, but in 1915, Ziegfeld apologized for one invention for which he could not give any excuse — the Show Girl, who, he agreed with critics, was of no other use than as decorative art to set the stage. The Show Girl, unlike the Chorus Girl who sang and danced, possessed no talent and contributed nothing other than presence to the performances.⁵⁵ "I felt that the time had come for a novelty, and I was convinced that my new Show Girl was the innovation to fill the bill. . . . The Show Girl, like that other well-known bird, the dodo, is extinct. The new 1915 model is not a show girl — 'she fills space' of course, but she can also sing, dance and talk . . ."⁵⁶

And, the "new" show girl could ride a bicycle as well. Theater historian Rachel Shteir asserts "Ziegfeld also used the language of suffragism to lure in audiences. He capitalized on the appeal of bicycling [. . . which] by the turn of the century had become an acceptable fad for women. When Ziegfeld allowed his young wife to ride a bicycle, it projected a healthful modernity and a girlish hint of suffragism."⁵⁷

In 1915, Ziegfeld argued, “I have tried at least a hundred suffragist scenes on the stage and never got a laugh or an effect out of any of them. The women don’t like to see this subject ridiculed and they don’t like to see it treated seriously. The subject is a bad one for theatrical purposes;”⁵⁸ but it seems that Ziegfeld found a way, projecting the image of a woman of — or slightly ahead of — her time, whatever the audience desired that to be.

Inevitably, the Ziegfeld productions were contextualized comedies that had to confront many social issues of the early twentieth century, such as the suffragist movement. While he may have at times challenged existing gender norms, he did not escape the prevailing racism and Jim Crow *comedy* of his time. Before his production of *Show Boat* much later in his life, Ziegfeld was, in his early years, at best defensive of individual black performers who adhered to desirable racial norms. Of Bert Williams (1874-1922), his performer in 1915, Ziegfeld said, “Williams is black but he’s the whitest man I’ve ever had any dealings with. I gave him his first opportunity for playing outside of a colored show and have had him with me now for some years. . . . Williams’ color doesn’t seem to count against him with the public,” but noted that he was not included in tours in the South.⁵⁹ Ziegfeld was an opportunist, profiting from the racist humor popular at the time, presenting coon shouting, trick puppetry, and blackface skits of song and dance.⁶⁰

In the end, it was the bottom line that concerned Ziegfeld more than social issues. His entertainment business was highly dependent not only on ticket sales but also on bar and restaurant sales. Therefore, Prohibition affected Ziegfeld’s business. The performances, for better or worse, were in demand and things were going well when, in 1916, Ziegfeld and Charles Dillingham (1868-1934) became co-managers of the Century Theatre, featuring “dancing on the roof between acts.”⁶¹ Liquor sales were responsible for a good deal of the rooftop revenue, so when a local court enforcing the encroaching liquor laws that preceded Prohibition prohibited liquor sales at the theater, Ziegfeld had to find a way around the rule, and applied for a separate liquor license exclusively for the roof top.⁶² Despite such roadblocks, Ziegfeld’s business thrived. The *Chicago Daily Tribune* reported, stressing the success of the show, seats for the *Midnight Frolic* were being sold for \$3 (\$50) each, and by speculators for up to \$5 (\$85). For the *Follies* of 1917, ticket prices had generally risen to \$5 (\$85), a sign of great success for Ziegfeld as his shows were expensive pleasures.⁶³

58 Florenz Ziegfeld Jr., “The Gambol of the Follies,” *Chicago Daily Tribune*, Feb. 14, 1915.

59 Ibid.

60 Mizejewski, *Ziegfeld Girl*, 57-58.

61 “Dillingham Gets Century Theatre,” *New York Times*, May 6, 1916.

62 “Forbids Liquor Sale At Century Theatre,” *New York Times*, May 31, 1917.

63 “Activities of the Gotham Theatians,” *Chicago Daily Tribune*, Oct. 15, 1916; “Between Seasons,” *New York Times*, June 17, 1917.

After the American entrance into World War I, however, the theatrical scene changed: Just shy of a month after entry, Ziegfeld hit the news, hosting, with fellow managers, a benefit of the Patriotic League of the United States Marine Corps Recruiting Service.⁶⁴ The producer was not affected by anti-German-American sentiment and backed the U.S. war efforts. In the summer of 1917, plans were announced for Red Cross Theatrical Day by which the proceeds for a day's performances were to be donated in entirety to the Red Cross; this effort was, however, postponed due to an unpaid war loan, having pledged over one and one-half million dollars in war bonds.⁶⁵ In 1919, he donated his performers for the cause of blinded soldiers, a ball held at the Ritz-Carlton for the Permanent Blind Relief War Fund.⁶⁶

Shortly before America's entrance into the war, Ziegfeld had announced his intention to produce more dramas, offering more serious performances to an expectedly more somber public: "I intend to produce every play that appeals to me as desirable of public interest."⁶⁷ Yet, many of his wartime shows were lighter fare, featuring stars like Will Rogers (1879-1935), Lillian Lorraine (1892-1955), and comic Lew Fields (1867-1941). His wife, Billie Burke, headlined the 1917 comedy *Rescuing Angel*, while war-themed shows such as the 1918 *By Pigeon Post* did poorly. Public interest alone did not suffice either, because throughout the war and immediately following it, theater shows' ticket sales suffered. Theater ticket sales were also hit with a war tax. When the tax was to be raised from ten percent to twenty percent, Ziegfeld sent a cablegram protesting the increase to President Woodrow Wilson and noted the contributions the entertainment business had made to the war effort.⁶⁸ In 1920, notwithstanding his desire to cater to public demand, Ziegfeld reported a noticeable "slump" in sales, particularly while touring.⁶⁹

The postwar recession hit his business hard. On top of this crisis, Ziegfeld had been dealt several business blows, among them the defection of one of his main performers, comedian Eddie Cantor (1892-1964). The independence of stars could affect producers as well, the negative side of Ziegfeld's business model. In demanding Cantor's "exclusive services," he lost management of the performer altogether.⁷⁰ Cantor was not alone in his displeasure with contract terms; unions also restricted Ziegfeld's control of his entertainers. The Actors' Equity Association began a strike in 1919, and Ziegfeld attempted to prepare himself: "On August 11, four days into the strike, Florenz Ziegfeld obtained an injunction restraining the AEA

64 "Benefit for U.S. Marine Corps," *New York Times*, May 1, 1917.

65 "Theaters Plan to Give One Day to Red Cross," *Chicago Daily Tribune*, July 1, 1917; "Theater Day for Red Cross Aid Delayed by Loan," *Chicago Daily Tribune*, Oct. 17, 1917; "Stage Money for War Loan," *Washington Post*, Oct. 14, 1917.

66 "Ball for Blinded Heroes," *New York Times*, Feb. 16, 1919.

67 "Ziegfeld to Produce Dramas," *New York Times*, Feb. 22, 1917; Quotation from "Ziegfeld Yields to Drama's Lure," *Washington Post*, Feb. 25, 1917.

68 "Send Theatre Tax Appeal to Wilson," *New York Times*, Jan. 18, 1919.

69 "Theatrical Slump Marked on the Road," *New York Times*, Oct. 18, 1920.

70 "Eddie Cantor Has Row with Ziegfeld and Quits Follies," *Chicago Daily Tribune*, Sep. 2, 1920.

from interfering with his shows at the New Amsterdam theatre and another order prohibiting individual cast members from striking.”⁷¹ The Producing Managers’ Association warned actors not to break their contracts through the strike and contended that the Actors’ Equity Association would be held responsible for any losses to the producers, but the actors had salary grievances. Chorus girls argued that they should be paid additional money for performances above and beyond the number originally agreed on and scheduled; Ziegfeld argued that because he paid much higher salaries than those demanded in the agreement between the Producing Managers’ and Actors’ Equity Associations, he was not required to pay the chorus girls for additional performances.⁷² In December of 1921, he blamed high costs and the Actors’ Equity Association for driving him to a decision to abandon the production industry in the United States, suggesting he would buy a professional football team and threatening to emigrate to London and take his star and wife Billie Burke with him: “I put \$200,000 (\$2,440,000) into a production and then the Equity tries to tell me how to run it. Not me!”⁷³

Prohibition laws similarly infuriated Ziegfeld as an infringement on his freedoms and profits. He announced the closing of the *Midnight Frolic* out of principle, proclaiming a loss of liberty in the country. Yet, no more than two months later, he reversed this decision, announcing the reopening of his theater with the installation of a soda fountain and giving credit to the restrictions placed on authorities that prevented them from conducting unwarranted searches.⁷⁴ Considering that in 1928 Ziegfeld was held at the Plattsburg, New York post on the Canadian border and fined for transporting “106 bottles of liquor and forty-two bottles of Canadian ale,” one can only speculate as to how much the producer suffered from Prohibition.⁷⁵

Simultaneously, Ziegfeld’s business model was affected by expensive lawsuits with financiers and business partners. At the beginning of the century Broadway producer Marc Klaw (1858–1936) and his long-time partner Abraham Erlanger were at the core of the Broadway “trust” of producers. By the late 1910s, however, angered by business losses, Klaw sued both Erlanger and Ziegfeld. The partners had a longstanding business relationship with Ziegfeld, but Klaw now charged “waste of corporation assets” and stated Ziegfeld’s salary of \$22,500 (\$293,000) per year was “exorbitant.”⁷⁶ In court filings, Klaw accused his former partners of “trying to squeeze him out and acquire his fourth interest in both corporations for almost nothing,”

71 Sean P. Holmes, “All the World’s a Stage! The Actors’ Strike of 1919,” *Journal of American History* 91.4 (2005): 1291–1317, here 1312.

72 “The Producing Managers’ Association,” display ad, *New York Times*, August 12, 1919; “The Claw Approaches News of the Theaters,” *Chicago Daily Tribune*, Jan. 20, 1922.

73 “Ziegfeld to Quit Producing Shows,” *Washington Post*, Dec. 17, 1921; “Ziegfeld to Quit Here for London,” *New York Times*, Dec. 27, 1921.

74 “London Is to Have the Midnight Frolic,” *New York Times*, May 19, 1921; “Midnight Frolic’ Again,” “Notes About the Players,” *Boston Daily Globe*, July 3, 1921.

75 “Ziegfeld and Two Other Fined at Border for Alleged Importation of Canadian Liquor,” *New York Times*, Sep. 13, 1928.

76 “A New Theatrical Alliance,” *Washington Post*, August 4, 1918; Bianco, *Ghosts of 42nd Street*, 68; quotations from “Klaw Again Sues Former Partners,” *New York Times*, June 20, 1922.

demanding they present the books in court showing the misappropriation of funds.⁷⁷ Ziegfeld was protective of his right to profit, however, and, in 1923, went so far as to step out of the Producing Managers' Association with intentions of creating a new organization representing the rights of only producers against the Actors' Equity Association.⁷⁸

Despite such problems, the *Follies* continued year after year and in new venues, thanks to a deal Ziegfeld struck with William Randolph Hearst and Arthur Brisbane (1864-1936), a wealthy New York editor and journalist, who — while simultaneously building up Ziegfeld's estate — constructed a theater to be named the Ziegfeld in New York City, which Ziegfeld was to lease exclusively for his productions. This deal allowed him to bypass the theatre owners who had obtained large profits from his shows — profits that Ziegfeld would now keep for himself.⁷⁹ The New York theatre eventually opened in 1927. With this idea in mind for his on-tour performances as well, Ziegfeld expanded the plans for his profitable venture, undertaking, on his own, the \$1,000,000 (\$12,400,000 in 2010 dollars) construction of the Ziegfeld theatre in Chicago.⁸⁰

Ziegfeld's postwar slump definitively ended in May 1922, when he outdid himself once again with his production *Sally*, catering to the demands of the times, which returned to recovery, increasing wealth, and eventually extravagance in the Roaring Twenties for which his Ziegfeld Girls became symbols. His production of *Sally* was — to the outrage of his competitors — exuberantly costly and his greatest success yet, making him a millionaire. *Sally* was a satirical show about a dishwasher (named Sally) who rises to stardom as a show girl, a Ziegfeld Girl.⁸¹ In a self-referential way, the show advanced Ziegfeld's claim that his show girls were the epitome of the self-made and modern New Woman of the 1920s. When the main star of the production, Marilyn Miller (1898-1936), announced that she would marry, Ziegfeld quickly attempted to stop her (albeit unsuccessfully). Quoting three million dollars in potentially lost ticket sales and a profit of two hundred-thirty thousand dollars each for himself and his star, he argued a marriage “would injure her value as a star.”⁸²

Financial ups-and-downs did not to deter Ziegfeld from his day-to-day duty of reinventing the commodity of consumer desire. He had to keep up with the fashions of the times and change his promotions as quickly as ladies' style. Believing the thin-appearing, bob-haired,

77 “Klaw Asks Audit of ‘Frolic’ Books,” *New York Times*, Dec. 7, 1920.

78 “Ziegfeld Hastens His Resignation,” *New York Times*, July 16, 1923.

79 “Hearst and Ziegfeld in Big Theatre Deal,” *New York Times*, Jan. 6, 1925.

80 “Ziegfeld to Have Chicago Theatre,” *New York Times*, Oct. 17, 1925.

81 “Inside Facts About ‘Sally’,” *Boston Daily Globe*, May 21, 1922; Ziegfeld and Ziegfeld, *The Ziegfeld Touch*, 98.

82 “Marilyn, Wed, May Lose Stage Value — Ziegfeld,” *Chicago Daily Tribune*, July 15, 1922.

pale, face-painted flapper of early 1920s vogue to be on her way out, Ziegfeld explained — from head to toe — what *now* constitutes a *naturally* beautiful woman — the plump girl, the “perfect beauty”: “That’s the kind the great American public — your tired business man, your matron and maid — want, and that’s the kind I comb the beauty market to find, and that, I hope, is what I will always be able to present in the Ziegfeld Follies.”⁸³ Whether as modern flapper or natural beauty, becoming a Ziegfeld girl remained desirable for many women in show business during the 1920s — and often a step towards a successful career as in the cases of Dolores Costello (1903-1979), Paulette Goddard (1910-1990), Barbara Stanwyck (1907-1990), and many others.

Ziegfeld did respond to the more conservative strains of 1920s culture which famously resulted in new, more “Puritan” guidelines for both stage productions and Hollywood movies. In 1927 the New York legislature enacted the Wales Stage Regulation Bill which tightened moral censorship of theatre productions. Shortly prior, in June of 1926, Ziegfeld introduced a major shift in marketing strategy, cutting back on nudity, when he “issued a statement asking the press and the theatre-going public to support only shows that are free from broad dialogue and indecent displays,” accusing competitors of attempting to draw crowds by “pandering to the vilest tastes of playgoers”;⁸⁴ additionally, he asserted: “Nudity cannot remain a heritage of the American theatre because communities everywhere are rising against this orgy of dirt.”⁸⁵ The law initially allowing him to display nude women as still artwork held the implicit moral code which became a point of contention between Ziegfeld and other producers, namely Lee Shubert (1871-1953). Ziegfeld found the parading of nude women vulgar and both legally and morally unacceptable, while Shubert felt that ladies in the nude — even animated — were comparable to sculpture, thus never vulgar, understanding the public display as tactic.⁸⁶ Ziegfeld, himself, referred to this as a movement “back from nudity to artistry,” but while John S. Sumner (1876-1971), Secretary of the New York Society for the Suppression of Vice, backed Ziegfeld’s change, even he suspected it was a “commercialization of virtue.”⁸⁷ Such moral outrage certainly stood in contrast to Ziegfeld’s own earlier work and was likely as much motivated as much by an attempt to hamper the competition as it was an expression of concern about artistic integrity and respect for women. Perhaps most perplexing was Ziegfeld’s statement — in denouncing most beauty contestants as women devoid of talent — that “Intelligence, personality and a nice

83 “Predicts the Return of the Plumper Girl,” *New York Times*, July 21, 1926; quotation from “Flappers Flying Fast Before Natural Girl,” *Washington Post*, Nov. 18, 1923.

84 “Ziegfeld Fights Nudity on Stage,” *New York Times*, June 26, 1926.

85 “Ziegfeld Proposes Sumner as Censor,” *New York Times*, June 29, 1926.

86 Angela J. Latham, “The Right to Bare: Containing and Encoding American Women in Popular Entertainments of the 1920s,” *Theatre Journal* 49:4 (1997): 455-73, here 472; “Shubert Defends Nudity,” *New York Times*, June 29, 1926.

87 “The Triumph of the Skirt,” *New York Times*, June 28, 1926.

sense of values are usually lacking in the girl who publicly parades her figure before a multitude of strangers.”⁸⁸

Had that not described his *Follies* beauties? Around the same time, indeed, in 1928, Ziegfeld declared that he was hardly profiting from the *Follies* productions and was considering their end.⁸⁹ *Whoopie*, featuring Eddie Cantor, “was Broadway’s top grossing musical throughout the 1928-29 season, with weekly ticket sales averaging in excess of \$40,000 (\$509,000).”⁹⁰

Ziegfeld was indeed an exceedingly wealthy man, and after encouragement from his attorney he invested more than two million dollars (\$25,500,000 in 2010 dollars) in the stock market. But while Ziegfeld was in the courtroom over a small legal dispute, on October 29, 1929, he was unknowingly wiped out.⁹¹ The stock market crash left him bankrupt and momentarily devastated, but it was not long until the anxious Ziegfeld was producing *Smiles, Hot Cha* — which was financed by a second-generation German-Jewish immigrant, New York gangster Arthur Flegenheimer (1902-1935), better known as Dutch Schultz — and his last *Follies*. Despite presenting the likes of Fred Astaire (1899-1987), these attempts to regain his hold on Broadway were unsuccessful.⁹² It was during this period of economic despair that Ziegfeld once again addressed an American president, now Herbert Hoover, over the “unwarranted” theatre tax, taking particular issue with the fact that cinema tickets did not have this tax burden.⁹³

The motion pictures were a particular sore point with the Broadway man. Yet once again, Ziegfeld was able to anticipate a trend. In the year before the crash, Ziegfeld had brought suit against Universal Pictures, the motion picture studio corporation (led by German immigrant Carl Laemmle (1867-1939)), over the rights to transform *Show Boat*, a dramatization based on Edna Ferber’s novel, into a motion picture show.⁹⁴ “At one point Ziegfeld launched a pugnacious ad campaign against cinema, emphasizing the value of physical presence. . . . But after his serious losses in the market crash of 1929, Ziegfeld went to Hollywood, entered a partnership with Samuel Goldwyn, and in a number of press releases explained his plans to film a series of musical revues.”⁹⁵ Ziegfeld took the opportunity to explore new media opportunities. He eased critics into the idea of a fusion of Broadway theatre and film, explaining in March 1929 that he could use film to expose a previously untouched market to the theater. In his opinion, there could be no replacement for the real theater experience, and he claimed to be unconcerned that this relatively new media would

88 Isabel Stephen, “Why Ziegfeld Opposes Beauty Contests,” *Washington Post*, July 22, 1928.

89 “Ziegfeld May End ‘Follies,’” *New York Times*, Feb. 23, 1928.

90 Henry Jenkins III, “‘Shall We Make It for New York or for Distribution?’: Eddie Cantor, ‘Whoopie’, and Regional Resistance to the Talkies,” *Cinema Journal* 29.3 (1990): 32–52, 33.

91 Higham, *Ziegfeld*, 177, 201–202.

92 Will Rogers and Arthur Frank Wertheim, *Will Rogers at the Ziegfeld Follies* (Norman, 1992), 225; Rob White and Edward Buscombe, *British Film Institute Film Classics*, Vol. 1 (London, 2003), 200.

93 “Asks Hoover’s Aid in Repealing Tax,” *New York Times*, Dec. 8, 1929.

94 “Talking Movie Plays,” *Washington Post*, May 20, 1928.

95 Mizejewski, *Ziegfeld Girl*, 147.

dominate or extinguish his own.⁹⁶ Still, Ziegfeld and other Broadway producers could not ignore the fact that throughout the interwar years, cinema and the radio increasingly encroached on their claims that they set the standards for popular mass entertainment.

On June 14, 1929, it was announced that Ziegfeld had formed a partnership with Polish-Russian immigrant Samuel Goldwyn (1879-1974) to create “a new company which will turn out shows for the audible films,” the first venture of its kind, once again making Ziegfeld a pioneer in marketing innovative products.⁹⁷ In a 1929 interview, Goldwyn described the new partnership of film and theatre as momentous, while Ziegfeld justified his decision as realizing an opportunity to reach a wider audience.⁹⁸ Following *Showboat*, several Ziegfeld stage productions became Hollywood movies, including *Sally*, *Rio Rita* (both 1929) and — with the most direct artistic impact from Ziegfeld himself — *Whoopee!* (1930).

Of even greater influence, perhaps, was his utilization of radio media. “The Follies of the Air,” with discreet commercialism, featured, among other stars, Will Rogers, Billie Burke, and Ziegfeld himself. A *New York Times* reporter praised the producer: “Ziegfeld has contributed something to the art of broadcasting. The broadcasters say ‘we do not know just what it is.’ They will probably discover it is talent and showmanship.”⁹⁹ As unemployment was rampant, Ziegfeld gave opportune airtime to idle actors and actresses, taking part in the 1932 broadcast of the Philharmonic Benefit Concert for Unemployed Musicians.¹⁰⁰

As far-fetched as it may seem, Ziegfeld’s touch of creativity was employed even further from the stage when, in 1932, he branded his own designs for three of the Scranton Railways Co.’s trolley cars, each bearing a self-promoting advertisement of his name as designer.¹⁰¹ Ziegfeld gave the cars a touch of “color” and added dark ivory to the exterior.¹⁰² As much as he marketed himself, however, Ziegfeld was never able to regain his fortune; and he ran into critics willing to remind him of his misfortune. When Ziegfeld publicly accosted opera producer Arthur Hammerstein (1872-1955) for his intention to use mechanical music as opposed to an orchestra in the theatre, Hammerstein fired back: “Mr. Ziegfeld’s attitude is that of a man who owns a peanut stand which for years has been paying a good revenue and who objects most strenuously to the removal of the peanut stand and its displacement by a skyscraper that will make millions in values and in revenues.”¹⁰³

96 “Ziegfeld ‘Not Worried,’” *New York Times*, March 25, 1929.

97 “Ziegfeld to Join Goldwyn In Talkies,” *New York Times*, June 14, 1929. See also Mizejewski, *Ziegfeld Girl*, 147.

98 “The Theatre,” *Wall Street Journal*, June 15, 1929.

99 Orrin E. Dunlap Jr., “Listening-In,” *New York Times*, April 24, 1932.

100 “The Microphone Will Present,” *New York Times*, April 24, 1932.

101 “Trolley Cars ‘By Ziegfeld,’” *Wall Street Journal*, June 7, 1932.

102 “Ziegfeld Partial to Ivory Trolley,” *Pittsburgh Press*, June 5, 1932.

103 “Ziegfeld Attacks Hammerstein’s Plan,” *New York Times*, April 4, 1929; quotation from “Defense by Hammerstein,” *New York Times*, April 5, 1929.

Yet Hammerstein's portrayal of Ziegfeld as a peanut hawker did not accurately convey Ziegfeld's reputation: "In the midst of personal bankruptcy proceedings, Ziegfeld was still respected enough to raise capital for what proved to be his theatrical swan-song — the first Broadway revival of *Show Boat* (on May 19, 1932). By Depression standards the revival was a hit."¹⁰⁴ Florenz Ziegfeld never financially recovered from his stock market losses, but he remained a legendary success.

Social Status and Personality

Florence Ziegfeld's personality complemented his colorful and exuberant stage productions. The famous cowboy comedian and movie star Will Rogers, his lifelong friend, credited Ziegfeld with having far more to do with the circus-of-entertainment's success than the performers.¹⁰⁵ He was known for favoring expensive clothing and for keeping a fresh flower in his lapel. Burkely Crest, an estate north of New York City owned by Billie Burke, became an outlet for Ziegfeld's extravagant spending, with a menagerie of animals — including buffalos and lion cubs — kept on the grounds and a child-scale model of Mount Vernon installed as a playhouse for his daughter.¹⁰⁶ Ziegfeld also loved gambling at Monte Carlo.¹⁰⁷

Ziegfeld gambled not only his fortune. Taking high risks with hopes of high returns on investment was, more often than not, worth the gamble in his business as well. A risk-taker both in business and at home, he often blurred the line between the two: "Mr. Ziegfeld is a good manager. But as a husband — O, he can think of nothing but business, business, business!" Anna Held exclaimed in a 1914 interview. "When I leave the theater and go home, it is the theater he talks of — always the theater. One wants a husband who can talk something besides business to his wife."¹⁰⁸ In 1910, while Held took a one-year leave of absence from the stage, Florenz took flying lessons, bought a small "Antoinette monoplane," and suggested he would enter amateur flying competitions.¹⁰⁹

Ziegfeld was also known to commit a few follies of his own. He was in love with Lillian Lorraine, intimate with Olive Thomas (1894-1920), and involved, to say the least, with Marilyn Miller. In 1922, when rumors of indiscretions with Miller were circulating nationwide, Billie Burke announced that she did not consider divorce an option and even attempted to dispel the rumors by publicly daring Miller to come clean — and to admit that Ziegfeld's discouragement of her

104 John Bush Jones, *Our Musicals, Ourselves: A Social History of the American Musical Theatre* (Lebanon, NH, 2003), 82.

105 Rogers and Wertheim, *Will Rogers at the Ziegfeld Follies*, 227-29.

106 Grant Hayter-Menzies, *Mrs. Ziegfeld: The Public and Private Lives of Billie Burke* (Jefferson, NC, 2009), 92-93.

107 Rogers and Wertheim, *Will Rogers at the Ziegfeld Follies*, 225.

108 "Miss Anna Held Talks of Ex-Husband's Marriage," *Chicago Daily Tribune*, April 14, 1914.

109 "Anna Held Is Resting," *Los Angeles Times*, August 24, 1910.

marriage plans had been a matter of business, not love.¹¹⁰ Despite his shortcomings, he was passionate about his career, his wife, and particularly his daughter. He was also compassionate towards his ex-wife, Anna Held, during her final months as she suffered from illness, staging a private show for her to lift her spirits. He also funded charitable contributions for washed-up performers and those whom he did not know who were enduring hardship.¹¹¹

Ziegfeld's father was a German Lutheran father and his mother was a French Catholic; he himself was baptized Catholic. However, presumably because of his name and profession, he was often mistaken for being Jewish.¹¹² This was no doubt encouraged by his efforts to support the Jewish community. Ziegfeld was a longtime benefactor of New York City's Israel Orphan Asylum, an institution for Jewish children. He also supported Zionist causes abroad; in collaboration with Abraham Erlanger, he provided his theater for free for a benefit performance that raised \$9,000 for the Palestine Relief Fund in 1929.¹¹³ His generosity towards the Jewish community may be partially explained by the fact that, in addition to his first wife Anna Held, many of his Broadway business partners and entertainers came from families of Jewish immigrants. In fact, Ziegfeld's Broadway shows stood out for helping Jewish performers such as Eddie Cantor, Nora Bayes, and Fanny Brice become accepted as mainstream entertainers.¹¹⁴

Ziegfeld thus wore many hats — philanthropist, gambler, debtor, and, of course, producer extraordinaire. Of the wealth he possessed in life, he passed little on to his heirs in death. He had been stricken with influenza in 1920, and his health, from that time onward, increasingly suffered. In 1927, he developed bronchitis and by 1930 was suffering so severely that he was sent to the Bahamas to rest. After an additional recovery period at a New Mexico sanitarium, he returned to work on a movie production in Los Angeles, but died shortly afterward, on July 22, 1932, from complications from pneumonia.¹¹⁵ In his will he left his estate entirely to his wife, Billie Burke, and their daughter, Patty, with a request that the two support his mother with at least \$500 per month; Rosalie Ziegfeld died a few months later, but, because she had been in a long-term comatose state, never knew of her son's death.¹¹⁶ It eventually emerged that Ziegfeld was bankrupt, having lost all he had in the stock market, leaving Burke to pay off his debts.¹¹⁷ However, his fortune was his tremendous legacy.

110 Higham, *Ziegfeld*, 83, 121, 125-126; "No Divorce for Billie Burke," *Washington Post*, July 28, 1922; "Marilyn Will Make Jack Wait," *Chicago Daily Tribune*, May 30, 1922; "Billie Burke Sails Into Miss Miller," *Chicago Daily Tribune*, July 17, 1922.

111 Ziegfeld and Ziegfeld, *The Ziegfeld Touch*, 182; Higham, *Ziegfeld*, 127-28.

112 Mordden, *Ziegfeld*, 8; Mizejewski, *Ziegfeld Girl*, 56.

113 "\$9,000 For Palestine Aid," *New York Times*, Sep. 23, 1929; "Deaths," *New York Times*, July 25, 1932.

114 Steward Lane, *Jews on Broadway: An Historical Survey of Performers, Playwrights, Composers, Lyricists, and Producers* (Jefferson, NC, 2011), 38-41.

115 "Tellegen Has Influenza," *New York Times*, Jan. 28, 1920; "Ziegfeld Has Bronchitis," *New York Times*, Feb. 6, 1927; "Ziegfeld Ordered to Rest," *New York Times*, March 5, 1930; "Florenz Ziegfeld Dies in Hollywood."

116 "Ziegfeld's Estate Shared by Family," *New York Times*, August 6, 1932; "Mother of Ziegfeld, the Producer, Dead," *New York Times*, Oct. 24, 1932.

117 Higham, *Ziegfeld*, 225.

Conclusion

Florenz Ziegfeld changed show business at the beginning of twentieth century. He helped create the classic Broadway show, transforming low-brow vaudeville and chorus line performances into a “spectacle” designed for the broad, emerging middle class. His Ziegfeld Girls contributed to the transformation of American views on femininity and helped bring about the New Woman of the Roaring Twenties. His later ventures into cinema, finally, aided the rise of the musical film as a popular Hollywood genre. In 1936, Hollywood immortalized this colorful career in the Metro-Goldwyn-Mayer musical film *The Great Ziegfeld*.

What added to the Ziegfeld mystique was that he made his way as an individual at a time widely regarded as the age of trusts. As big business became dominant in American economy and society, including the “entertainment industry,” Ziegfeld utilized structural changes in economies of scale, scope, and speed to his advantage as an individual impresario with a keen sense for marketing, publicity, and shifting consumer demand. Ziegfeld, moreover, was a virtuoso producer of dreams of beauty for the middle classes, pushing and at times crossing moral, cultural borders set by the Protestant majority of Victorian America. Ziegfeld’s Follies and shows represented the desires of millions of Americans of native-born and immigrant origins no longer bound to the limits of their cultural background. Ideas of beauty, of becoming a star, of a dream of rags to riches, were contributors to Ziegfeld’s success. His entrepreneurial success demonstrates how business reshaped culture and how crucial components of American identity, namely ethnicity and gender, were deeply shaped by immigrant entrepreneurs.

Ziegfeld is also a prominent example for the integrative forces of the American nation. Educated in German culture, Florenz Ziegfeld was able to transcend the boundaries of his own cultural background. With this foundation, he helped to set standards for popular entertainment which Hollywood would later spread all over the world. A story like this — of a second-generation immigrant entrepreneur creating new, but now classically “American,” forms of entertainment — suggests the astonishing openness of American culture and business and the decisive role immigrants played in creating it.

Heather Hester is a former research and administrative assistant at the German Historical Institute and law student at Catholic University, Columbus School of Law.

AN ORDINARY MAN AMONG TITANS: THE LIFE OF WALTER P. SPRECKELS

Uwe Spiekermann

Walter P. Spreckels was no extraordinary man. Born into great wealth, he was later forced to make his own living. His father was imprisoned for one of the most spectacular fraud cases in Germany at the turn of the twentieth century, and the family's consequent loss of its wealth left young Walter to fend for himself. As a teenager, Spreckels emigrated to the United States to become a clerk in his cousin's sugar factory in Yonkers, New York. He started a family and made a fine career as a sugar business executive. World War I interrupted this steady improvement when Spreckels was deemed an "alien enemy" and barred from his position. Spreckels became a U.S. citizen shortly afterwards and was an engaged, well-known, and broadly accepted citizen in his hometown, Yonkers. He eventually rose to become president of the Syrup Products Company, a subsidiary of his former employer, the Federal Sugar Refining Company. However, Prohibition and the world economic crisis hit him hard. Indicted for selling denatured alcohol to bootleggers, he had to reestablish himself in business once again. After years of financial insecurity, the New Deal offered him a new opportunity as a National Recovery Agency government representative. He eventually moved to California to act as a negotiator and mediator between companies and unions. In 1941, he resigned from the government and became a private industrial relations consultant. His small firm allowed him to make a middle-class living, which he enjoyed into his old age.

Walter Spreckels never made history, but he was shaken by history. The framework for his life between Germany and the United States of America was set by the perils of early twentieth century history and by others, namely the titans of his own family in Germany, New York, and California: his grandfather, banker and investor Peter Spreckels; his great-uncle, "sugar king" Claus Spreckels; and his two cousins, sugar manufacturer Claus Augustus Spreckels and banker and progressive reformer Rudolph Spreckels. His career was not unique but similar to the lives of tens of thousands of executives and smaller (immigrant) entrepreneurs who built the backbone of American business. Walter P. Spreckels was an ordinary man; as such, his life and his career were "significant."



Figure 1: Walter P. Spreckels passport photo, 1919. National Archives, U.S. Passport Applications, 1906–1925, series M1490. Courtesy of the National Archives.

An Ordinary Man from an Extraordinary Family — Family Background

Walter P. Spreckels was born as Walter Peter Heinrich Hahn in Dresden, Saxony, on February 4, 1888.¹ His parents were Minna Hahn, née Spreckels, and Victor Hahn, later a leading banker and investor in Saxony and elsewhere. They had married in 1887.

The family's wealth was predominantly based on the successful career of Walter's grandfather, the brewer, banker, and sugar producer Peter Spreckels (1839–1922). He was a younger brother of San Francisco "sugar king" Claus Spreckels (1828–1908), likely the richest German-American immigrant entrepreneur of the late nineteenth century.² Peter, however, became a millionaire in his own right. Born in the rural village of Lamstedt, Kingdom of Hanover, he emigrated to the United States in May 1856 and was naturalized in Yuba, California on October 31, 1860.³ Following his elder brothers to San Francisco, he started his career as a clerk in the grocery and liquor business.⁴ He became involved in San Francisco's Albany Brewery, established together with Claus Spreckels and his brother-in-law Claus Mangels in 1857, but he sold his interest after a few years.⁵ Together with Anna Lisette "Elizabeth" Grosse (1844–1912), a Westphalian woman he married in 1861, Peter Spreckels had four children who survived childhood: Agnes (1861), Walter's mother Minna (1868), Martha (1870), and Alfred (1872). The sugar business brought wealth to the young family. Peter was — again together with Claus Mangels and Claus Spreckels — involved in the establishment of the Bay Sugar Refinery in 1863 and, in 1867, the California Sugar Refinery, capitalized at \$300,000 (or \$4.56 million in 2010 dollars).⁶ He also diversified into the real estate business.⁷ In that year, he was already among San Francisco's "rich men," with an annual taxable income of \$61,899 (or \$13,100,000 in 2010 dollars).⁸ Peter Spreckels, who was active in the German-American community of San Francisco and acted as one of the directors of the 1869 California Immigrant Union,

1 NARA M1085 Investigative Reports of the Bureau of Investigation 1908–1922, Old German Files, 1909–21, Case Number 8000-350432 Application for Exception from the Classification of Alien Enemy (in the following: NARA M1085).

2 Uwe Spiekermann, "Claus Spreckels: Robber Baron and Sugar King," in *IE*.

3 NARA U.S. Passport Applications, January 2, 1906–March 31, 1925, Collection Number ARC Identifier 483830 / MLR Number A1 534, Series M1490, Roll 229.

4 *San Francisco Directory* (San Francisco, 1858), 256; *San Francisco Directory* (San Francisco, 1859), 267.

5 Jimmie Don Conway, "Spreckels Sugar Company: The First Fifty Years." M.A. thesis, San Jose State University, 1999, 6–7.

6 *United States of America, Petitioner, against the American Sugar Refining Company, et al., Defendants, Petitioner's Exhibits*, vol. 1 (New York, 1913), 29–30. The 2010 values are calculated using the purchasing power calculator given in Samuel H. Williamson, "Seven Ways to Compute the

Relative Value of a U.S. Dollar Amount, 1774 to present," *MeasuringWorth*, 2015, <http://www.measuringworth.com/uscompare/> (accessed March 4, 2015). An alternative method would be to measure investments according to the relative share of GDP, property based on the

purchasing power calculator, and income/wages based on production worker compensation.

7 *Sacramento Daily Union*, June 22, 1869, 2.

8 Robert von Schlagintweit, *Die Pacific-Eisenbahn in Nordamerika* (New York, 1870), 169n.

was a Lutheran, a freemason, and a regular traveler to Germany.⁹ He became a director, among other organizations, of San Francisco's German Savings and Loan Society.¹⁰

Having made his fortune in the United States, Peter Spreckels left California in 1885 and settled his family in Dresden.¹¹ Although still active in San Francisco's real estate business, he became more and more involved in Saxony's financial sector, partnering with his new son-in-law, Victor Hahn (1860–1929), Walter's father. The son of Dr. Heinrich August Hahn, school inspector of the Dresden district (*Amtshauptmannschaft*), Victor Hahn married Minna Spreckels on May 3, 1887, and the couple had three children: Walter, born in 1888; Elisabeth, born in 1890; and Martha, born in 1898.¹² Peter Spreckels, who remained a U.S. citizen, made large profits as the primary owner of the Dresden-based banking house Eduard Rocksch Nachf., a leading financial institution in Saxony in the late 1890s, when his wealth was reported as being as much as \$15 million (or approximately \$2.92 billion in 2010 dollars).¹³

Such a fortune seemed to offer a bright future for Walter, perhaps as successful as the careers of Claus Spreckels' sons, who all became titans of American business: John D. and Adolph B. in San Francisco and San Diego, and Claus A. and Rudolph in California and New York. The latter two in particular helped to shape Walter's career. For more than a decade, Walter's father, Victor Hahn, seemed to be a figure of similar status. He came from a solid bourgeois background, but with his father-in-law's financial backing he became head of Eduard Rocksch Nachf. Hahn's business strategy, which was akin to that of modern-day private equity firms, was simple and efficient: he invested in failed or endangered private businesses, added capital, and re-organized the firms for a better and more profitable future. Hahn and his father-in-law made dozens of deals in the brewing, photography, textile, and armaments industry.¹⁴ After a downturn in the U.S. stock market, in 1901–1902, one of the Rocksch firm's most important investments, the Vereinigte Electricitätswerke AG,

9 *All about California and the Inducements to Settle There* (San Francisco, 1875), 6.

10 "The Western Savings and Trust Company," *Sacramento Daily Union*, May 12, 1873, 2; "What the Bulletin Said About

the Burst of Bank Affairs," *San Francisco News Letter* 26, Jan. 6, 1877, 12; *San Francisco Real Estate Circular* 9, no. 4, Feb., 1875; *Sacramento Daily Union*, Nov. 11, 1874.

11 The Baltimore newspaper *Der Deutsche*

Correspondent reported (Sep. 23, 1885, 4) that Peter Spreckels left the United States after losing, together with his brother Claus, \$5,000,000 in speculation, but there is no evidence to support this claim.

12 Stadtarchiv Dresden, marriage register, sequence 22, reference 3.2, certificate no. 255; *Staatshandbuch für das Königreich Sachsen. 1877* (Dresden, 1876), 438.

13 "Why Peter Spreckels Failed," *Hawaiian Star*, August 16, 1902, 1. "Nachf.," short for "Nachfolger," means "and successors"; its meaning is akin to the use of "& Co." in Anglo-Saxon firm names.

14 An impression of the industrial conglomerate controlled by Hahn and Peter Spreckels is given in *Die Sächsischen Actien-Gesellschaften*, ed. Richard Börner, 7th ed. (Berlin, 1897); *Jahrbuch der Berliner Börse 1900/1901*, 22nd ed. (Leipzig, 1899).

stumbled, harming its stability.¹⁵ The final blow to the firm came from the severe losses of the Sebnitzer Papierfabrik in 1902, which caused a liquidity crisis. Eduard Rocksch Nachf. was no longer able to pay its outstanding debts and stopped payments on August 1, 1902 “with assets nominally 10,000,000 marks and liabilities of 3,000,000 marks” (that is, \$375 million and \$71.5 million, respectively, in 2010 dollars).¹⁶

Peter Spreckels, before and after the failure, tried in vain to gain support from his San Francisco relatives.¹⁷ There were many rumors in the American press that Claus Spreckels or his sons might help Peter Spreckels and his son-in-law.¹⁸ Shortly afterwards, however, it became clear than Hahn had tried to avoid bankruptcy with tricks and fraud, including embezzlement. Victor Hahn was arrested in July 1903: “The arrest . . . came as a great surprise, as it was never suspected that the failure of the firm was caused through anything but lack of foresight of its members, far less that Mr. Hahn, who has always enjoyed an excellent reputation, had committed any criminal act.”¹⁹ Peter Spreckels was also investigated, but there was no evidence he had committed any crime.²⁰ Victor Hahn was prosecuted in fall 1904 for embezzlement and found guilty. He was sentenced to four years of imprisonment in Bautzen and fined 1,000 marks (or \$36,500 in 2010 dollars). With this, the respectable banker became a criminal. This came as an immense surprise: Hahn had attained a variety of prestigious positions over the course of his business career. He was a favorite of the Saxon court, and the honorable titles “Geheimrat” and “Kommerzienrat” had been bestowed on him along with many other decorations.²¹ He had also positioned himself as a patron of modern arts and served as treasurer of the important German Art Exhibition (*Deutsche Kunstausstellung*) of 1899 in Dresden.²²

The banker who had been a member of more than thirty boards of directors was now a *persona non grata*.²³ For Walter, this white-collar crime broke up his family. His parents divorced and Minna Spreckels returned to using her maiden name.²⁴ Walter P. Hahn thereafter also

15 *Zeitschrift für Elektrotechnik* 20 (1902): 388.

16 *Salt Lake Telegram*, August 5, 1902, 7. This calculation is based on a mark-to-dollar ratio of 4.198 in 1902 and adjustment of 1902 dollars to 2010 dollars using the Purchasing Power Calculator. See Harold Marcuse, “Historical Dollar-to-Marks Currency Conversion Page,” <http://www.history.ucsb.edu/faculty/marcuse/projects/currency.htm>, and Samuel H. Williamson, “Seven Ways to Compute the Relative Value of a U.S. Dollar Amount, 1774 to present,” *MeasuringWorth*, 2015, <http://www.measuringworth.com/uscompare/> (accessed March 4, 2015).

17 “Peter Spreckels Fails,” *Los Angeles Herald*, August 5, 1902, 1. When Claus Spreckels died in 1908, his estate still included a debt of \$197,900 from Peter Spreckels (“\$10,000,000 in Spreckels Estate,” *Oakland Tribune*, August 31, 1909, 14). However, it is not clear that this resulted from any support in 1902.

18 “Banker Goes Wrong,” *Morning Oregonian*, August 1, 1903, 2.

19 “Begged Uncle Spreckels in Vain,” *Cincinnati Enquirer*, August 1, 1903, 9.

20 “Sensations-Prozess gegen Viktor Hahn,” *Der Deutsche Correspondent*, Sep. 16, 1904, 1.

21 Juvenal, “Hahn,” *Das neue Magazin für Literatur, Kunst und soziales Leben* 73 (1904): 341–346, here 345.

22 *Kunstchronik* NS 9 (1897/98), col. 171.

23 A list of Victor Hahn’s business connections was

published by the *Vossische Zeitung* and was reprinted in *Correspondenzblatt der Generalkommission der Gewerkschaften Deutschlands* 12 (1902): 581–82.

24 “Frau Hahn Gets a Divorce,” *Chicago*

Daily Tribune, Sep. 10, 1905, B1; “Sachsen,” *Der Deutsche Correspondent*, Sep. 29, 1905, 3. The change of the last name became official in June 1911 (Stadtarchiv Dresden, birth register, sequence 63, reference 2.2, certificate 2304).

adopted the name Walter P. Spreckels. His father had destroyed the fortune and, more importantly, the honor of the family. While Minna Spreckels received solidarity and support — Henry Horstmann, a California banker, vice-president of the German Savings and Loan Society, and a former trustee of the Spreckels' California Sugar Refinery bequeathed her \$5,000 in February 1905 (\$696,000 in 2010 dollars) — the family's funds were severely depleted.²⁵ At the age of eighteen, Walter was sent to the United States of America, where his cousins Claus Augustus Spreckels and Louis Spreckels were ready to offer him a job in the sugar business.

In 1905, Claus Augustus “Gus” Spreckels (1858–1946), the son of the “sugar king” Claus Spreckels, owned the largest independent sugar refinery in the United States. The American market was dominated by the plants of the American Sugar Refining Company (the “sugar trust”) in the East and the “Spreckels interests” in the West, who cooperated with one another. More than a decade earlier, in the early 1890s, Gus Spreckels had split from his father after a disagreement over whether the family should cooperate with or compete against the “sugar trust.” Claus' two older sons, John D. (1853–1926) and Adolph B. (1857–1924), had sided with their father, and from then on Gus challenged his relatives whenever he could. Together with his younger brother Rudolph (1871–1958), Gus managed to make a fortune by acquiring control over the Hawaiian Commercial & Sugar Co., owner of Hawaii's largest sugar plantation, in 1894 after a harsh public lawsuit against his father. Gus and Rudolph improved the plantation's efficiency and sold it with a profit of “a couple million dollars” in 1898 to the Hawaiian company Baldwin & Alexander.²⁶

Gus Spreckels then used this capital to establish a new refinery in Yonkers, New York, in 1902, based on a new sugar-refining technology.²⁷ The industrial town, located just north of New York City, had advanced railroad and shipping facilities, was close to major centers of consumption, and had a strong community of skilled German immigrants, useful for sugar manufacturing. In addition, Claus Augustus could leave behind the quite hostile atmosphere in San Francisco and his wife could try to become part of New York City's smart set.

The Federal Sugar Refining Company was first organized in New Jersey with sales offices in New York City and in 1907 reorganized in New York City.²⁸ It was a highly profitable business venture, with profits of, for instance, \$3,227,463.80 in 1916–17 (or \$267 million

25 “Remembers All in his Will,” *San Francisco Chronicle*, Feb. 25, 1905, 27.

26 More on Gus's version of these deals can be found in U.S. House of Representatives, *Hearings Held Before the Special Committee on the Investigation of the American Sugar Refining Co. and Others* (Washington, 1911), 3:2209–16; quotation, 2216.

27 “To Build Big Sugar Refinery,” *Chicago Daily Tribune*, July 3, 1902, 11; “A New Process for Refining Sugar,” *Northern Star*, August 27, 1902, 3.

28 *The Manual of Statistics: Stock Exchange Hand-Book* 1917, 39th ed. (New York, 1916), 546; *Moody's Analyses of Investments, Part II: Public Utilities and Industrials* (New York, 1917), 1314.



Figure 2: Federal Sugar Refining Company building, seen from Hawthorne Avenue, Yonkers, 2013. Photograph by and courtesy of Uwe Spiekermann.

in 2010 dollars).²⁹ Gus Spreckels was the principal owner of the company, its public face, and the main decision-maker. However, he spent half of his time either in Paris, at his mansion on the French Riviera or, during the war, in California. For Walter, it was not his cousin Gus, but rather another cousin, Louis, who oversaw his training and promoted his career.

Louis Spreckels, the son of Hinrich “Henry” Spreckels (1842–1877), a brother of Claus and Peter Spreckels, was born in San Francisco on February 7, 1870. Louis began his career at the age of sixteen as a laborer and then a clerk at the California Sugar Refinery.³⁰ He followed the Spreckels family to Philadelphia, where in the late 1880s Claus Spreckels built up a huge sugar refinery, the Spreckels Sugar Refining Company, to fight the sugar trust on the East Coast. Louis was one of the directors of this company, incorporated on May 14, 1890.³¹ He acted as an assistant general manager of the refinery but switched to the independent McCahan Sugar Refining Company in Philadelphia in 1893, after Spreckels’s Philadelphia refinery was sold to the sugar trust.³² In 1892, Louis Spreckels married Elizabeth D. Daley (1870–1936), the daughter of two non-German Philadelphia residents.³³ The couple was childless, and Walter may well have served as a surrogate son to the couple.

29 “Purses of Sugar Barons are Filled by ‘War Greed’ at Expense of the Poor,” *New York Evening World*, City Edition, July 13, 1917, 3.

30 *Langley’s San Francisco Directory for the Year Commencing May, 1887* (San Francisco, 1887), 1104; *Oakland, Alameda and Berkeley City Directory* (San Francisco, 1888), 891.

31 For additional details see Uwe Spiekermann, “Claus Spreckels: A Biographical Case Study of Nineteenth-Century American Immigrant Entrepreneurship,” *Business and Economic History On-Line* 8 (2010): 7–9 (<http://www.thebhc.org/publications/>

BEHonline/2010/spiekermann.pdf); *United States of America, Petitioner, against the American Sugar Refining Company, et al., Defendants, Petitioner’s Exhibits*, vol. 1 (New York, 1913), 15–17. Louis Spreckels subscribed one share, Claus

Spreckels 49,996 (of 50,000).

32 *Boston Daily Adviser*, Oct. 7, 1893, 2.

33 U.S. Census, 1900, Philadelphia, Ward 15, Philadelphia, Pennsylvania, enumeration district 0258, roll 1457, page 5B, FHL microfilm 1241457.

When the Federal Sugar Refining Company of Yonkers started business, Claus Augustus Spreckels offered his cousin Louis a position as superintendent. Later Louis was to become a general manager, director, and then vice-president of the company. He died of a heart attack in June 1929 as a respected businessman and Yonkers citizen.³⁴ By then, Federal Sugar had become the second-largest refinery in the United States. Walter, together with his cousin's widow and his own wife, was one of the leading mourners, expressing his respect for the cousin who had taken him under his wing.³⁵

Personal Life and Business Development

Born on February 4, 1888 in Dresden, Saxony, Walter P. Spreckels grew up in an upper-class milieu. He attended a private school, the Vitzthumsche Gymnasium in Dresden, at that time one of the most prestigious schools for boys in Saxony, until the age of seventeen.³⁶ Educated in a humanistic tradition — the school's motto was Goethe's phrase "Ältestes bewahrt mit Treue, freundlich aufgefasstes Neue" (Old traditions well respected, innovations not rejected) — he learned not only Latin and Greek but also English. He arrived in the U.S. on April 12, 1906, "because I had to make a living as my mother was divorced and I felt I ought to work and not depend upon her." He worked as a clerk in the Federal Sugar Refining Company of Yonkers and applied for naturalization in 1908, but was unable to complete the application process. He later explained he was "working hard those days and it was difficult to go over from Yonkers to White Plains," where the Westchester County courthouse that oversaw naturalizations was located. In 1911, he was reunited with his sister Elisabeth when she came to the United States to study for a graduate degree at Bryn Mawr College.³⁷

» was one of the leading representatives of Protestant opinion in discussion of social issues in Germany. See Christine Kuller, "Stiefkinder der Gesellschaft' oder 'Trägerin der Erneuerung'? Familien und Familienpolitik in Bayern 1945 bis 1974," in *Gesellschaft im Wandel, 1949-1973*, ed. Thomas Schlemmer and Hans Woller (Munich, 2001), 269–345, here 270. For more details, see Meyer-Spreckels' 1946 speech "Marriage and Family in the Constitution to the Bavarian Constitutional Assembly," documented and translated on the GHI's German History in Documents and Images website (http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=4480).

34 "Heart Spell Kills Sugar Plant Head," *Yonkers Statesman*, June 28, 1929, 1-2; "Louis Spreckels, 62, Sugar Refiner, Dies," *New York Times*, June 29, 1929; "Louis Spreckels," *Boston Herald*, June 29, 1929, 13.

35 "Throng Attends Last Rites for Refinery Head," *Yonkers Statesman*, July 2, 1929, 4.

36 This information and the following quotes and de-

tails are, if not backed by other sources, from Spreckels' 1919 case file at the U.S. Bureau of Investigation. See "Application for Exception from the Classification of Alien Enemy," case number 8000-350432, Old German Files (1909-1921), Investigative Reports of the Bureau of Investigation (1908-1922), reel 781, NARA publication M1085.

37 Walter's sister, who became known as Elisabeth

Meyer-Spreckels (1890-1974), eventually obtained a Ph.D. in chemistry in Germany. She cut short her academic career when she married, in 1922, but after World War II began a second career as a political activist, becoming instrumental in securing the inclusion of gender equality in Bavaria's constitution and founding the women's organization of the Christian Democratic Party in Germany. Throughout the 1950s and 1960s she »

38 U.S. Social Security Death Index, 1935–2014, Number 555-21-7103, Issue State California, Issue Date 1973; New York, New York, Marriage Indexes 1866–1937, Certificate Number 27666.

39 NARA 1900 United States Federal Census, Census Place: Manhattan, New York, New York, Roll 1105, Page 7A, Enumeration District 0518, FHL microfilm 1241105. Together with her mother and her older sister Jenny “Jone,” Gertrude visited Holstein in 1895 (Staatsarchiv Hamburg, Hamburger Passagierlisten 373-7 I, VIII A 1 Vol. 091, Page 0, Microfilm K_1753). Her two siblings died in childhood.

40 *Richmond’s Thirteenth Annual Directory of Yonkers, 1912* (Yonkers, 1912), 731; *Richmond’s Fourteenth Annual Directory of Yonkers, 1913* (Yonkers, 1913), 736.

41 *Crocker-Langley San Francisco Directory for the Year Ending October 1908* (San Francisco, 1908), 1662; *Turner’s Nineteenth Annual Directory of Yonkers 1910* (Yonkers, 1910), 726; entries for “Spreckels” in *Richmond’s Annual Directory of Yonkers* (Yonkers, 1916–1918).

42 For another example, compare the history of the Uihlein family of Milwaukee.

43 New York State Population Census Schedules, 1915; Census Place: Election District 03; Assembly District 01, Yonkers Ward 04, Westchester, 05.

44 NARA U.S. World War I Draft Cards, 1917–1918, Registration State New York, Registration County Westchester, Roll 1819399, Draft Board 1.

45 See also Marilyn E. Weingold and the Yonkers Historical Society, *Yonkers in the Twentieth Century* (Albany, 2014), 49; Arnold Krammer, *Undue Process: The Untold Story of America’s German Alien Internees* (Lanham, 1997).

On November 20, 1912, Walter married Gertrude Stubberfeld (1885–1991) in Manhattan.³⁸ She was born as Gertrude Alice Stubberfeld in New York as the daughter of the English immigrant and butler Walter Stubberfeld and his wife Mary “Marie” Stubberfeld, born in Oldenberg, Schleswig-Holstein, Germany.³⁹ She attended Hunter College in New York and lived with her parents until her marriage to Walter. The young couple settled in Yonkers and lived in a series of apartment buildings located less than half a mile from the Federal Sugar establishment, in a neighborhood densely inhabited by German immigrants.⁴⁰

On January 1, 1914, Walter became assistant superintendent of the Federal Sugar Refining Industry Co., Yonkers, a rank also held by his cousin Henry Peter Spreckels (1877–1958), a younger brother of Louis, who had previously worked as a draftsman in San Francisco.⁴¹ Though the Spreckels family was sometimes shaken by internal quarrels, its members acted like many other immigrant families in providing jobs, when available, to other relatives.⁴²

The improved financial situation allowed Walter and his wife to rent a house at 19 Cedar Place, Yonkers.⁴³ Walter was discharged from his German military service requirement and released from his German citizenship. Being stateless, on November 6, 1916, he applied a second time for naturalization. He was registered for the U.S. draft on June 5, 1917 and did not attempt to claim an exemption.⁴⁴ On February 9, 1918, however, he was registered as an “alien enemy” in Yonkers, like more than 250,000 other Germans living in the United States.⁴⁵

In an interrogation by the U.S. Bureau of Investigation (later the FBI) in April 1919 Walter proclaimed that he had “lost all sympathy with Germany after the sinking of the Lusitania.” Formally stateless, he insisted that he was fully loyal to his new homeland, declaring that of his \$5,000 salary (or \$63,000 in 2010 dollars) he had spent \$360 (\$4,540 in 2010 dollars) to purchase Liberty Loan bonds and other war securities and that, owing to his monthly rent and the “advanced” cost of living, “I did not think I could afford to buy any more.” The agent who spoke with Spreckels reported that, in his opinion, “applicant’s wife knows nothing about house-keeping and is naturally extravagant.” In his application for exception from the alien enemy classification, Walter gave further details about his family’s continuous support of the U.S. war effort: “My wife knitted for the Red Cross, she belongs to the Gamma Tau Kappa fraternity of Hunter College and made dresses for the Belgian children in connection with her fraternity. She collected for the Red Cross Drive as a worker. We are both members of the Red

Cross — \$5.00 members. I was also a Red Cross Captain in the Federal Sugar works. I assisted . . . to sell Liberty Bonds at night, canvassing restaurants. We had a singer with us and covered lower New York City around Greenwich Village.” Spreckels added that he and his wife had given on other opportunities, as well.

World War I had reconfigured the international sugar market and made the company react publically to events. The Federal Sugar Refining Company of Yonkers, which produced 10,000 barrels of sugar a day and controlled approximately ten percent of the U.S. sugar refining business, and was owned and run by U.S.-born and naturalized citizens (although of German descent), made similar public efforts to associate itself with the surge of American patriotism. Superintendent Louis Spreckels “has been intensely active in the Third Liberty Loan drive,” the *New York Evening World* reported, “and last night headed the 1,500 employees of the factory in a Liberty Loan parade. His forbears have always been among the most patriotic men and women of the country.”⁴⁶

This was of no help — at least not for Walter. When the war zone of New York’s port was extended up the Hudson River to Yonkers in late April 1918, an estimated 10,000 persons had to obtain permits to remain within the area. Walter was “barred” from Federal Sugar’s factory by the decree.⁴⁷ After being notified of the situation by the police on April 30, he went to work at the general offices of the company in Wall Street, Manhattan.⁴⁸ Although Spreckels’ case was similar to that of many other Germans in the United States, the prominence of the Spreckels family, still one of the richest and influential in the country, caused Walter’s case to receive broad public attention. The “alien enemy” was inaccurately described as a nephew of the elder Claus Spreckels.⁴⁹ Newspapers called him the “general manager” who was forbidden to enter “his plant.”⁵⁰ Another headline was: “Sugar King Walter Spreckles [sic] Declared to Be Enemy Alien.”⁵¹ Dozens of newspapers reported that he had “lived here 30 years and never been naturalized.”⁵² Sometimes, editorialists made jokes: “Maybe a mistake has been made in Walter’s case. Any Spreckels with his hands in our sugar that long likes America well enough to be safe.”⁵³

For Walter it was less than funny that he remained excluded from his workspace and had to deal with bureaucrats to regain his former status. He told them what they wanted to hear, even if this was very unlikely: “I learned English at home in Dresden,” he told the Bureau of Investigation. “We always spoke it, mother would not permit us

46 “Spreckels Barred from Refinery as an Alien Enemy,” *New York Evening World*, May 1, 1918, final edition, 6; “Sugar Famine Laid to Hoover,” *Salt Lake Telegram*, Dec. 14, 1917, 1.

47 “W.P. Spreckels Barred From Big Sugar Plant,” *New York Times*, May 1, 1918, 11.

48 “Spreckels Barred as Alien Enemy from Own Plant,” *Salt Lake Telegram*, May 1, 1918, 5. It has to be added that the U.S. officials were able to make exceptions. See, for instance, Christina A. Ziegler-McPherson’s biography of Wilhelm J.D. Keuffel online in *IE*.

49 “Bar Spreckels as Alien at Own Sugar Factory,” *Chicago Daily Tribune*, May 1, 1918, 1.

50 *Wall Street Journal*, May 2, 1918, 2. Other journalists made him a “general manager for 16 years” (“Walter Spreckels Denied Entrance to Sugar Plant,” *Tulsa Daily World*, May 2, 1918, 2).

51 *Daily Ardmoreite*, May 1, 1918, 4.

52 “Tough on Walter,” *Sheboygan Press*, May 4, 1918, 2. Others informed their reader that he “has been in this country for 20 years” (“Walter Spreckels Said to Be Enemy Alien,” [Marshall] *Evening Chronicle*, May 1, 1918, 1).

53 “Tough on Walter,” *Bismarck Tribune*, May 6, 1918, 4.

to use German in the house. I read the ‘Times,’ ‘Globe,’ ‘World’ and ‘Commercial Journal’ but no German papers. I belonged to the Pleasure Club in Yonkers, for some years; this is a social organization of Americans. I never associated with Germans at all here. I never knew any of the German representatives in this country.” His distance from Germany or German affiliations was confirmed by several witnesses, and even the official agent found Spreckels “a perfect type of young American in appearance. Ther [sic!] was absolutely nothing German about his manners, thought or any other way.” The wages of fear was his naturalization on November 28, 1919 at the Supreme Court of White Plains, New York.⁵⁴

54 List of United States Citizens, 1920, October 6: Noordam.

55 Allen Ray Kahn, *Sugar: A Popular Treatise* (Los Angeles, 1921), 64.

56 NARA, Passport Applications, January 2, 1906-Mar 31, 1925, Series 1490, Roll 1206. Comp. NARA Passenger Lists of Vessels Arriving at New York, New York, 1820-1897, Year 1920, Arrival New York, New York, Microfilm Publication T715, 1897-1957, Microfilm Roll 2848, Line 12, Page 151.

57 NARA 1930 United States Federal Census, Place: Summit, Union, New Jersey; Roll 1389; Page 6B; Enumeration District 0153; Image 878.0; FHL microfilm 2341124.

58 *Richmond's Twenty-First Annual Directory of Yonkers* (Westchester County, NY) 1920 (Yonkers, 1920), 578; *Richmond's Yonkers (New York) City Directory 1928* (New York, 1928), 754.

59 *Official Gazette of the United States Patent Office* 303 (1922): 295-96.

60 The Federal Refining Company, Yonkers, once established to fight the sugar trust and its main brand, paradoxically became part of the American Sugar Refining Company after the receivership in the 1930s and today is one of the leading producers of “Domino Sugar.”

61 US Patent 1,844,020, patented February 9, 1932. Application filed April 25, 1928. Serial No. 272,619; “Spreckels Gets Sugar Patents,” *Yonkers Statesman*, Feb. 10, 1932.

His first moment of public notoriety had disgraced Walter, but at work he was promoted. His position was renamed to “assistant general manager,” essentially a vice-president. Walter was now listed among the top executives of the Federal Sugar Refining Company.⁵⁵ The 5 foot, 10.5 inch [179 cm] tall man with blue eyes, medium forehead, nose, and mouth, dark brown hair, a normal chin, a fair complexion, and an oval face, was sent on a longer business trip to the Netherlands. From May until October 1920, he traveled “because of sugar.”⁵⁶ The tumult caused by the war appeared over and great success seemed imminent.

In 1920, after eight years of marriage, Gertrude A. Spreckels gave birth to Walter P., Jr., followed by daughter Barbara in 1924.⁵⁷ The young family had already moved to a better home at 83 Highland Avenue, still very close to the sugar refinery, where they probably remained until 1929.⁵⁸ In the mid-1920s, Walter not only managed the company, but also contributed to the improvement of its internal production process. The company’s technological lead had shrunk by the early 1920s. In 1922 Spreckels received a patent for a new method of packaging cube sugar.⁵⁹ His use of a vacuum to accelerate the labor-intensive packaging procedure focused on one of the costly weaknesses of sugar business. Strong consumer brands like the sugar trust’s “Domino Sugar” were exceptions, and many companies still depended on retailers to downsize bags and barrels of sugar.⁶⁰ In April 1928, Walter filed a second patent claim, resulting in a 1932 patent. This time he focused on the already mechanized process of washing and concentrating raw sugar and syrup.⁶¹

Such patents illustrate the technological modernization of the sugar industry in the 1920s. One crucial change was the more efficient use of by-products and so-called “waste.” A new internal department, later spun off as a subsidiary called the Syrup Products Co. of Yonkers,

began producing denatured alcohol from waste syrup in 1923. This process also allowed for the production of one to five tons of artificial (“dry”) ice per day.⁶² Prohibition enforcement agencies closely scrutinized producers of “industrial alcohol.”⁶³ It is not surprising that the new company soon had to face accusations of “illegal diversion of alcohol.”⁶⁴ In one case, a warehouse agent was sentenced to six months’ imprisonment and a fine for conveying alcohol to bootleggers, while several other suspects were acquitted.⁶⁵

However, this was just one of many problems Walter had to face as an assistant general manager. The company had reached the peak of production and profitability right after the end of World War I. At that time, 18,000 barrels were produced per day, and net profits of more than five million dollars (\$353 million in 2010 dollars) had accumulated between August 1919 and May 1921. The Federal Sugar Refinery’s workforce numbered nearly 3,000 workers and it was the second-largest refinery in the United States. The firm was a model of entrepreneurialism with a touch of paternalism. This foreshadowed Walter’s later interest in industrial relations. For instance, after three months’ employment, workers were insured, and the company supported a mutual aid association that supplied sickness and death benefits. It had its own fire department, which was also a social organization for the employees. Similarly, the Federal Athletic Club cared for much more than the athletic training of younger employees.⁶⁶

Global agricultural overproduction after World War I hit the sugar business hard even after the sharp postwar recession of 1920–21 ended. Sugar prices tumbled to a record low in 1920, and Cuba’s rise to the world’s largest sugar producer kept prices depressed. U.S. tariff politics favored American investments in Cuba: it was often cheaper to import refined sugar from the U.S. protectorate than to refine raw sugar in Yonkers. In October 1922, the Yonkers refinery was forced to close for more than three months.⁶⁷ “Gus” Spreckels resigned as chairman of the board, and the company faced drastic cuts because it generated high losses. By 1927, it had approximately 800 workers. The re-organization of the Federal Sugar Company into the \$20,000,000 (\$1.13 billion in 2010 dollars) Spreckels Sugar Corporation in 1929 tried to overcome this. After Claus Augustus retired due to health reasons, his younger brother Rudolph invested no less than \$12,200,000 (\$687 million in 2010 dollars) in the firm between 1927 and 1929 and became owner of almost all of its stock.⁶⁸ In 1929, the company was reorganized as the Spreckels Sugar Corporation and Rudolph Spreckels took on an active interest in its management.⁶⁹

62 “Jenkins, New Refinery Head, Helped Build Original Plant,” *Yonkers Statesman*, July 11, 1929, 20.

63 For additional details see “Prohibition (1919–1933),” in *IE*.

64 “Executive of Chatham’s Sentence Suspended,” *Daily Argus*, March 22, 1926, 1.

65 “Indict 2 in Booze Plot at Warehouse,” *Syracuse American*, Jan. 17, 1926, 2.

66 T. Edward Tonnard, “City of Yonkers Refines 5,600,000 Pounds of Sugar Daily,” *Yonkers Statesman*, Dec. 21, 1921, 4; “\$5,331,204 Surplus for Federal Sugar,” *New York Times*, June 21, 1921, 29. For further discussion of typical employee benefits in the manufacturing sector during the interwar years, see Andrea Tone, *The Business of Benevolence: Industrial Paternalism in Progressive America* (Ithaca, 1997).

67 “Sugar Price Too High; Refinery Will Close,” *Chicago Daily Tribune*, Oct. 14, 1922, 19; *Decatur Review*, Jan. 11, 1923, 14.

68 District Court of Appeal, First District, Division 2, California. *Raine v. Spreckels et al.*, 77 Cal.App.2d 177, 174 P.2d 857, (3)-(4).

69 “Banks Merged By Spreckels,” *Yonkers Statesman*, April 2, 1927, 1; “Spreckels Sugar,” *Time*, Feb. 4, 1929.

Depressed prices and reorganization were both a challenge and an opportunity for the refinery's executives. The reorganization of 1927 provided more independence to Spreckels Sugar's subsidiaries. In late 1927, Walter became president of the Syrup Products Company, which was spun off as a separate operating unit with a tax assessment of \$170,000 in 1929 (or \$9.57 million in 2010 dollars). The leadership of this modern and profitable company on the eve of the Great Depression was the climax of his entrepreneurial career.⁷⁰ Although not an owner, he was now the decisive executive with a fiduciary responsibility toward the dominant shareholder, his cousin Rudolph Spreckels. For instance, when the presidents of every alcohol distilling company in the United States met in March 1928 in New Orleans, Walter P. Spreckels was among them.⁷¹ The now forty-year-old immigrant seemed to have a chance for an extraordinary entrepreneurial career.

Yet just over a year later, the ambitious young man had "retired."⁷² In June 1929, his cousin Louis Spreckels, who had done so much to foster his career, died. Louis Spreckels was succeeded as general manager by the Scottish immigrant Peter Jenkins, and not by Walter. As senior management positions were given out to other men, it was obvious that Walter's position was precarious.⁷³ Two weeks later, on July 10, 1929, the board of directors elected Edward H. Stone to replace Walter P. Spreckels as president of the Syrup Products Company.⁷⁴ At the same time, many executives of the Federal Sugar Refinery, the parent company, were replaced. As in 1918, Spreckels at first went to the Wall Street sales office of the refinery. For a time, his informal title was "former president, Syrup Products Co. New York."⁷⁵ Yet he never went back to Yonkers or Federal Sugar. His family left Yonkers and resettled at 11 Sherman Ave, Summit, New Jersey — in a newly purchased home valued at \$25,000 (\$580,000 in 2010 dollars).⁷⁶ What had happened? The public did not learn the story for nearly two years.

In May 1931, federal officials revealed that a grand jury had been investigating what was described as "a gigantic bootleg ring" involving more than a dozen companies, including the Syrup Products Company.⁷⁷ The investigation found that these companies had been "cracking" various products — including "paint solvent . . . insecticides . . . [and] candy glaze" — to extract industrial alcohol and divert it to bootleggers' use. The Federal Grand Jury charged "a nation-wide conspiracy to evade the dry laws."⁷⁸ The industrial alcohol investigation's \$500,000 cost (or \$38.8 million in 2010 dollars) made it one of the most expensive under the Volstead Act; to critics of Prohibition

70 *Richmond's Yonkers Directory 1927* (New York: R.L. Polk, 1927), 667; *Richmond's Yonkers (New York) City Directory 1928* (New York, 1928), 754; "Tax Evaluations on Industries Left Unchanged," *Yonkers Statesman*, Oct. 2, 1929, 1.

71 "Alcohol Makers in Conference," *Times-Picayune*, March 2, 1928, 3.

72 "Stone Named Head of Spreckels Company," *Yonkers Statesman*, July 13, 1929, 3.

73 "Spreckels Sugar Corporation," *Wall Street Journal*, July 11, 1929, 13; "Jenkins, New Refinery Head, Helped Build Original Plant," *Yonkers Statesman*, July 11, 1929, 20.

74 *Facts about Sugar 24* (1929): 681. For a more general perspective on the history and perception of business failure, see Scott A. Sandage, *Born Losers: A History of Failure in America* (Cambridge, MA, 2005).

75 *Drug Markets 29* (1931): 177.

76 *Polk's Yonkers (New York) City Directory 1929* (New York, 1929), 686; NARA 1930 United States Federal Census, Place: Summit, Union, New Jersey; Roll 1389; Page 6B; Enumeration District 0153; Image 878.0; FHL microfilm 2341124.

77 "Alleged Rum Ring Records Subpoenaed," *Washington Post*, May 8, 1931, 13; "Jury Indicts Syrup Firm with Ring," *Yonkers Statesman*, July 21, 1931, 1.

78 "Companies Valued at Millions Indicted as Dry Law Violators," *Christian Science Monitor*, July 21, 1931, 1 (also for the next quotation).

its findings of large-scale participation in evading Prohibition were unsurprising.⁷⁹ Obviously U.S. chemical companies were among the largest beneficiaries of the new alcohol regime prohibition enforcement had enacted. Among those indicted were the Syrup Products, Inc.; the company's sales agents, Roessler and Hasslacher; and William L. Due, another Syrup Products executive.⁸⁰

The Syrup Products Company denied that it was in any way connected with that indictment. Peter Jenkins, Louis Spreckels' successor, pointed out, "that Mr. [Walter] Spreckels is not now connected with it and that the acts alleged against it occurred several years ago." The investigation indicated that the Syrup Products Company had been selling its industrial alcohol with the help of Roessler & Hasslacher, and both companies seem to have cooperated in violation of the Volstead Act. However, it is not clear whether Walter was actively involved in bootlegging industrial alcohol or whether he preferred not to know too much about what was going on.⁸¹ Nor is it clear if his dismissal was a sacrifice to cover up broader involvement by Spreckels Sugar executives in this profitable but illicit business. The Syrup Products Company, which went into receivership in 1930, never paid any fines in this matter.⁸² While the firm publicly supported Prohibition enforcement, Claus Augustus and Rudolph Spreckels were among those who supported U.S. presidential candidate Al Smith's 1928 campaign and Franklin D. Roosevelt's 1932 campaign against the Volstead Act.⁸³

For Walter, this second moment of public notoriety was surely even more disgraceful than his temporary classification as an "alien enemy." Although he was not imprisoned or fined, the affair was a reminder of his father Victor Hahn's embezzlement. Spreckels stumbled, but he did not fall like his father. While he lost his position as president of a large company, he did not share the fate of the 1,200 men who in 1930 lost their jobs when Spreckels Sugar Corporation went into receivership.⁸⁴ Walter P. Spreckels still had credit and capital.

79 For a broader perspective see J. Anne Funderburg, *Bootleggers and Beer Barons of the Prohibition Era* (Jefferson, 2014).

80 "Federal Jury Closes Probe in Baltimore," *Morning Herald*

[Hagerstown], July 21, 1931, 1, 4, here 4.

81 "Alcohol Plants Indicted for Plot to Divert Product," *San Antonio Express*, July 21, 1931, 1-2, here 2; *American Chemical Industry* 4 (1948), 162. Comp. Joris Mercelis'

biography of immigrant entrepreneur Jacob Hasslacher (1852-1921) online in *IE*.

82 For further information, see "Syrup Products Co. Sued on Diversion," *Brooklyn Daily Eagle*, May 23, 1934, 24.

83 "Rudolph Spreckels for Smith as Wet," *New York Times*, Sep. 6, 1928, 3. Claus Augustus Spreckels was a member of the Association Against the Prohibition Amendment ("One Liquor Group has pledged 400,000 to scrap dry Laws," *Christian Science Monitor*, July 13, 1922, 1). Founded in 1918, it was supported by many German-American immigrant entrepreneurs. Comp. Daniel Okrent, *Last Call: The Rise and Fall of Prohibition* (New York, 2010), 233-34, 295-99.

84 While the case continued for several years, the Syrup Products Co. never paid any fines for its alleged activities. For the continuation of the official claims see "Syrup Products Co. Sued on Diversion," *Brooklyn Daily Eagle*, May 23, 1934, 24. Rudolph Spreckels directly contacted President Roosevelt about the case ("Spirits Code is Protested," *New York Sun*, Dec. 11, 1933, 3). For a taste of the fate of Spreckels Sugar Corporation's employees, I recommend Christy Moore's song "Ordinary Man" — even if it covers a later period in history: <https://www.youtube.com/watch?v=L6ZUYU4tWUU>. It inspired this article.

After his resignation from Syrup Products, Spreckels first worked for a short while for the Federal Cooperage & Bag Company of New York, a subsidiary of the Spreckels Sugar Corporation. He was next employed by P. Ballantine & Sons of Newark, New Jersey, a once-renowned brewery founded by Scottish immigrant entrepreneur Peter Ballantine (1791-1883). During Prohibition, it focused on manufacturing cereal products.⁸⁵ In 1933, it renewed brewing under the management of second-generation German immigrant entrepreneurs Carl William Badenhausen (1893-1981) and Otto August Badenhausen (1895-1966). Spreckels worked here in a management position, though he was no longer as prominent as he had been at his cousins' company.

Political changes after 1933 opened up new opportunities for Walter. He became a representative of the National Recovery Administration, a New Deal agency whose principal goal was to establish "fair" practices in business.⁸⁶ Spreckels became a member of the retail drug code authority in New York City. As such, he negotiated with representatives of mom-and-pop pharmacies, chain stores, and drug and cosmetics producers to eliminate "destructive" price and service competition.⁸⁷ While the Supreme Court declared the agency unconstitutional in 1935, Spreckels remained in government and co-authored a small technical article with Raymond M. Wilmotte et al. on "Activities of the Code Authorities."⁸⁸ In 1935, he shifted to the Works Progress Administration and became the chief of the Labor Policies Section in New York City, where he dealt with labor relations.⁸⁹ The goal of this New Deal agency was to reduce unemployment by carrying out public work programs such as the construction of new parks, roads, or schools, which Spreckels had previously promoted in Yonkers (see below).⁹⁰

These local experiences, combined with his work in labor relations at the Federal Sugar Refining Company, were important arguments for Walter P. Spreckels' appointment as director of the National Labor Relations Board office in Los Angeles. Aged 51, he again accepted a challenge. The family arrived in California in September 1939, not long after German troops invaded Poland.⁹¹ The National Labor Relations Act had codified a new framework for collective bargaining, with local boards supporting the organization of workers by administering union elections at large companies and branch plants and appointing collective bargaining agents.

The late 1930s were characterized by growing strength of conservative positions on the one hand and the intense fight between the two

85 "Spreckels Given Labor Board Post," *New York Sun*, Sep. 8, 1939; "Jury Indicts Syrup Firm with Ring," *Yonkers Statesman*, July 21, 1931, 1.

86 A productive interpretation is Wolfgang Schivelbusch, *Three New Deals: Reflections on Roosevelt's America, Mussolini's Italy, and Hitler's Germany, 1933-1939* (New York, 2007). On broader questions of price and wage fixing see Meg Jacobs, *Pocketbook Politics: Economic Citizenship in Twentieth-Century America* (Princeton, 2005), 95-175.

87 Mark Merrell, E.T. Grether and Sumner S. Kittelle, *Restrictions of Retail Price Cutting with Emphasis on the Drug Industry* (Washington, 1936), 48.

88 In National Recovery Administration, *Code Authorities and Their Part in the Administration of the NIRA* (Washington, 1936).

89 Henry N. Dorris, "Says WPA Favored A.F.L. in this Area," *New York Times*, June 6, 1939, 1.

90 A good overview is given in Donald S. Howard, *The WPA and Federal Relief Policy* (New York, 1943).

91 "Spreckels Assumes New Duties on Labor Board," *Riverside Daily Press*, Sep. 13, 1939, 2; "Easterner Selected L.A. Labor Director," *Bakersfield Californian*, Sep. 11, 1939, 2.

leading unions on the issue of industrial unionism on the other hand, the American Federation of Labor (AFL) and the Congress of Industrial Organizations (CIO).⁹² Walter P. Spreckels represented a centrist position in these hard struggles. He was a Republican and surely not one of those leftists who unintentionally weakened the position of the National Labor Relations Boards vis-à-vis business and the Republican Party. While a majority of the boards' representatives favored the CIO and industrial unionism, Spreckels came to California with a different agenda. In New York, he had favored the AFL.⁹³ In Los Angeles, the Labor Board was dominated by left-wing field investigators affiliated with the CIO who had been appointed under Spreckels' predecessor. During the first three months of his appointment, Walter replaced six of them.⁹⁴

In Southern California, at the time one of the fastest-growing regions of the United States, Spreckels managed different and sometimes contradictory tasks in the course of organizing union elections and mediating labor disputes.⁹⁵ The first case he was involved in regarded the representation of the International Alliance of Theatrical Stage Employees (IATSE) and ended with a convincing AFL victory.⁹⁶

A company union won his second case, at Douglas Aircraft Company, while the CIO was victorious in a drive to organize packing plants.⁹⁷



Figure 3: Walter P. Spreckels (upper left) announces the results of a unionization ballot at Gilmore Stadium, Hollywood, 1939. Private collection. Courtesy of Uwe Spiekermann.

92 The American Federation of Labor, founded in 1886, was by far the largest U.S. union, while the Congress of Industrial Organizations was established in 1935, broke with the AFL in 1936, and reorganized itself as a labor union in 1938. While the AFL tended towards craft unionism — in this case, workers are organized according to their skills and their positions — the CIO favored industrial unionism — in that case

all workers of an industry or a larger company were organized by only one union. Once dominant in many branches, company unions were severely weakened by the National Labor Relations Act, but were still relevant actors. As an introduction see Philip Jacques Dreyfus, "Industrial Unionism," in *Encyclopedia of U.S. Labor and Working-Class History*, vol. 1, ed. Eric Arnesen (New York, 2007), 650–52.

93 Dorris, "Says W.P.A. Favored."

94 Louis B. Perry and Richard S. Perry, *A History of the Los Angeles Labor Movement, 1911–1941* (Berkeley, 1963), 496.

95 On the corporate culture of this region see Clark Davis, *Company Men: White-Collar Life and Corporate Cultures in Los Angeles, 1892–1941* (Baltimore, 2000).

96 "Alliance Wins Studio Fight," *Ogden Standard Examiner*, Sep. 21, 1939, 14; "A.F.L. Union Wins Control," *San Mateo Times*, Sep. 21, 1939, 5.

97 "Independent Union Wins," *Oakland Tribune*, Nov. 10, 1939, 12; "CIO Union Named as Packing Plant Agency," *Berkeley Daily Gazette*, Jan. 31, 1940, 14.

It was also victorious at the American Potash and Chemical Cooperation of Trona, while the AFL won the vote of the Seaboard Lemon Association at Oxnard.⁹⁸ Spreckels was apparently more reluctant to accept the CIO's small victories, particularly in branches of military importance such as the aviation and aircraft motor industries, and occasionally asked the Washington headquarters to revisit and potentially overturn CIO victories.⁹⁹ In some cases, this led to strike threats by the CIO, but the framework of the national defense program eventually smoothed down such union activism.¹⁰⁰

While the structural antagonism of the leading U.S. unions could not be solved or even smoothed during Walter's directorate, the Los Angeles National Labor Relations Board successfully empowered a better representation of unorganized workers. Spreckels tried to establish the rights of unions to collective bargaining against "capital," while business representatives attempted to establish employer-dominated unions, formed secret organizations, and established spy or police systems among employees to report union activities, sometimes organizing groups of housewives to promote "back to work" movements during strikes.¹⁰¹ In other cases, Spreckels ordered elections against managers' and business owners' wishes.¹⁰² Simultaneously, however, the regional agency also ended unsuccessful strikes or decided on the representatives for collective bargaining.¹⁰³ Throughout his directorate, Spreckels was challenged by both conservative politicians and by unions.¹⁰⁴

While professionally he was caught between two stools, his family settled in 7357 Woodrow Wilson Drive, Los Angeles, a single-story home in the Hollywood Hills, one mile south of Universal Studios, near the well-known Mulholland Drive.¹⁰⁵ Despite this professional and personal restart to his life and with another war looming, it is clear that he wanted to avoid any struggles similar to those in 1918 and 1929. In the 1940 Census, Walter P. Spreckels gave false information about his background and his German descent, claiming that

98 *Bakersfield Californian*, Dec. 23, 1940, 8; "Pick Bargaining Agent," *Bakersfield Californian*, Jan. 21, 1941, 8.

99 "C.I.O. Union Leads in Los Angeles Plant Election," *Corona Daily Independent*, Feb. 3, 1941, 1; "Bargaining Vote at Aviation Plant Set," *San Bernardino County Sun*, Feb. 5, 1941, 4; "Unions Deadlocked at North American," *San Diego Union*, Feb. 21, 1941, 1; "C.I.O. is Designated Bargaining Agent in Aircraft Plant," *Corona Daily Independent* March 14, 1941, 6; "C.I.O. Wins Vote at North American," *Bakersfield Californian*, March 14, 1941, 2.

100 "Air Parts Plant Threatened," *New York Times*, March 24, 1941, 9; *Circleville Herald*, March 24, 1941, 8.

101 "Business Units Face Charges," *Oregonian*, Sep. 28, 1939, 16.

102 "Citrus Company Refuses Records," *Corona Daily Independent*, July 10, 1940, 1.

103 *Corona Daily Independent*, Feb. 11, 1941, 1; "Settle Strike," *Corona Daily Independent* March 1, 1941, 3; "Settlement

Reached in Wharf Walkout," *San Bernardino County Sun*, March 1, 1941, 2.

104 "House to Quiz NLRB Chiefs," *Oakland Tribune*, Nov. 14, 1939, 14; "Union Suit against U.S. Judge Valid," *Oak-*

land Tribune, August 21, 1940, 36.

105 NARA 1940 United States Federal Census, Place: Los Angeles, Los Angeles, California; Roll T627_404; Page 4B; Enumeration District 60-166.

both he and his parents were all born in New York even though only his mother was U.S.-born. He also gave false information on his income, understating his salary as \$3,200 (\$126,000 in 2010 dollars) when in fact it was \$5,600 (\$221,000 in 2010 dollars).¹⁰⁶ Apart from such irregularities, Spreckels remained an un-ideological man in ideological times. At age 53, he resigned his directorate after eighteen months of service: “I feel that I can be of more benefit both to myself and to the labor situation in general by acting as a labor relations consultant,” he explained to one paper.¹⁰⁷ As an independent consultant, he was eventually his own master. After April 1941 he represented various employers in their relations with employees and labor unions.

The history of the small consulting firm Walter P. Spreckels & Associates is only a footnote in the business history of the Los Angeles region, but he was involved in at least two important cases. As an independent consultant, Walter’s first appointment was as a labor conciliator for Disney Studios. The AFL, speaking for the Screen Cartoonists Guild, had claimed to represent a majority of employees of the studio, while the small Independent American Society of Screen Cartoonists represented the majority of these specialists.¹⁰⁸ This was a typical struggle on industrial versus craft unionism with the AFL representing the first principle. Walter Spreckels urged an official election governed by his former agency, the National Labor Relations Board, but his intervention had little effect. Movie mogul Walt Disney refused to accept the legitimacy of the AFL, but after a two-week shutdown was “cornered into accepting a settlement.” Spreckels’ engagement could not smooth the struggle. The studios were hit hard financially and it is claimed that Walt Disney’s own personal attitudes towards labor changed after this conflict.¹⁰⁹

In another case in October 1941 Spreckels represented the metal manufacturer Hercules Foundries, Inc., an important military supplier, in a complaint about racial prejudice. While most companies declared that “there is no race discrimination in their hiring,” and that differences in hiring resulted from different skills, Spreckels explained in the name of his client that the company employed a large number of African-Americans but that “white moulders said they would walk out” if they were promoted.¹¹⁰ Spreckels was among very few who engaged in discussions of race without expressing explicit prejudices.

Walter worked as an “Industrial Relations Consultant” until at least 1958.¹¹¹ He remained a freemason and occasionally gave public

106 Ibid.; *Official Register of the United States 1940*, compiled by the United States Civil Service Commission (Washington, 1940), 187.

107 “Official of Labor Board Resigns Post,” *San Bernardino County Sun* 1941, April 18, 4; “Spreckels Quits Post,” *San Diego Union*, April 17, 1941, 4.

108 “Strike Hits Walt Disney,” *Panama City News-Herald*, May 27, 1941, 6; “Disney Studio Faces Strike,” *Star Times Advocate*, May 27, 1941, 12.

109 Steven Watts, *The Magic Kingdom: Walt Disney and the American Way of Life* (Columbia, 2001), 225 and passim. Disney was himself a second-generation Canadian-American immigrant entrepreneur.

110 “Race Bans in Hiring Denied,” *Oakland Tribune*, Oct. 21, 1941, 50; “Racial Bans in War Plants Charged,” *Fresno Bee Republican*, Oct. 21, 1941, 4; Kevin Allen Leonhard, *The Battle for Los Angeles: Racial Ideology and World War II* (Albuquerque, 2006), 44, 46.

111 *Labor Arbitration Reports* (1958), s.p.

lectures on topics of labor relations.¹¹² He and his family moved to North Hollywood. Eventually his daughter left home to attend college and married.¹¹³ His son Walter Jr., for some time a rancher, lived with his parents until his early death in 1955. As a Democrat, he surely triggered political discussions with his parents who remained Republican voters.¹¹⁴ The Spreckels maintained some connections to Yonkers, namely to Miss Hubertine Wilke, a former member of the Community Service Commission.¹¹⁵ We do not know whether Walter took notice of a mistaken report of his death published in Yonkers in August 1961.¹¹⁶ He eventually moved to Laguna Hills, in Orange County, and died there, at the age of 88, on May 8, 1976.¹¹⁷ His wife survived him by 15 years and died in Los Angeles on July 5, 1991.¹¹⁸ Walter P. Spreckels is buried at Forest Lawn Memorial Park, Los Angeles, next to his son Walter Jr. and his wife Gertrude.¹¹⁹ As an immigrant entrepreneur, he was an ordinary man — nothing special, nothing grand. But a final look at his social life in Yonkers can perhaps demonstrate that he still tried to make a difference.

112 “‘Labor Relations’ Topic,” *Santa Ana Register*, August 24, 1942, 5.

113 “Obituary,” *Los Angeles Times*, June 29, 1955.

114 California Voter Registrations, 1900-1968, Los Angeles County, 1946, Roll 69; California Voter Registrations, 1900-1968, Los Angeles County, 1954, Roll 97.

115 “Mrs. Walter Spreckels and Daughter in City,” *Yonkers Statesman*, July 15, 1946, 9; “Hubertine Wilke Leaves for Trip Across Country,” *Yonkers Herald Statesman*, July 15, 1946, 9; “Miss Wilke Returns from Pacific Cruise,” *Yonkers Herald Statesman*, September 21, 1967, 11.

116 “Correction,” *Yonkers Herald Statesman*, August 9, 1961, 2.

117 California, Death Index, 1940-1997, Place Orange, Date 8 May 1976, Social Security 130092989.

118 California Death Index, 1940-1997, Place Los Angeles, Date 5 Jul 1991, Social Security 555217103.

A Passion for the Community: Family Status and Social Networks

The men who were titans of industry in the early twentieth century often conducted their careers according to a gendered division of labor, devoting themselves to business issues and politics while their wives participated in cultural activities and society events. In the case of an ordinary executive and his wife, like Walter and Gertrude Spreckels, a different pattern obtained. Like other middle-class American women, Gertrude Spreckels was almost always referred to by her husband’s name in newspaper accounts, as Mrs. Walter P. Spreckels, rather than having her separate identity fully acknowledged. She participated in a broad array of charitable and educational activities. For example, Gertrude Spreckels and Louis Spreckels’ wife Elizabeth Spreckels helped organize an annual fair for Yonkers’ needy poor.¹²⁰ Gertrude A. Spreckels attended meetings of the conservative Daughters of the American Revolution, although she was probably not a member.¹²¹ She also joined the city’s park and book clubs.¹²²

119 Plot Sheltering Hills, Map C03, Lot 1005, Space 2 (Ancestry.com U.S., Find a Grave Index, 1600s-Current (database on-line), Provo, UT, USA).

120 “Apple Orchard in Full Bloom,” *Yonkers Statesman*, March 31, 1916.

121 *Yonkers Statesman*, Nov. 16, 1924, 4.

122 *Yonkers Statesman*, March 29, 1926, 2; “Women to Turn from Social Activities to Day of Prayer,” *Yonkers Statesman*, Feb. 20, 1928, 5.

Such engagement without a real focus was also typical for Walter — at least until the mid-1920s. He was an active tennis player and horseback rider, and he was also an ongoing supporter of the Federal Athletic Club, created by Federal Sugar’s employees, which was also actively backed by his cousin Louis.¹²³ Many of the club’s teams were respected throughout the Yonkers area. For Walter, the social dimension of the club was surely important. He liked to attend the excursions and annual meetings that always featured jolly banquets, and spent two years as the club’s president.¹²⁴ This probably gave him a feeling of acceptance by his American-born colleagues. At that time, he also developed closer connections to the local press, where he was no longer presented as an “alien enemy” but as one citizen among many.¹²⁵

This feeling of having gained acceptance as an American probably enabled Spreckels to feel comfortable reengaging with his German identity in early 1924, when he became an active supporter of the Quakers’ campaign for hunger relief for German children suffering from the crisis caused by the hyperinflation of fall 1923. Spreckels became a leader in a campaign that collected \$25,000 (\$1.57 million in 2010 dollars) in Yonkers, leading rallies at the Federal Sugar Refining Company and participating in other public events in both Yonkers and New York City.¹²⁶ Earlier, Spreckels had been active in the Yonkers Chamber of Commerce, and these public relations activities may have helped him feel comfortable later on his role as a public arbitrator in a high-profile policy position.¹²⁷

The most important chapter in the social life of Walter P. Spreckels, however, was his service on Yonkers’ Community Service Commission, whose chair he became in summer 1926.¹²⁸ This local institution was an outcome of the U.S. recreation movement, which became formally organized in 1906, when the Playground Association of America was founded.¹²⁹ Its roots can be traced back to Germany

123 “Spreckles [sic] and Joe O’Brien Win the Fed Doubles,” *Yonkers Statesman and News*, Sep. 22, 1922, 10; *Yonkers Statesman*, Sep 8, 1927. Although led by executives, the Federal Athletic Club was still an institution to establish a common identity among blue- and white-collar workers. For the increasing divisions in American society

between these groups see Olivier Zunz, *Making America Corporate, 1870-1920* (Chicago, 1990), esp. 125-48.

124 “We Will Revive the Marathons in Yonkers,” Says Federal Leader at Annual Dinner at the Elks’ Club,” *Yonkers Statesman and News*, Dec. 7, 1922, 10; “Many Attend the Annual Dinner of the Federal Athletic

Club,” *Yonkers Statesman*, March 7, 1924, 10; “Federal Athletic Club to have Monster Carnival Here,” *Yonkers Statesman*, April 30, 1924, 12; “Federal Dinner Tomorrow Night,” *Yonkers Statesman*, Feb. 5, 1926, 3; *Yonkers Statesmen*, Oct. 16, 1926, 2.

125 *Yonkers Statesman*, Oct. 20, 1926, 7.

126 “Mayor Assures German Relief Workers,” *Yonkers Statesman* 1924, January 18, 1; “Big Mass Meeting to Open German Relief Drive Here,” *Yonkers Statesman*, Jan. 19, 1924; “German Drive Going Fine,” *Yonkers Statesman*, Jan. 24, 1924, 2.

127 “Real Estate Board Dines,” *Yonkers Statesman* 1921, May 11, 1; “New Building and Loan Company May Eliminate Insurance Phase,” *Yonkers Statesmen and News* 1922, January 16, 3. Walter P. Spreckels also presided over the Public Safety Committee of the Yonkers Chamber of Commerce and was among the Yonkers delegates of the Westchester County Medical Society (“10 Years Ago,” *Herald Statesmen Yonkers* 1934, May 14, 8; “10 Years Ago,” *Herald Statesman Yonkers* 1935, May 16, 8).

128 “30 Years Ago,” *Herald Statesman Yonkers*, March 6, 1956, 4.

129 Stephan Wassong, *Playgrounds und Spielplätze. Die Spielbewegung in den USA und in Deutschland 1870-1930* (Aachen, 2007).

and England. Physical education was promoted by the German Turner movement and it was mostly German immigrants who established early playgrounds in Philadelphia, in New York, and in Chicago. Recreation was understood in the antique tradition of humanistic education as a means of combining mental and physical fitness. It was also promoted as an element of social reform. Building playgrounds was like building characters for a democratic society of free and equal people.¹³⁰ For Walter P. Spreckels, this was a reminder of the education he received at the Vitzthumsche Gymnasium in Dresden.

Yonkers was an industrial town, shaped by the Otis Elevator Company, sugar refining, textile and chemical industry. It was still growing with 100,176 inhabitants in 1920 and 134,646 ten years later. But it lacked an advanced social infrastructure. Spreckels and the commission examined the local parks and asked for improvements to wading pools and for new utilities for public recreation.¹³¹ Band concerts were organized to popularize public parks. Spreckels decided to open Yonkers' schoolyards as playgrounds, although this idea faced stiff criticism because there could be damage to shrubbery and landscaping.¹³² Spreckels argued that most children are responsible and opted for a culture of trust in the younger ones.¹³³ He also argued for closing certain streets to automobile traffic in order to provide more space for play. Acting for the public benefit gave him moral authority: "We, who make up the recreation commission . . . are not interested in gaining votes and we do not do our work for any reason other than a love of it."¹³⁴

Such activities were supported by public events, the mobilization of citizens, and an intense struggle for a larger budget for recreation. Spreckels managed to acquire significantly higher budgets, which allowed not only the construction of new playgrounds but also supplies such as canoes and handballs.¹³⁵ The city of Yonkers established the new position of a director of Community Service Commission work — Spreckels' engagement was pro bono — and hired several new leaders.¹³⁶ Spreckels gave public talks on "The Recreation Problem of Yonkers," collected hundreds of signatures for the creation of a new playground and recreation center, and cooperated with youth organizations to reach his goals.¹³⁷ At the end, he had initiated "the biggest recreation program in the history of Yonkers," based on a mixture of civic duty and social hygiene.¹³⁸

It was a kind of redemption that in 1926 Walter P. Spreckels, the former "alien enemy," was appointed to head his town's Fourth of

130 Linnea M. Anderson, "The Playground of Today Is the Republic of Tomorrow": Social Reform and Organized Recreation in the USA, 1890-1930's" in *The Encyclopaedia of Informal Education* (2007), <http://infed.org/mobi/social-reform-and-organized-recreation-in-the-usa/>.

131 "Street Showers for Kiddies Again," *Yonkers Statesman*, July 8, 1926, 2.

132 "City School Yards Will Be Opened as Playgrounds, Spreckels States," *Yonkers Statesman*, July 23, 1926, 1.

133 "The Statesman Says---," *Yonkers Statesman*, July 29, 1926, 1.

134 "Play Leaders Not in Politics, Says Spreckels," *Yonkers Statesman*, March 26, 1929.

135 "Our Recreation Record," *Yonkers Statesman*, Sep. 27, 1926, 6; "Appeals for Recreation," *Yonkers Statesman*, Oct. 28, 1926, 1-2; "To Ask Transfer of Surplus Funds," *Yonkers Statesman*, Dec. 24, 1926, 2; "Yonkers May Be Scene of Canoe Races," *Yonkers Statesman*, Feb. 6, 1928.

136 "May Not Fill \$3,500 Playground Job," *Yonkers Statesman*, Dec. 30, 1926, 1; "Slate Greening for Recreation Position Here," *Yonkers Statesman*, Jan. 22, 1927, 2; "Kennedy Makes Answer to Criticisms of Walter Spreckels," *Yonkers Statesman*, March 19, 1927, 1-2.

137 "North Yonkers Will Hear Talk on Recreation," *Yonkers Statesman*, Feb. 14, 1927, 2; *Yonkers Statesman*, August 3, 1926, 3.

138 "Walsh Praised in Play Report," *Yonkers Statesman*, Jan. 9, 1928, 16. The quote is from Spreckels' 24-page report on the commission's work in 1927.

July celebrations.¹³⁹ He chaired this committee in 1927 as well and was a member of the committee until 1928.¹⁴⁰ The unraveling of his career at Federal Sugar cut short his participation in these community projects, and in July 1929, after he had already lost the presidency of the Syrup Products Company, Spreckels officially resigned as chairman of the Community Service Commission and “expressed regret that his personal affairs made it impossible for him to serve longer.”¹⁴¹ Spreckels never took a civic office again.

Conclusion

The Titans once ruled — if you trust Greek mythology — during the Golden Age. But these immortal giants were beaten and the Ages of Man followed. Walter Spreckels was a representative of the end of the age of private capitalism in the U.S., which lasted longer in immigrant circles than in mainstream business. He was one of those managers business historian Alfred D. Chandler, Jr. once praised and analyzed when he defined the modern business enterprise as “the most powerful institution in the American economy and its managers the most influential group of economic decision makers.”¹⁴² The biography of Walter P. Spreckels, however, offers a less majestic perspective on “managerial capitalism.” As an executive of one of the largest firms in the sugar business, he was not able to deal with the eruptions caused by the changes in tariff politics, which hit independent producers even before the Great Depression. Walter P. Spreckels also fell afoul of Prohibition enforcement, though his direct responsibility remains unclear. Pushed out of his business, he found a new task in negotiating the fractures of capitalism. He acted for labor and for capital, and appealed to common sense. This mirrored his public service in the 1920s when he was active in creating a better Yonkers, merging ideas from Germany with the necessities of American industrial towns.

Thrown into the U.S. by his father’s criminal deeds and bankruptcy, Walter P. Spreckels cut himself off from his German roots after he was marked as an “alien enemy” in World War I. It took some time, but he finally became an ordinary American citizen. After his indictment and the Depression-era failure of his company, he saved himself and his family first by joining the government, and then as a private consultant. Walter P. Spreckels, who learned about ancient mythology in his youth, knew that the Golden Age of the Titans, once extolled by Hesiod and Ovid, was followed by the Iron Age, a world at war with itself.

139 “Spreckels to Head the July 4th Committee,” *Yonkers Statesman*, June 10, 1927, 2.

140 “Forgarty Names Committee for Fourth Program,” *Yonkers Statesman*, June 25, 1927, 2; “Mayor Names July 4 Group,” *Yonkers Statesman*, June 12, 1928, 5.

141 “Kinsley Named,” *Yonkers Statesman*, August 1, 1929, 1.

142 Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business*, 15th ed. (Cambridge, 1999 [1977]), 1.

Uwe Spiekermann is a *Privatdozent* at the Georg-August-University of Göttingen. He was a deputy director of the German Historical Institute Washington DC from 2008-2015, and a general editor of the Immigrant Entrepreneurship Project. He has held teaching and research positions in Bremen, London, Exeter, Münster, and Vienna, and he also served as the managing director of a Heidelberg-based foundation for healthy nutrition. His work focuses on the economic and social history of Germany and the United States in the nineteenth and twentieth centuries, the history of consumption, marketing, nutrition, and the history of science and knowledge. Spiekermann is currently writing a family biography of the Spreckels family, better known as the “Sugar Kings” of the American West.

BUILDER OF THE LIBERAL CONSENSUS: HENRY J. KAISER (1882-1967)

Tim Schanetzky

In the summer of 1944, Franklin D. Roosevelt was preparing to run for his fourth term as president, and his closest advisors were puzzling over a possible successor to Vice-President Henry Wallace. One possible candidate stood out: Henry J. Kaiser.¹ The entrepreneur had no political experience, did not belong to a party, and had not supported any campaign financially — and yet the President contemplated sending him into the race as his running mate. In a specially prepared dossier, the FBI painted the picture of a climber at the height of his career. Kaiser's conglomerate employed 250,000 workers: they extracted coal and ore, produced cement, steel, and magnesium, and built roads, dams, ports, cargo ships, airplanes, and munitions. Many of these businesses were not even five years old. Kaiser was not only one of the largest employers in the U.S., he was also considered one of the most enlightened, offering health insurance and housing construction schemes, and cooperating closely with the unions; his reputation was exemplary. Yet Roosevelt did not include the entrepreneur on his list of possible vice-presidents because of his economic stature. Rather, at a time of large, manager-led enterprises, Kaiser embodied a new version of the American Dream: with hard work and energy, anyone could make it on his own.² Yet just a short time later, the tide turned. In the end, Harry S. Truman became Roosevelt's running mate and already by the late fall of 1944, when it was becoming ever more clear that military victory in World War II was merely a matter of time, Kaiser was suddenly portrayed as an economic opportunist who had only achieved his position in life thanks to government support. From then on, his opponents accused the entrepreneur of having enriched himself at the expense of the general public. Although Kaiser was still active in business for many years after, right up to his death he had to defend himself against such charges. As late as the spring of 1964, the East Coast political establishment was unwilling to relent: an attempt by several Congressmen to honor the then eighty-two-year-old Kaiser, the builder of the famous "Liberty Ships," with a Congressional Medal of Honor failed miserably. During the debate, the Republican Harold R. Gross from Iowa summed up the reservations: "I question whether this gentleman is an industrial giant on the basis of having hewed it out himself, as have other leaders of industry in this country."³

1 "Now It's Kaiser for President," news clipping, Feb. 17, 1944, carton 257, folder 13, Henry J. Kaiser Papers, Bancroft Library, University of California at Berkeley, Berkeley, Calif. Subsequent references will be in the form HJKP, carton number/folder number. See also Stephen B. Adams, *Mr. Kaiser Goes to Washington: The Rise of a Government Entrepreneur* (Chapel Hill, 1997), 152-55; Mark S. Foster, *Henry J. Kaiser: Builder in the Modern American West* (Austin, 1989), 118-19.

2 J. Edgar Hoover to Samuel Rosenman, June 30, 1944, and enclosed "Report on Kaiser," Federal Bureau of Investigation Records, Freedom of Information Act request.

3 110 *Cong. Rec.*, 11124-37 (May 18, 1964), quote on p. 11125.



Figure 1: The Liberty Ship Patrick Henry. Courtesy of the Library of Congress.

Family Background

Although Kaiser was born in the United States, he grew up in a milieu dominated by German immigrants. His father Franz (later Frank, born 1842, died October 18, 1929) hailed from Steinheim in Hesse, a small medieval town on the southern banks of the Main that is today a suburb of Hanau. While we know nothing about the reasons that persuaded the thirty-year-old shoemaker to emigrate in 1872, he drew upon contacts from his homeland for his new start in America. Frank Kaiser traveled to a small hamlet in upstate New York called Canajoharie where he was taken in by the Yops (originally Jobst) family, farmers who had also come from Steinheim, and he eked out a living with odd jobs. His hosts had given up their heavily indebted holding in Germany as early as 1853 and had managed

to acquire a mid-sized farm in this village in upstate New York. Frank Kaiser fell in love with Mary Yops (originally Anna Marie; born 1847, died December 1, 1899) and married her on January 5, 1873. The couple settled a few miles from Canajoharie, in Sprout Brook, where Frank opened a cobbler's workshop. After three daughters (Elizabeth, born November 23, 1873; Anna, born October 23, 1876; and Augusta, born September 19, 1878), Mary gave birth to a son on May 9, 1882, who was given a Protestant baptism two years later with the name Heinrich Kaiser. The baptismal register has no indication of the second name "John," which Kaiser must have adopted on his own later, just as he changed "Heinrich" into "Henry."⁴

When the entrepreneur became a national celebrity in 1942, many journalists, in order to create a striking contrast, described the downright impoverished circumstances in which Kaiser had supposedly grown up. By contrast, the family tradition emphasized that the family's circumstances, while admittedly simple, had been characterized by his parents' irreproachable ethic of hard work. It is unlikely that Kaiser's father was able to make a living in the tiny settlement of Sprout Book, and in 1889, no doubt for economic reasons, the family moved west to Whitesboro, a prosperous town near Utica on the Erie Canal of nearly 1,600 residents. Whether his father continued

4 HJKP, 258/31, Parish Registers of St. John's Lutheran Church, Canajoharie, undated; Henry J. Kaiser Company, "Facts in Brief about Henry J. Kaiser," 1946, 43-46; Foster, *Henry J. Kaiser*, 7-9.

to work as a tradesman there or found employment in an industrial enterprise cannot be determined with certainty. Kaiser, at any rate, seems to have had closer ties to his mother, who died early, and to his three older sisters. The fact that he left school at age thirteen without a diploma probably says something about the family's financial situation.

There are no indications from any element of Kaiser's career that his German origins were important to him. How early his family's assimilation was completed is underscored by the quick change of his first name. Although it can no longer be dated precisely, it must have occurred long before World War I. In 1943, Kaiser's oldest sister recalled that in her childhood she never ate a meal without saying a prayer, and as the first-born she often had to lead the benediction — initially in German, but soon in English. Though his father was Catholic, Kaiser was raised in his mother's Protestant faith. In Sprout Brook, he attended services at the Methodist Church; later he became a member of the Presbyterian Church, and in 1939 he was confirmed by the Episcopal Church, in which he served as a lay reader.⁵

What is clear is that Kaiser's family endowed him with an irrepres- sible drive to achieve. He found his first job on his own, working as an errand boy at the J. B. Wells Dry Goods Store in Utica. In his spare time, he furthered his business education through a correspondence course. At sixteen he changed jobs. Between 1898 and 1900, Kaiser worked at three photography studios in Utica and Cortland. He learned the craft of taking photographs and then became a traveling salesman for Eastman Kodak products. In 1901, he seized the chance to become the owner of a photography studio in the Adirondacks resort town of Lake Placid. The rising vacation destination evidently offered sufficient income possibilities for rapid expansion: over the next four years, Kaiser opened four more shops in Florida, in Daytona Beach, Jacksonville, St. Augustine, and Palm Beach.⁶

Florida not only made his business independent of the short tourist season in Lake Placid, it was also the place where he met his future wife. His engagement to Bess Fosburgh (born April 9, 1886, died March 14, 1951), the only daughter of a wealthy timber merchant from a family of English ancestry, gave his career a decisive turn. His fiancée had enjoyed a much broader formal education at East Coast boarding schools and as a music student than the energetic salesman. That was probably also one reason why his future father-in-law insisted that he find something more solid than photography

5 Albert P. Heiner, *Henry J. Kaiser, American Empire Builder: An Insider's View* (New York, 1989), 2–8.

6 Foster, *Henry J. Kaiser*, 11–14.

and demanded that Kaiser build a house for his family and show assets of \$1,000 (or \$24,000 in 2010 dollars) and a monthly income of \$125 (or \$3,000) before the wedding occurred.⁷ Giving up his photography business, Kaiser headed west and moved to the booming city of Spokane, Washington. There he quickly earned great respect as a salesman with McGowan Bros. Hardware Company and met the challenges of his future father-in-law within ten months. The couple married on April 8, 1907, in Boston. Over the next seven years Kaiser changed jobs three more times, sold construction material, tools, and machines, and learned to manage projects in civil engineering and road construction. This on-the-job-training came to an end in 1914 when his employer went bankrupt and Kaiser continued the construction of a road in Vancouver, British Columbia, at his own risk. A local bank provided him with the necessary working capital and thus made possible the founding of the Henry J. Kaiser Company, Ltd.⁸

Paving Roads and Building Hoover Dam

Kaiser built roads. In the still largely undeveloped Pacific Northwest, in northern California, and in western Canada, the need was great, and already with the Federal Aid Road Act of 1916 it was foreseeable that the expansion of a highway network would generate projects for years to come.⁹ In the subsequent years, Kaiser developed his entrepreneurial style: nearly all of his construction projects were state or local contracts, and he prevailed in competitive bidding processes. Needless to say, the government client's engineers examined every bid. Therefore, the art of successful competition lay in drawing up realistic plans, submitting more favorable bids than the competition, and eventually building the project at less cost than originally projected. Since the contracts had to be carried out at a fixed price, Kaiser bore the business risk. If there were any unexpected difficulties, such as geological or logistical problems, he lost money. But if he could build more quickly and less expensively than anticipated, the project would generate profit.¹⁰ These incentives prompted a search for more efficient methods at every stage of the construction project, including planning and risk assessment, the extraction of raw materials, the transport of materials and the logistics this entailed, and the use of machines. It also paid to assemble a permanent cadre of qualified workers. Kaiser soon fell back on the experience of a team of construction foremen and engineers who would be part of his closest circle of leadership for decades. Kaiser soon earned a reputation in the region for completing his projects on time and doing

7 Here and subsequently, the 2010 dollar equivalents are given to provide a better sense of the scale of the business, notwithstanding methodological problems. The basis is the trend in the Consumer Price Index, see <http://www.measuringworth.com/uscompare/>.

8 Foster, *Henry J. Kaiser*, 18-21; HJKP, 258/28, "Chronology of Bess Kaiser's Early Life," undated.

9 Bruce E. Seely, *Building the American Highway System: Engineers as Policy Makers* (Philadelphia, 1987).

10 See for example HJKP, 276/21, "Agreement Kaiser and City of Vancouver," Jan. 12, 1914.

good-quality work at the agreed-upon price. He understood early on that every single project was important to his reputation among the public-sector clients.

During the first seven years, Kaiser's crews built roads with a total value of about \$2.8 million (or \$34.1 million in 2010 dollars). At first, smaller projects — the value of which rarely exceeded a quarter of a million dollars — predominated. This changed at the beginning of the 1920s, when the company began winning a continuous stream of million-dollar projects and the focal point of its operations shifted permanently to California.¹¹ Kaiser's family — now including two sons, Edgar Fosburgh (born July 29th, 1908, died December 11th, 1981) and Henry John, Jr. (born February 18th, 1917, died May 3rd, 1961) — moved to Oakland.¹² A small company headquarters was set up there for the first time, and the company's structure also began to solidify: Kaiser pursued a backwards integration strategy and began operating his own gravel and sand pits. At the end of the decade he began to build concrete mixing plants in the Bay Area, supplying them with his own raw materials. He became involved in professional organizations, and in 1924 he began a two-year term as president of the Contractors Association of Northern California. He also launched his first joint ventures with Warren Brothers of Massachusetts, a firm that had been supporting Kaiser with capital contributions and know-how since 1914. In California, an equally friendly relationship soon developed with Warren A. Bechtel (1872-1933), a descendant of German immigrants who by this time had laid the foundation for the largest construction company in the United States.¹³

Setting up these joint ventures became customary among most of the family-led construction companies because projects often required a variety of specialized skills that no single company could offer. In addition, this organizational setup accorded with Kaiser's temperament: throughout his career, he was involved in cooperative projects. It suited him to mediate between competing interests and to work toward accommodation as a moderator. The first major test came in the spring of 1927, when Ralph Warren invited Kaiser into a consortium to build 750 miles of highways and 400 bridges in Cuba over the following three years. For Kaiser, the \$20-million project (\$251 million in 2010 dollars) was an opportunity to prove himself once and for all within the circle of the established competition. It was not long before these allies invited him into a new consortium that was planning to bid on the construction of the Boulder Dam (renamed Hoover Dam in 1947).

11 Kaiser Company, "Facts in Brief," 45.

12 HJKP, 258/20, c.v. of Henry Kaiser, Jr.; HJKP, 258/29, biographical sketch of Edgar F. Kaiser, both undated.

13 Foster, *Henry J. Kaiser*, 30, 38.

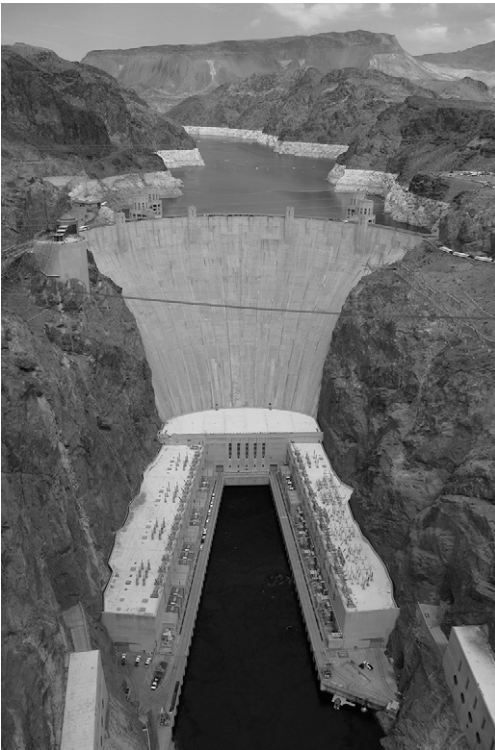


Figure 2: Hoover Dam, view from above by Tim Schanetzky. Courtesy of Tim Schanetzky.

The consortium, which came to be known as the Six Companies, won the bid on March 4, 1931, and Kaiser once again knew how to take advantage of the opportunities offered by this risky project. The construction would clearly be complicated and potentially dangerous: a dam had to be built that required more concrete than all the other dams commissioned by the federal Bureau of Reclamation combined; the Colorado River had to be temporarily rerouted, and four diversion tunnels had to be blasted into the walls of the gorge — and all of this in the desert without existing infrastructure. Kaiser advanced quickly to the leadership of the Six Companies' Executive Committee, and he also represented the consortium in its external dealings.¹⁴ Although the Hoover administration launched the prestigious project, when Franklin D. Roosevelt became president in 1933 he promised to take more active steps against the economic crisis, and this entailed larger investments in public in-

frastructure. Therein lay the largest opportunity: whoever succeeded on the Hoover Dam project could count on follow-up contracts.¹⁵ His profile also increased as he became vice-president in 1932 and then president, in 1933, of the Associated General Contractors, the national industry association.¹⁶

The power-conscious Kaiser played a major role in the creation of an advantageous division of labor among the consortium partners. On future projects, one entrepreneur always took the lead — for the most part because his workers had special expertise. This man was called the sponsor, and he asked all the other partners whether they wanted to join in. He paid the highest share of the financing. Once this was assured, the sponsor alone calculated the bid. If it was successful, he assumed full responsibility for its implementation. He requested the funds from his partners, but was solely in charge of carrying out the project. The sponsor could borrow highly experienced experts from his partner companies, and they could provide machinery and other equipment for a fee. This system could function only if there was reciprocal trust and a certain congruence of interests. It was

14 Resolution, May 31, 1931, in vol. 1, Six Companies Records, Bancroft Library.

15 Frank J. Taylor, "Builder No. 1," *Saturday Evening Post*, June 7, 1941, 9+.

16 HJKP, 256/28, "Awards, Honors, Tributes, Citations," undated.

successful because the sponsor alone oversaw the implementation of the projects, eliminating complicated decision-making processes — an organizational form that was well suited to the decision-making problems at major construction sites: “Each day brings new problems, each generally requiring an immediate decision,” a longtime Kaiser construction manager explained.¹⁷

Making New Deal Business

The Six Companies completed the Hoover Dam two years ahead of schedule, and as part of the consortium, Kaiser subsequently participated in several prestigious New Deal projects: dams in Bonneville, Grand Coulee, and Shasta, bridges and tunnels in California and New York, ports and jetties along the Pacific. These government contracts led to the paradoxical picture that Kaiser’s businesses prospered during the grim years of the Great Depression, and with typical entrepreneurial opportunism, he did everything he could to make himself appear in the best light to his clients. This is especially evident in Kaiser’s change of course on social and union politics in the middle of the 1930s.

No matter how successful the construction of the Hoover Dam may have been in technical terms, the young reformers in the Roosevelt administration felt that the way it had been carried out was scandalous. In their eyes, the price paid in blood by the workers and the stubbornness of the construction companies when it came to management policies weighed heavily. Officially, ninety-six workers died during the five years of construction on the dam. The real number was far higher and can no longer be determined, since a fatal workplace accident was reported only if the victim was killed directly on the job. To save money, the consortium used machines with combustion engines during tunnel work, but many workers who fell victim to heat exhaustion and carbon monoxide poisoning died hours after collapsing, not at the worksite itself. To critics it was obvious that they had fallen victim to the time pressure under which the Six Companies were working.¹⁸ The fact that Kaiser and the other consortium partners had massively violated work-hour rules fit into this picture, as did their unyielding dealings with the unions. Private security officers quickly set up a system of informants at the construction sites to counteract the organizational efforts of the radical Industrial Workers of the World (IWW). More than 1,000 workers ended up being blacklisted. Following a failed strike, they were fired.¹⁹

17 Christopher J. Tassava, “Multiples of Six: The Six Companies and West Coast Industrialization, 1930–1945,” *Enterprise & Society* 1 (2003): 1–27; Donald E. Wolf, *Big Dams and Other Dreams: The Six Companies Story* (Norman, 1996), 34–59; quotation: HJKP, 299; T.M. Price, *The Henry J. Kaiser Company*, c. 1950.

18 Joseph E. Stevens, *Hoover Dam: An American Adventure* (Norman, 1988), 60–65; Andrew J. Dunar and Dennis McBride, *Building Hoover Dam: An Oral History of the Great Depression* (New York, 1993), 36, 42, 100.

19 Michael A. Hiltzik, *Colossus: Hoover Dam and the Making of the American Century* (New York, 2010), 354–58; Stevens, *Hoover Dam*, 154–56.

Although the task of overseeing the operations of the construction site was not in Kaiser's hands, he did go along with the decisions of his partners, and even beyond the prestigious project on the Colorado, Kaiser did not stand out with any special commitment to social policies until the middle of the 1930s. He met the minimum legal requirements of the respective states, but when it came to health insurance, for example, he did only what was absolutely necessary. But with the creation of Social Security, the passage of the Wagner Act in the summer of 1935, and Roosevelt's anti-business reelection campaign the following year, it must have become very clear to Kaiser that the conditions of successfully running a business were fundamentally changing — at least for companies entirely dependent on government contracts, as he was. It was therefore no doubt largely due to the changing political climate that Kaiser was eager henceforth to have harmonious relations with the unions and soon agreed to sign closed-shop agreements.²⁰

It was characteristic of Kaiser that he accepted such circumstances and not only accommodated himself to them, but soon realized the advantages of the new course. Already during the construction of the Grand Coulee Dam he began to set up a corporate health insurance. His oldest son Edgar was able to enlist a doctor named Sidney R. Garfield to provide medical care for the workers and their families in remote Grand Coulee. Garfield had previously developed a business model at two similar construction projects in the wilderness, and it proved a worthwhile expense at Grand Coulee: while the employer assumed the majority of the costs for establishing a small hospital, the workers paid a fixed monthly fee in advance. Workers now went to the doctor more often and especially at the earlier stage of an illness, since they no longer had to worry about possible additional expenses. This accorded with the interest of the doctors in keeping control of treatment costs. As much as possible, they wanted to prevent serious illnesses that entailed especially expensive treatments. These financial incentives also led Garfield to commit himself to better job safety at the construction sites and to training workers in accident prevention. As the Kaiser company expanded — a development inextricably linked with World War II — Kaiser developed the prepaid health care plan into the nucleus of a separate business. After the war, and still under the leadership of Garfield, the sector then grew even larger thanks to cooperation with the unions, whose members streamed into the Kaiser Permanente Medical Care Program. By 1955, only five percent of the program's clients were Kaiser employees. By then

20 For example, HJKP, 4/1, "Agreement on Ruby Dam," Oct. 22, 1937; see also Rickey Hendricks, *A Model for National Health Care. The History of Kaiser Permanente* (New Brunswick, 1993).

Kaiser was so convinced of the merit of “his” health program that he recommended it to progressive politicians as a model. Especially because of its financial incentives, he argued that it was preferable to proposals for government-sponsored health insurance.²¹

Strategies of Success

Until 1940, Kaiser was active chiefly as a builder who was also involved in the sale of ready-mix concrete and the production of raw materials such as sand, gravel, or cement. The United States’ slow turn away from isolationism, however, and above all its support for its European allies, created opportunities for business expansion even before the launch of wartime production as such. The Kaiser company’s first military projects were in shipbuilding, but it soon became involved in machine building and extracting magnesium as a lightweight alloy. His engineers built blast furnaces, steel works, and rolling mills on the West Coast. Kaiser factories made airplane parts, bombs, and munitions. This surging growth reflects the general economic development in the United States: in the first half of 1942 alone, state and military agencies awarded contracts totaling 100 billion dollars (or \$1,340 billion in 2010 dollars), and it was only the military spending that put an end to the Great Depression.²² Against this background, Kaiser has very aptly been called a “government entrepreneur,” since the methods of his success reveal a good deal about the relationship between the state and the private sector during the New Deal and World War II.²³

Three strategies for success explain the course of his expansion. First, Kaiser was superbly prepared for the opportunities of a state-managed economy, because throughout his entire career he was active in a political and bureaucratic marketplace. The circumstances rewarded experienced lobbyists, and he clearly was that. Kaiser hired erstwhile Roosevelt confidant Thomas G. Corcoran (1900-1981) and attorney Charles F. Calhoun to lobby on his behalf in Washington, but he also succeeded in establishing important personal connections on his own and spent a good deal of time there.²⁴ His genial disposition and talent for salesmanship were also helpful. Sometimes he was aided by remarkable coincidences, such as his oldest son, Edgar, falling in love with and marrying (in 1932) the daughter of Elwood Mead, the longtime head of the Bureau of Reclamation.

More important, though, was the second strategy of success: speed. While the size of the contracts grew over time, Kaiser operated on

21 By the end of 1955: Foster, *Henry J. Kaiser*, 224; Hendricks, *A Model for National Health Care*, 142-62.

22 David M. Kennedy, *Freedom From Fear: The American People in Depression and War, 1929-1945* (Oxford, 1999), 626.

23 Adams, *Mr. Kaiser Goes to Washington*, 3-13.

24 “Memo: Corcoran and Magnesium,” undated, box 157, Thomas Corcoran Papers, Library of Congress, Washington, DC.

the same model he had used in his first road projects. The art lay in drawing up realistic plans, submitting more favorable bids than the competition, and eventually building the project more quickly and efficiently than originally planned. “Progress Charts” provided continuous feedback on whether the project was on track — in internal communications, speed was therefore also an important yardstick for the success of a project.²⁵ Higher speed meant rising profits, and it was to Kaiser’s great advantage that this accorded precisely with the logic of war production.

To this day, Kaiser’s prominence is largely due to shipbuilding. Here, too, profit was directly tied to speed, since the contracts included completion bonuses.²⁶ In addition, government procurement contracts facilitated the company’s growth through vertical integration. As an operator of shipyards, Kaiser immediately acquired a stake in the relevant supply industry. This alone explains one of his greatest successes: over the opposition of “Big Steel,” Kaiser was able to build a smelting complex in Fontana (east of Los Angeles) that soon supplied the sheet steel required for shipbuilding. Kaiser financed the building of Fontana with a loan from the Reconstruction Finance Corporation (RFC), but without the secure profits from the shipyards, this course of expansion would have been unthinkable. In addition to the smelting works, a part of the earnings of the shipyard served as collateral. In his highly unprofitable magnesium adventure, as well, he relied on the income from his shipyards, whose after-tax profit was reckoned at nearly 95 million dollars in 1946 (or \$1.06 billion in 2010 dollars).²⁷

In other words, only the great speed at which Kaiser built ships provided him with the financial resources to expand into other sectors of the arms industry — and to do so by making use of his third strategy of success: that of the outsider. Kaiser had experienced the effectiveness of this strategy for the first time when he suffered an unexpected setback in the wake of many successful bids. The Six Companies narrowly lost out on building the Shasta Dam on the Sacramento River. But since the delivery of sand, gravel, and concrete was put out to bid separately, Kaiser applied to supply these — although the cement plant he intended to build was still in the late stages of planning; the Secretary of the Interior, Harold Ickes, also signaled his political backing. Kaiser knew that public clients had been suffering for years from price fixing in the cement industry, and his bid was several million dollars below the price that the cement factories

25 HJKP, 269/15, “Construction Program for Boulder Canyon Project,” June 10, 1933.

26 HJKP, 136/26, “Profit & Loss: Maritime Shipbuilding Division,” May 31, 1945.

27 Data: *Hearings before the Committee on the Merchant Marine and Fisheries, House of Representatives, 79th Cong., 2nd sess., Sept. 23–26, 1946* (hereafter *Merchant Marine Hearings*), p. 418, table: “Adjusted summaries of shipyard income to May 31, 1946”; “Memo: Corcoran,” box 496, Corcoran Papers.

in Northern California had colluded to charge — even though their capacities were utilized at only sixty percent. Kaiser was awarded the contract, but this meant that he had to set up a cement plant at the Permanente Creek near Palo Alto posthaste, a plant whose long-term market prospects were uncertain. For five years it had a secure market for its output thanks to the dam’s construction, and additional contracts soon materialized as naval infrastructure expanded. Kaiser also managed to circumvent opposition from his competitors: when the Southern Pacific Railroad, under influence from the cement cartel, suddenly refused to transport sand and gravel to the remote construction site and also blocked a private feeder track, Kaiser simply had a 9.5-mile long conveyor belt built.²⁸

In a political environment in which reservations about big industry converged with the conviction that money should play no role in the arms buildup, the outsider strategy was unquestionably promising. Government contracts enabled Kaiser to disrupt oligopolies in magnesium and steel using tactics similar to those he had used in the cement industry. With ever greater frequency, government agencies complaining to Kaiser about supply bottlenecks aroused his interest in becoming involved in new sectors. In response, Kaiser engineers priced projects in copper, nickel, and tin production, as well as in the synthesization of rubber.²⁹ None of these schemes came to fruition, but procurement bureaucrats used the threat of the outsider to prod companies into relenting in price negotiations. Kaiser became known as a “One-Man Trust Buster”; his outsider strategy consisted of allowing himself willingly to be instrumentalized by government agencies.³⁰ Little wonder that established business owners grew to resent him.

Liberty Ships

During the war, Kaiser’s shipyards built 1,490 ships with a contract volume of more than five billion dollars (\$5.8 billion in 2010 dollars).³¹ Not only was this business financially profitable, it also catapulted the entrepreneur into the center of public attention. At the end of 1940, Kaiser had entered the building of cargo ships as an outsider. His first clients came from the United Kingdom: although the U.S. had long since begun to prepare itself militarily for war, until the disaster of Pearl Harbor in the following year it remained formally neutral. After the defeat of France and at the height of the Battle of Britain, logistical support for the desperate British war effort stood at

28 HJKP, 299, Alma Lindbergh, “History to 1946, Cadman Work Copy,” undated; Kaiser to Walter, Jan. 3, 1939, Department of the Interior to Kaiser, May 22, 1939, Bureau of Reclamation to Kaiser, May 10, 1939, and Ickes to Kaiser, Aug. 10, 1939, all in HJKP 4/20; HJKP 4/4, Bureau of Reclamation press release, c. Aug. 2, 1939; HJKP 3/29, Lindbergh to Kaiser, March 7, 1938; “The Earth Movers,” *Fortune*, August 1943.

29 HJKP, 136/32, Calhoun to Trefethen, Oct. 26, 1942; HJKP, 136/34, Calhoun to Trefethen, c. August 1942; HJKP, 136/35, “Design, Construction and Operation of Synthetic Rubber Plants,” Jan. 19, 1942, and RFC to Kaiser, Feb. 7, 1942.

30 HJKP, 259/12, “He’s Become a One-Man Trust Buster,” undated news clipping.

31 Data: *Merchant Marine Hearings*, 418.

the center of the American strategy, and transport across the Atlantic would remain important for years to come. The situation was so grave that the U.S. Maritime Commission was willing to make it possible for technologically inexperienced companies like Kaiser to get involved in building ships to a specified design known as “Liberty Ships.” That Henry Kaiser seemed to conjure shipyards in Richmond, California, Portland, Oregon, and Vancouver, Washington into existence, practically out of thin air, overnight, was a public impression that the company never dispelled. In reality, experienced shipbuilders and a core of skilled workers had lent substantial support to Kaiser’s men.³²

The United States’ entry into the war in December 1941 turned the “Liberty Ships” into a symbol for the Allied war efforts, the success of which was by no means evident in the first year of the war. The German “tonnage war” was aimed precisely at strangling Britain’s supply chains across the Atlantic, and with success: over the course of 1942, German submarines were able to send more tonnage to the bottom of the ocean than the shipyards could build new.³³ This was a huge shock for the United States. The U.S. Maritime Commission expanded its shipbuilding program accordingly, and even more importantly, more cargo ships were to be built within a shorter period of time. While the construction of the first “Liberty Ship” had taken 244 days, the average construction time soon dropped to forty days thanks to new welding techniques and a modular building method. In this general race to rationalize, Kaiser sharpened his profile with two propaganda actions: in Portland, the workers laid the keel of the *Joseph N. Teal* on September 13, 1942. Ten days later, the ship was launched in the presence of President Roosevelt. A few weeks later, the workers in Richmond were able to weld the *Robert E. Peary* together in only four-and-a-half days.³⁴

What was really an economic calculation — namely, to produce more rationally — was now considered by the American public as a patriotic act. In the summer of 1942, Kaiser went public with a bold plan that made his determination known to everyone. If German submarines were sinking the American ships too quickly, cargo planes should be developed and built in large numbers going forward — in his shipyards. Though the cargo plane proposal strikes one today as bizarre, it caused great excitement in Washington. Not only was Kaiser’s idea seriously discussed politically, it also set off a broad debate in the press that sought to hold the inefficiency of the administrative bureaucracy responsible for the military’s failures. The

32 HJKP, 288/3, Alyce M. Kramer “The Story of the Richmond Shipyards,” typescript, 1945, 10–11.

33 Kennedy, *Freedom from Fear*, 564–72.

34 Kevin Starr, *Embattled Dreams: California in War and Peace, 1940–1950* (Oxford, 2002), 147; Adams, *Mr. Kaiser Goes to Washington*, 112–13.

dynamism of free market enterprise was contrasted to the military as a superior organizational principle, and Henry Luce's publications *Time*, *Life*, and *Fortune* promoted Kaiser as a heroic figure.³⁵ Despite government subsidies, the cargo plane plan led to nothing, and a frustrated Kaiser soon also backed out of a joint venture with the erratic Howard Hughes

None of this diminished Kaiser's popularity. Though rhetorically untrained and more persuasive as a salesman in a small circle, the entrepreneur now became a sought-after speaker. While he had delivered only three notable speeches in 1940–41, in 1942 that number rose to fourteen, and between 1943 and 1945 he gave some eighty-eight addresses. His popularity was probably also derived from the fact that shipbuilding was so well suited to homefront propaganda: launches provided attractive pictures, as did the welders' showers of sparks and the assembly of pre-fabricated ship modules. In addition, the shipyards symbolized the war efforts of American civil society. Within months, more than 100,000 new workers had flocked to Richmond, among them many who had been suffering for two decades from harsh rural poverty. This "second Gold Rush" was reminiscent of frontier days: some workers' families lived out in the open or in provisional tent cities, and thousands of women were working in industry for the first time.³⁶ The emblematic "We can do it" of the official campaign around the propaganda icon "Rosie the Riveter" thus certainly captured one dimension of the reality of work in the Kaiser shipyards. The shipyards themselves experimented with similar campaigns, though they wanted to place more modern technology front and center; the result was the propaganda figure "Wendy the Welder."³⁷

Kaiser the Pacemaker

In general, Kaiser had a talent for undertaking the right symbolic actions and complementing them with a suitable narrative about himself. In a period defined by complex, multilayer corporate bureaucracies, Kaiser presented himself as little different from a traditional shop proprietor. This was the core of his strategy of personalizing his business, which stood in sharp contrast to reality — after all, Kaiser worked within the framework of larger consortia not only when it came to building dams. For example, while the public identified exclusively Kaiser with the revolution in shipbuilding through serial production, the facilities in Richmond remained in the possession of

35 Adams, *Mr. Kaiser Goes to Washington*, 107–18; 123–44.

36 Marilyn S. Johnson, *The Second Gold Rush. Oakland and the East Bay in World War II* (Berkeley, 1993), 30–59; Paul Rhode, "California in the Second World War: An Analysis of Defense Spending," in *The Way We Really Were. The Golden State in the Second Great War*, ed. Roger W. Lotchin (Urbana, 2000), 93–129; see also Katherine Archibald, *War-time Shipyard: A Study in Social Disunity* (Berkeley, 1947).

37 Penny Colman, *Rosie the Riveter: Women Working on the Home Front in World War II* (New York, 1995), 68.

the U.S. Maritime Commission, and initially Kaiser only held only a minority share in the operating company. Until the end of 1941, half of that company belonged to the established Todd Pacific Shipyards, while the other half was in the hands of a consortium, which Kaiser headed, but his partners from the construction industry held more shares than he did. Even after the separation from Todd, Kaiser's ownership share remained at just below 24 per cent. To some extent, then, other companies were able to become "silent partners" in profiting from Kaiser narrative.³⁸

If one examines the semantics of his success more closely, what stands out is Kaiser's meticulous dedication to marketing his own capabilities and reliability. In every bidding process, the entrepreneur deployed relevant materials, submitting not only the technical requirements for the bid, but also added photographs and statistics to remind the client of his record for supplying the highest quality at the lowest price. This reputation was his most important resource, and early on, Kaiser employed in Oakland an archivist to oversee the company's historical records. Her department provided the material for a constant stream of new compilations. They turned the personage of the entrepreneur into the focal point of what were really highly disparate projects; financial aspects were masked in favor of the technological accomplishments. A narrative that focused on a sequence of successful projects was used to make the client feel that he could confidently rely on Kaiser to execute it successfully. Later, when Kaiser was put on the defensive with respect to his company's social policies, he enlarged this apparatus: the result was the emergence of a PR department whose members supplied the material for the political apologies that were distributed in print runs numbering into the tens of thousands.³⁹

What was decisive, however, was the systematic cultivation of the semantics of speed. Just how much Kaiser also instrumentalized private matters in the process, and how fluid the boundaries were between personal temperament, symbolic actions, and systematic marketing, is revealed by the story told about the building of his summer home on Lake Tahoe: "Kaiser saw a ten-acre piece of lake front that he would buy cheap. A creek fed into the acreage and it was largely swamp. Kaiser bought the land on Saturday, had power shovels, dump trucks and bulldozers at work on Sunday, was draining the land and dredging a speedboat harbor by Monday, had an architect down from Portland, Oregon, by Tuesday, began building a lodge,

38 *Merchant Marine Hearings*, 395-401.

39 HJKP 299, History of Kaiser Organizations, 3 volumes, undated; HJKP 127/35, O'Conner to Fawcett, July 24, 1947; HJKP 276/36, "Brief Summary of Experience of the Kaiser Organization," March 1945.

boathouse and four stone cottages by Wednesday, with a crew of 100 men at work. The equipment made so much noise that neighbors sought an injunction to restrain him at night, but before the sheriff could serve the papers the project was finished and the machinery was gone. It had taken Kaiser twenty-eight days to turn the swamp into a landscaped show place.”⁴⁰ This, or something similar to this, is how newspapers reported the story in the summer of 1941 in their first portraits of Kaiser. The construction of the compound six years earlier had actually taken closer to two months. Still, the rapid construction of the house so close to the official completion of the Hoover Dam was a demonstration. Kaiser’s younger son instrumentalized it for the first time for PR purposes in his May 1935 speech at the victory celebration of the Hoover consortium. Soon after it was available in print and distributed to business partners and politicians.⁴¹

This is not the only case in which it is hardly possible to separate character and stylization, reality and staging. Kaiser was reportedly a terrifyingly dashing driver, though there is no evidence to that effect. But the files do reveal that he engaged in speedboat racing with his neighbors in Tahoe. A constant phone user with supposedly the largest long-distance phone bill in the American West, owner of the largest cement factory in the world, inventor of the longest conveyor belt in the world — where the press was hungry for superlatives, Kaiser obliged. Even that he was an immoderate eater (confirmed by the cholesterol values in his medical file) readily fit into this picture of a restlessly energetic man of action. Only on one occasion was the reporting about his urge to forge ahead speedily unpleasant: when his wife Bess died in 1951 after a long illness and the 68-year-old widower announced two weeks later that he would soon marry 34 year-old Alyce Chester — the long-time private nurse of his wife.⁴²

Planning for Post-war Prosperity

Kaiser had been thinking about America’s post-war economy as early as 1942, and he put a team of engineers to work designing new products for the civilian market. Even if ideas such as a one-person helicopter or a lightweight car did not pan out, Kaiser was persuaded that California offered dramatic possibilities for development and he drew the picture of a consumer society that would be characterized by pent-up demand that government, unions, and businesses would have to cooperate to bring to fruition.⁴³ He invested his profits from the armaments business accordingly. When the war ended Kaiser

40 Taylor, “Builder No. 1.”

41 HJKP, 255/1, “Testimonial Dinner,” May 9, 1935.

42 HJKP, 260/9, “Medical records Henry J. Kaiser”; Heiner, *Empire Builder*, 361–74.

43 HJKP, 127/16, clipping of *Congressional Record*, July 23, 1942; see for example HJKP 262/19, Henry J. Kaiser, “Management Looks at the Post-War World, Address before the Annual Meeting of the National Association of Manufacturers,” Dec. 4, 1942.

made no efforts to purchase the shipyards from the government which owned the plants. In the same way he exited as the operator of the magnesium facilities and left them to their uncertain fate. However, he kept the steel works in Fontana. In the future, the steel and health care sectors would be joined by two others: aluminum and cars. In the 1950s, Kaiser also created Engineer Consulting, since his organization had gathered important experiences during the war, which it henceforth marketed as engineering services.

The preconditions for the large restructuring of the company were created once again by the state. The military now approached the conversion to a peacetime economy with the same carefree attitude with which it had disregarded the necessary financing for the arms buildup. Within a very short period, so-called surplus property — mostly equipment and plants — valued at 17 billion dollars (190 billion in 2010 dollars) passed into private hands. This promoted the kind of concentration of economic power that had already become apparent in the war economy: two-thirds of this property went to only eighty-seven large companies at rock-bottom prices.⁴⁴ This is also how Kaiser acquired the new segments of this company. Since 1943 he had been sounding out possibilities for entering automobile manufacturing, and in July 1945 everything moved very quickly. Within a few weeks, a cooperation with Joseph W. Frazer came into being, which eventually led to the founding of the Kaiser-Frazer Corporation. Frazer had decades of experience in Detroit and had helped the Jeep manufacturer Willys-Overland to succeed during the war. The partners each took half a stake in the new joint enterprise and leased from the RFC the shuttered Ford factory at Willow Run, in Michigan, where B-24 bombers had been produced on the assembly line during the war. Initially the partners covered their need for capital with Kaiser's first public offering, and the production of the first cars began in 1946.

Kaiser also entered the aluminum industry by following the same pattern. At the beginning of 1946, the RFC solicited bids for operating production sites that Alcoa, as the previous lessee, did not believe had any chance as civilian plants. Although Alcoa was known for the rigid methods with which it defended its *de facto* monopoly, Kaiser initially received open support from the company because the Justice Ministry pushed Alcoa to do so by pointing to the Sherman Antitrust Act of 1890. Nevertheless, Kaiser's production of aluminum remained initially dependent on Alcoa. Only the new armaments boom

44 Kennedy, *Freedom from Fear*, 622.

connected with the Korean War brought the turnaround: the sector expanded massively and moved closer to its customers through a new plant in Louisiana. Kaiser-Frazer, however, very quickly had to struggle with structural problems. The rapid start of production had created problems with quality, and the company lacked a qualified network of dealers and repair shops. With sales declining, the capacity of Willow Run could not be fully utilized, with the result that a renewed conversion to armament production at least ensured some financial relief there. In 1953, Kaiser took over the Jeep manufacturer Willys-Overland, sold Willow Run to General Motors, and moved its automobile production to a new location in Toledo, Ohio.⁴⁵

Defensive Measures

In one respect, the expansion of this second Kaiser company differed quite profoundly from the expansion phase in 1904–1943: it took place in a changed socio-political climate. To be sure, Henry J. Kaiser and his lobbyists managed to gain the sympathies of the trust-busters for his involvement in aluminum and in Detroit. However, since 1945 his form of entrepreneurial activity that was close to the state had come under increasing criticism. Kaiser and a few of his managers had repeatedly testified before Congressional committees throughout the war years. The investigations of the Truman Committee and hearings on labor shortages or the technical problems of shipbuilding had offered Kaiser a stage for self-promotion.⁴⁶ This changed when a committee in the House of Representatives took a close look at war profits in shipbuilding: the representatives asked tough questions, expected comprehensively documented answers, and the hearings were pervaded by an aggressive tone. Critical press reports accompanied the time-consuming hearings.

Kaiser's status created a prominence that eventually made a scandal out of his successes. His opponents argued that his company had received illegitimate profits that could only be explained as the result of "favoritism." To be sure, Kaiser had plenty of enemies: his outsider strategy had contributed to this from the very beginning. He likely gained more enemies at the beginning of 1946, when, during the serious conflict over collective wages in the steel industry, he not only joined the side of the government, but in addition also undermined the negotiating position of his colleagues in the industry through public criticism.⁴⁷ To the steel barons and their allies, Kaiser was now seen as a Socialist more so than ever before. Even if Kaiser

45 Heiner, *Empire Builder*, 223–49, 266–307; Foster, *Henry J. Kaiser*, 145–64, 200–209.

46 U.S. Senate, *Hearings before a Special Committee Investigating the National Defense Program*, 77th Cong., 1st sess., Jan. 14–April 3, 1943, 7009–32.

47 HJKP, 263/6, press release, Jan. 19, 1946.

merely testified as a witness, as he did during the investigations against Howard Hughes, for example, the charge of favoritism by the government hung stubbornly in the air. To be sure, more than once his enemies operated with unjustified accusations. From Kaiser's perspective, however, the damage to his image weighed heavily, and thin-skinned as he was, he began a battle for his reputation that he waged with all possible PR means. He long since considered the capital the "center of the 'Get Kaiser' snipings." Kaiser advanced his view of things in an endless stream of press releases, counterstatements, and propaganda brochures. In the process, Kaiser bet entirely on persuading the public, even though that is precisely where the sentiments had fundamentally changed — a shift that had already been revealed by the Congressional elections in November of 1946, when the Republicans captured the majority in both houses of Congress for the first time in fifteen years. But Kaiser was convinced: "Our democracy is based on truth. The men who have been attacking me with half-truths and misrepresentations have forgotten that. The truth will reveal the reasons for their secret plotting and vicious campaign. I think investigations are wonderful. Democracy lives only through full disclosure."⁴⁸

As long as important plants of the company were in fact government property and merely leased, as long as the RFC was financing Kaiser's enterprises with loans totaling nearly \$150 million (or \$1.67 billion in 2010 dollars), and as long as Kaiser was thus clinging to a state-centric business model, the accusation that his success was not due to free competition but government assistance could not be dismissed. One example of the repercussions of this defensive position is Kaiser's activity on behalf of the Fontana steel plant. Its expansion was incomplete, since it had been conceived during the war as a pure supply plant for the shipyards; when it came to further processing in the rolling mill, investment was urgently needed to refit it for offering products for the civilian market. Kaiser would have much preferred to build the plant directly on the coast, but the military prevailed in forcing an inland location, which entailed high freight costs. Unlike the shipyards, the smelting complex was owned by Kaiser and had been financed with RFC loans. In 1945, Kaiser began to lobby the state agencies for a reduction of the remaining debt. When it came to Fontana, the same criteria were to apply that were used in the sale of surplus property. The basis for comparison was a plant operated by U.S. Steel in Geneva, Utah. It had cost nearly twice as much as Fontana, and the steel company was able to acquire it on

48 HJKP, 277/14, "Outrage in Steel, as told by Henry J. Kaiser"; HJKP 263/20, press release, Sept. 20, 1946; see also Kaiser Company, "Facts in Brief"; quotation: HJKP 263/15, Kaiser over ABC, Aug. 7, 1946.

favorable terms after the war. Kaiser fought nearly four years in vain: the RFC insisted on repayment of the outstanding loan and declared itself merely willing to support the expansion of the plant.⁴⁹ The fact that this political failure coincided with financially successful years made it easier for the company to embark on a fundamental change of course: with mediation from his home bank in the West, Bank of America, in 1948 Kaiser for the first time approached East Coast banks with his wishes for financing. First Boston Corp. organized a public offering. The money it raised, together with retained profits, helped Kaiser to acquire complete ownership of the leased aluminum plants for thirty-six million dollars. A year-and-a-half later, Kaiser Steel proceeded the same way and took in \$125 million (or \$1.1 billion in 2010 dollars). With that, Kaiser completely redeemed the RFC loan on Fontana.

This separation from the state was a symbolic act, since even after this financial reorganization his engineers continued to win government contracts, and the military was dependent on Kaiser's products during the Korean War and later in Vietnam. This move becomes understandable if one considers, in addition to the sociopolitical background, the changing leadership conditions within the company. Together with Edgar Kaiser, a phalanx of younger managers moved into the company's burgeoning upper management, and Henry J. Kaiser was soon barely present in the day-to-day business activities. After the death of his wife Bess, Kaiser married Alyce Chester on April 10, 1951, and soon resettled with her in Hawaii. The elder Kaiser kept on top of all important questions — at one point provoking a serious leadership crisis in the health company Kaiser Permanente because he constantly interfered in details and personnel questions. But the Kaiser Company's separation from the state, and thus Henry J. Kaiser's model of government entrepreneurship, evidently also eased his successor's path. In any case, Edgar Kaiser made a name for himself as the head of a company that transformed itself rapidly into a multi-divisionally organized managerial enterprise during the 1950s. Its central administration grew robustly and in this respect, as well, moved away from the personal leadership of the owner. Moreover, the capital requirements of the industrial enterprise soon exceeded the possibilities of self-financing through retained profits, with the result that by the middle of the 1950s, the Kaiser family was no more than a minority owner of important subsidiaries, for example in aluminum production, while 62.7 percent of the company's stock was already in outside hands.⁵⁰

49 HJKP, 289/24, "Fact Sheet Kaiser Steel," c. 1948; Kaiser to Harold Ickes, March 22, 1947, box 69, Harold Ickes Papers, Library of Congress.

50 "Kaiser Aluminum — Henry J.'s Marvelous Mistake," *Fortune*, July 1956; Heiner, *Empire Builder*, 276–79.

Social Status

Like many successful entrepreneurs, Henry J. Kaiser was a fairly one-dimensional talent with barely any interests beyond his business. He remained active in business until his death, spending his sunset years developing real estate and tourism projects in Hawaii. Beyond his love for fast boats, which fit so splendidly into the speed narrative, the sources barely reveal a private hobby of the entrepreneur. He did not hunt and traveled only when business required it. Kaiser did not buy any works of art and was not an active patron of culture. He also did not host any charity events through which he could have made a name for himself in the social circles of the communities where he lived. To be sure, in the course of his life he was a member or functionary in nearly ninety organizations, associations, and societies. But most of these posts arose from his business, and his membership in the usual local clubs of prominent individuals barely went beyond what was expected from a man in his position.

The entrepreneur's family lived a financially carefree life, though measured against the dimensions that the company soon took on, it in no way suggests a special need for status. Well into the 1950s, the seat of the company remained a plain commercial building in Oakland, and the successors of the founder undertook the construction of a representative headquarters only when the need for space had made it unavoidable. Kaiser sought to ensure the resulting complex demonstrated a variety of uses for aluminum as a construction material.⁵¹ Privately, too, the family lived comfortably, but without the desire to show off their success by building architectural landmarks. Only the summer estate in Lake Tahoe, which Francis Ford Coppola used in 1974 in *The Godfather: Part II* as the residence of the Corleone clan, stood out because of its generous guesthouses. But if Kaiser had the construction of a "family home" in mind, his plan failed. By the early 1950s, the estate was mostly being used as a conference center for the company's top managers rather than as a private retreat.

Kaiser evidently had little taste for the forms of conspicuous consumption that were typical of patrician families on the East Coast. Although Kaiser owned millions in equity stakes, from his perspective the accumulation of wealth was not the real goal of his work but rather a secondary effect. A 1946 insurance inventory, for example, listed as the significant valuables in Kaiser's private homes only some jewelry and furs belonging to his wife Bess, the insurance value of which was put at \$125,000 (or \$1.39 million in 2010 dollars).⁵² Kaiser's

51 Lauri Puchall, "Looking Down on Creation," *The Monthly*, Nov. 1906, <http://www.themonthly.com/architecture11-06.html>.

52 HJKP, 296/16, Personal Furs and Jewelry, Jan. 12, 1946.

private income also remained relatively modest. Even in an economically outstanding year like 1943, it was just about \$310,000 (or \$3.91 million in 2010 dollars). Sixty percent of it came from investments, forty percent from salaries and dividends. This compared to personal expenses and the maintenance of his residences that amounted to \$91,000 (or \$1.15 million in 2010 dollars). That same year, the shipyards, alone, recorded profits in the double-digit millions.⁵³

This modest approach towards wealth also characterized the spirit in which his two sons were raised. Both Edgar and Henry, Jr. went through practical training in the company. Unlike their father, however, they also received a formal education. While Edgar ended his economics studies in Berkeley without a degree, his younger brother graduated with a degree in economics from Stanford. The father made it possible early on especially for his older son to prove himself in business, and on the whole one can say that Henry J. Kaiser's temperament was no obstacle to the succession arrangements: beyond all the public image that was created, the founder was in fact characterized by a restless drive that was continuously urging him forward. It was accordingly easy for him to cede management of some aspects of the company, creating space for Edgar to establish himself as a leader within the company in his own right. Rather than Kaiser, it was his first wife, Bess, who repeatedly took the initiative to look back at what had been achieved, undertaking genealogical research on her side of the family history. Nobody searched out Henry J. Kaiser's German roots, which underscores once again how little his origins contributed to his family's identity.⁵⁴

How important the Protestant faith was to Kaiser is difficult to assess, since we lack personal documents such as family correspondence or diaries. What is clear is that in Tahoe Henry and Bess Kaiser cultivated a close relationship with Noel Porter, the Episcopal bishop of Sacramento. This relationship had its beginnings at the Outdoor Cathedral in Sacramento, where Porter confirmed the couple on July 30, 1939.⁵⁵ Kaiser delivered several sermons there, just as he generally contributed during the last two decades of his life to cultivating his own myth in many varieties of Protestant devotional literature. As a result, his public dictates turned increasingly into a caricature: everyone had his life in his own hands and could achieve the greatest successes if he only believed in himself; problems or setbacks were in the final analysis only opportunities and possibilities that one

53 HJKP, 296/17, Ledger Book Henry J. Kaiser personal, 1933-1951.

54 HJKP, 258/20, Bess Kaiser to Sherwood, Nov. 21, 1946.

55 Heiner, *Empire Builder*, 2-8.

had to take advantage of.⁵⁶ Henry, Jr. demonstrated in his private life just how potent this narrative of paternal success was. In 1944, Henry, Jr., was diagnosed with multiple sclerosis, and described how, following his father's philosophy, he fought the disease with all his might: "Since I was a small boy, each time I got into difficulties in my daily life and asked him for advice, he would tell me, 'Problems are only opportunities in work clothes.' If you meet your problems with courage . . . you will find that problems will become not something to be avoided as undesirable, but rather opportunities for self advancement."⁵⁷ In spite of all his exertions, Henry, Jr., died at the young age of forty-four, and the fact that his father gave most of his wealth to a family foundation promoting medical advancement also had something to do with this experience.

Conclusion

Kaiser's importance in the creation of the modern American West cannot be overstated. This is most evident on the eastern side of San Francisco Bay, where his companies contributed significantly to the growth of cities like Richmond and Oakland. Kaiser engineers planned and built substantial portions of the region's public infrastructure.⁵⁸ Bridges and roads, river regulation projects and dams, pipelines and public transportation facilities, the supply of drinking water and cheap energy, the creation of steel production on the West Coast, and, finally, the building of houses and apartments — Henry J. Kaiser's entrepreneurial activities played a crucial part in creating the preconditions for decades of prosperity throughout the region. And yet he has been largely forgotten today. To be sure, the healthcare company Kaiser Permanente with more than 180,000 employees is among the largest of its kind, and the plants of Kaiser Aluminum also still bear their founder's name. However, Kaiser's descendants are not involved in either company, and the rest of the conglomerate did not survive the transition to second-generation control and the upheavals attendant upon the beginning of globalization as a cohesive family possession.

The founding and expansion of this company points to the specific conditions of a short period of American history, and for a brief moment Kaiser seemed to symbolize all the promises and hopes of the era's progressive politicians: the possibilities of the American West, the feasibility of grand ideas, the drive and energy of free enterprise, and, finally, a consensus between state, unions, and enlightened

56 HJKP, 263/17, Henry J. Kaiser, "If He Walked the Earth Again," address delivered in the Outdoor Chapel, Lake Tahoe, Aug. 18, 1946; Henry J. Kaiser, "Try," *The Instructor*, June 1961; "Henry Kaiser's Seven Keys to Success," *Reader's Digest*, Nov. 1961.

57 HJKP, 258/20, Henry Kaiser Jr. to Ellinger, Sept. 7, 1948.

58 Johnson, *The Second Gold Rush*; Rhode, "California in the Second World War."

entrepreneurs that was necessary for the welfare of all. In the process one should not lose sight of the fact that Kaiser was, first and foremost, an entrepreneur and acted as such. He provided services and products guided by social needs, and he did so with the kind of opportunism that typifies many businessmen. While it is true that he was not in the camp of the Roosevelt enemies, it would be equally naive to suggest that he had a political program of his own. In that sense it is not without irony that to the same extent that progressive ideas were questioned, entrepreneurs like Kaiser were attacked. To his enemies, Kaiser served as a disturbing symbol of those forms of Big Government they believed had to be overcome once and for all.

Tim Schanetzky completed his Ph.D. in history at the University of Frankfurt/Main in 2006. He is currently a research fellow at the University of Jena. His research project is on “Business in the Age of Big Government and War: Henry J. Kaiser and Friedrich Flick.”

"MY GOLDEN GUT" AND OTHER STORIES: HOW LILLIAN VERNON BUILT HER BRAND

Ute Mehnert

Lillian Vernon (born March 18, 1927 in Leipzig, Germany; died December 14, 2015 in New York City, USA) was one of the most successful German-American entrepreneurs in American post-war history — and arguably one of the most successful female entrepreneurs overall. Born into a wealthy Jewish family in Germany, Lilli came to the U.S. as a little girl after escaping from the Nazi regime in 1935. With an entrepreneurial spirit inherited from a family of businessmen, the “Queen of Catalogs” built her mail-order empire from scratch. Thirty-six years after Lillian Vernon started her business as a young, pregnant housewife at her kitchen table in an era of stay-at-home moms, the company bearing her name became the first business founded by a woman to be publicly listed at the New York Stock Exchange.¹ Combining a rigorous work ethic and the conservative strategies of a family business with an open mind towards technological innovation, Vernon chose the life of a classic hands-on entrepreneur for whom business and private life were often inseparably intertwined. But while she eventually reestablished her ties to Germany, she has always maintained that “Lillian Vernon” is a genuinely American success story.

Family and Ethnic Background²

“I think my father was my mentor. He was a good businessman, he was a European, and he taught me a lot about business.” (Lillian Vernon in a TV interview, April 9, 2009)³

Lillian Vernon was born as Lilli Menasche on March 18, 1927 in the city of Leipzig. She was the second of two children; her brother Fred was three years older than her. Nothing in Lilli’s early childhood seemed to point toward a life in which she would have to take her economic future into her own hands. She was born into an entrepreneurial family in Saxony, a German state that had a long tradition of bourgeois family entrepreneurship. Her father, Hermann Menasche (1898–1962), was a businessman who had made his fortune in lingerie manufacturing. In her autobiography, Vernon claimed that he was an elegant but most of all “exceptionally intelligent” man

1 *International Directory of Company Histories*, ed. Tina Grant (Detroit, 2008), 92:207-12, here 207.

2 To the author’s knowledge, there has been no historical research and no monograph written on Lillian Vernon and/or her company yet. Newspaper and magazine articles usually refer to her autobiography *An Eye For Winners. How I Built One of America’s Great Businesses — And So Can You* (New York, 2007, 1st paperback edition) when describing her family background. Therefore, this essay also relies heavily on Lillian Vernon’s book, as well as on interviews for electronic or print media, and on the answers to a list of written questions Lillian Vernon sent the author per email via her son, David Hochberg, on July 15, 2011 (hereafter quoted as Vernon/July 2011). She did not consent to a personal interview for this essay.

3 Interview with Samatha Ettus on Obsessed TV (April 9, 2009) <http://www.viddler.com/explore/ObsessedTV/videos/65> (retrieved May 5, 2011).



Figure 1: Lillian Vernon as CEO of a multi-million-dollar company. This picture was featured on the cover of her autobiography *An Eye For Winners*, published in 1996. Used with permission from a private collection.

“with a remarkable natural ability to solve problems.”⁴ Her mother Erna Menasche, née Feiner (1902-1993), came from a Jewish family of diamond merchants in Antwerp, Belgium, where her great-grandfather had settled after emigrating from the city of Cracow in the nineteenth century.⁵ Vernon described her as a “renowned beauty” who dressed “with Viennese flair,” but also as emotionally distant.⁶ Erna Menasche left the early education of her two children mainly to nannies, as most wealthy European families did at the time. A governess taught Fred and Lilli how to behave appropriately in their family’s social circles.

Leipzig, situated in the eastern part of Germany, had rapidly grown into the country’s fifth-largest city with more than 700,000 inhabitants around 1930. The city was thriving not only as the location of one of the world’s most important trade fairs (*Leipziger Messe*),

but also as a manufacturing hub where publishing, engineering, fur and textiles were among the leading industries.

Vernon often described her early childhood in Leipzig as happy. Her parents liked to entertain, hosting ice-skating parties on the frozen pond of their Leipzig estate, or dinner parties at their spacious brick villa. But the family’s privileged life ended with the rise of National Socialism in Germany. Soon after Hitler seized power in 1933, the villa was confiscated, and, as Vernon wrote, “they turned the home we loved and were so proud of . . . into Nazi headquarters.”⁷

Like most educated, prosperous Jewish families, the Menasches had thought of themselves as well-integrated members of German society. They hoped that the Nazi terror would be a passing phenomenon and stayed in Leipzig for two more years. But when Lilli’s brother Fred was attacked by an anti-Jewish mob in 1935, Hermann Menasche prepared his family’s emigration to the Netherlands. After little more than two years in Amsterdam, they moved to the United States.⁸

Lilli and her brother arrived in New York City on October 17, 1937. They had stayed with their grandmother Fanny Feiner in Antwerp

4 Vernon, *Winners*, 13.

5 *Ibid.*, 52.

6 Talking about her father’s death (1962) in a TV interview, Vernon recalled that “I was devastated, in a way one is devastated when the main parent dies, and sometimes, that’s not the mother, sometimes it is the father” (Ettus Interview, 2009).

7 Vernon, *Winners*, 14.

8 *Ibid.*, 20-21.

until their parents had found a place to live and Hermann Menasche had started a new lingerie business in New York. At the age of ten, Lilli — or Lillian, as she was soon called in America — had to adjust to a new country, a new language, and a new school for the second time: “It was very difficult when we came to New York because I spoke no English. We moved to a neighborhood with many other German and Jewish immigrants but I mostly befriended Americans since that was the easiest and quickest way to learn the culture, language, and customs of my new homeland.”⁹ The family rented an apartment on 97th Street on Manhattan’s Upper West Side. This area of the city attracted thousands of refugees from Germany and Austria in the 1930s and during the Second World War. As Vernon put it, “it was not unusual to get on a bus and hear almost nothing but German.”¹⁰

While Vernon recalled that she herself wanted nothing more than to assimilate and become a normal American girl as quickly as possible, her parents had a harder time adjusting. They didn’t speak English well, and especially her mother seems to have suffered from their loss of social status.¹¹ She rejected American fashion and tastes. Although the Menasches became U.S. citizens in 1943/44, “German discipline reigned in our household,” Vernon wrote. “We were expected to obey rules, no questions asked, no exceptions made.”¹²

Economically, too, the family never regained the status they had enjoyed in Germany. Hermann Menasche had hardly any knowledge of American business methods. He finally was moderately successful with a company manufacturing small leather goods like wallets, camera cases, and handbags. It was obligatory for the Menasche children to help out in their father’s business on weekends, and their mother worked with her husband, too. With the family’s economic future far from secure, conversations at the dinner table concentrated on business. There was “nonstop talk of shipments, orders, invoices,” Vernon recalled. “I sat, listened, and absorbed. Every meal was like a class.”¹³

At the age of fourteen, Lillian started earning her own money.¹⁴ One of her jobs as an usherette at a movie theatre on Broadway not only earned her 25 cents per hour, it also allowed her to watch dozens of movies. This gave her what she later called “a marvelous education in all things American,” including the English language: “Hollywood was my Berlitz.”¹⁵ But Lillian continued working for her father, too. He used to send her to the luxurious shops on Fifth Avenue to select expensive handbags for him to copy; his company then sold those cheaper copies to department stores. According to Vernon, this was when she first realized that she had kind

9 Vernon/July 2011.

10 Vernon, *Winners*, 22.

11 Gene N. Landrum, *Profiles of Female Genius: Thirteen Creative Women Who Changed the World* (New York, 1994), 355.

12 Vernon, *Winners*, 26.

13 *Ibid.*

14 In a short biography accompanying an interview that Vernon gave in 1993, she is quoted as saying, “I worked all through high school.” Julie Cohen Mason, “On Target: Lillian Vernon Focuses on Customers,” *Management Review*, May 1993, 22-24, here 23.

15 Vernon, *Winners*, 29.

of a sixth sense for shoppers' tastes, a special talent for picking items that people would like to buy — items that Hermann Menasche called "winners." "Soon, I was my father's source," she proudly wrote in her book that, for this very reason, bears the title "An Eye for Winners."¹⁶ She would later refer to this talent as her "Golden Gut."

Lillian Vernon repeatedly pointed out that while her father respected her and used to treat her like an equal,¹⁷ neither of her parents ever considered her a potential successor in her father's business. That role was reserved for her brother Fred, while Lillian was supposed to become a wife and a mother. Even when Fred was drafted into the U.S. Army, sent to Europe, and was killed during the Normandy invasion of 1944, Lillian was still expected to fulfill the roles of wife and mother rather than become her father's successor. And she went along with traditional expectations, at least for a while. After graduating from high school in 1946, she attended New York University, majoring in psychology — but "just in case a husband was waiting for me somewhere, I also attended classes in home economics."¹⁸ She dropped out during her junior year and, in September 1949, married the merchant Sam Hochberg whom she had met a few months before at a dance. Hochberg was the American-born son of Polish immigrants who had settled in suburban Mount Vernon, NY, running a lingerie store. He was nine years her senior. To contribute to the household income (her husband made \$75 at Hochberg's Dry Goods Store, roughly \$700 in 2010 USD),¹⁹ Lillian worked part-time as a sales clerk and bookkeeper. She quit after only a couple of months — both because she was pregnant and because of "the accepted idea that a working wife was an embarrassing commentary on her husband's earning power."²⁰

Lillian Hochberg started her mail-order business from her home in 1951, just a few months before giving birth to her first son Fred Philip on February 3, 1952. But while both business and family were growing — the Hochberg's second son David was born on October 22, 1956 — the couple's marriage suffered. Sam Hochberg worked with his wife, but did not share her increasing entrepreneurial ambition.²¹ After twenty years of marriage, and fifteen years of running the company together, the couple divorced in 1969.

Lillian Vernon married two more times. Robert Katz, an engineer and entrepreneur who brought his two children from a former marriage into the family, became her second husband in 1970; this marriage also ended in divorce in 1988. Ten years later, she married Paolo

16 Ibid., 30.

17 In her curriculum vitae at Premier Speakers Bureau, Lillian Vernon described herself as "deeply grateful" to her father: "He never treated me as anything less than equal, and from that I learned a lot. His optimism and determination are part of his legacy to me" http://premierespeakers.com/lillian_vernon/bio (retrieved April 10, 2011).

18 Vernon, *Winners*, 35.

19 Unless otherwise noted, all 2010 USD values calculated using <http://www.measuringworth.com/uscompare/> (retrieved March 28, 2012).

20 Vernon, *Winners*, 38.

21 Both Vernon and Hochberg agreed on this matter: "The entrepreneurial spirit was not in Sam. My drive and determination disturbed him," Vernon wrote in her autobiography (*Winners*, 96). Sam Hochberg himself later told a journalist that "differences in work philosophy" had ended both their common business and their marriage: "I'm more the playboy at heart, while she's the hard worker," he [Hochberg] says. "I just wanted to earn enough money to live the good life. I would have retired 25 years ago, if I could have afforded it." Quoted in Martha I. Finney, "The Treasure Of Her Company — Lillian Katz, Lillian Vernon Corp.," *Nation's Business*, February 1987, http://findarticles.com/p/articles/mi_m1154/is_v75/ai_4664014/ (retrieved April 14, 2012).

Martino, the Italian-born owner of a Manhattan beauty salon who was twenty years her junior.²² Neither Katz nor Martino ever had an active role in her company. “I’ve discovered it works better that way,” Vernon says.²³ And while Lillian Hochberg became Lillian Katz after her second marriage, she decided to change her name only once more after her second divorce. From then on, the founder chose to be associated with her business rather than with a husband. In 1990, she officially registered her own name as Lillian Vernon — the very name she had chosen for her company in 1965 by combining her first name with the business’s original location.

For many years, the Lillian Vernon Corporation remained a family business, as both Vernon’s sons worked for her. But in the end, neither one took over. Fred Hochberg left the company in January 1993 to found his own business, an investment firm, and to pursue a career in politics.²⁴ His brother David never showed any ambition to actually run the Lillian Vernon Corporation.²⁵ As neither of Vernon’s sons married or had children, she abandoned the idea of passing her company on to her descendants, and sold her shares in 2003. Vernon retired and lived in New York City with her third husband until her death in late 2015.

Business Development

“It is hard to separate Lillian Vernon the person and Lillian Vernon the company.” (Sherry Chiger, editorial director of the industry publication *Catalog Age*, 2001)²⁶

In 1951, Lillian Hochberg concluded that founding her own business would be the only way out of an economic dilemma. She was

22 Lynda Richardson, “For Catalog’s Namesake, One Last Big Sale,” *New York Times*, April 30, 2003.

23 Alex Witchel, “Sometimes a Great Notion: At Home With Lillian Vernon,” *New York Times*, January 16, 1997; Vernon, *Winners*, 196.

24 A major fundraiser and campaign advisor for the Democratic Party, Fred Hochberg served, among other things, as deputy — and later,

acting — administrator of the Small Business Administration during the presidency of Bill Clinton. After working for Barack Obama’s presidential campaign of 2008, Hochberg was appointed chairman and president of the Export-Import Bank of the United States in 2009. Openly gay himself, Hochberg has been involved in several gay-rights organizations like the Human Rights Campaign. He lives in Manhattan with his partner, the

writer Tom Healey. CV of Fred Hochberg, http://www.exim.gov/about/leadership/fred_hochberg_bio.cfm (retrieved June 15, 2011); “Executive Profile: Fred P. Hochberg,” <http://investing.businessweek.com/businessweek/research/stocks/private/person.asp?personId=6369571&previousCapId=91031&previousTitle=NEWS%20CORP-CLASS%20B> (retrieved June 15, 2011).

25 As the *New York Times* reported in 1997: “David Hochberg, 40, says he has no interest in running the company and is happy to remain its vice president for public affairs” (Witchel, “Great Notion”). After leaving the Lillian Vernon Corporation in 2005, Hochberg founded his own agency for artists in New York.

26 Cara Beard, “Lillian Vernon Sets Sights on Second Half-Century,” *Advertising Age* 72, March 19, 2001, 22.

twenty-four years old, four months pregnant, and had figured out that her husband's earnings wouldn't be sufficient to allow their growing family a comfortable life. "I wanted to make some money, and I was having a baby and I couldn't get a job in an office," was her laconic answer when, on "Take Your Child to Work Day" in 2000, an employee's daughter asked her why she had started her company.²⁷ Although more women began to enter the work force in the 1950s, female entrepreneurs were still an exception.²⁸ In general, as Vernon put it forty years later, "it was very unfashionable for women to work in those days."²⁹ In her autobiography, she described how she would be sitting at her yellow Formica kitchen table ("everyone had one of them"), flipping through the ads in women's magazines like *Seventeen*, *Glamour*, and *Charm*, and asking herself which of the advertised items she would buy if she had the money. That habit first gave her the idea to sell such items herself — by mail, from home: "What could be more natural, logical, and profitable? I would be using my experience and the skills I had acquired picking out handbags for my father . . . observing shoppers in many places."³⁰

Lillian convinced her husband to let her invest their \$2,000 wedding gift money into her undertaking (\$16,800 in 2010 USD). A handbag for \$2.99 and a matching belt in black, tan, or red for \$1.99 were the first goods she offered for sale. Her father would manufacture them, charging her \$3 for the pair. What made her offer unique was the fact that she herself would emboss her customers' monograms in gold on these items. Neither mail order nor monogrammed items were new, but the combination of both was Lillian Hochberg's innovative idea that made her plan successful.³¹ "Be *FIRST* to sport that Personalized Look on your BAG and BELT," read the first ad she placed in the back-to-school issue of *Seventeen*, a popular teenagers' magazine, in September 1951. The \$495 ad resulted in several thousand orders, and sales of more than \$16,000 (about \$134,000 in 2010 USD).³² None of the giant catalogers that dominated the mass market with their "Big Books" at that time would have taken her seriously as a competitor. By the mid-twentieth century, market leader Sears Roebuck boasted yearly sales of \$2 billion, and Montgomery Ward mailed out catalogs that were more than a thousand pages long.³³ None of them would have bothered to offer the kind of labor-intensive product that Hochberg advertised — she "had discovered niche marketing before she even heard of the concept."³⁴

The founding legend of what would later become the Lillian Vernon Corporation has been retold many times by the media, and by

27 Kate Stone Lombardi, "When a Legend Speaks, These Children Listen," *New York Times*, May 7, 2000.

28 Mitra Toossi, "A Century of Change: The U.S. Labor Force, 1950 to 2050," *Monthly Labor Review* (May 2002): 15-28, here 15.

29 Lisa Coleman and Fleming Meeks, "I Just Went Out and Did It," *Forbes*, August 17, 1992, 102-103.

30 Vernon, *Winners*, 39.

31 Landrum, *Female Genius*, 350.

32 Vernon, *Winners*, 49.

33 Robin Cherry, *Catalog: The Illustrated History of Mail-Order Shopping* (New York, 2008), 18.

34 Landrum, *Female Genius*, 351.

Vernon herself. And not unlike what the — albeit much more famous — garage in Palo Alto was for the IT company Hewlett-Packard, Hochberg's kitchen table would be for the Lillian Vernon company: the icon of a business legend serving as role model for other start-up entrepreneurs. For many years, it was proudly displayed in the corporation's lobby.

That kitchen table served as first headquarters of Hochberg's one-woman business. Here she would sort the orders, type mailing lists, personalize the bags and belts, and put together the packages before mailing them to her customers all over the United States. Borrowing the waspy-sounding name from her town of residence, Mt. Vernon, she called her business Vernon Specialties Co. After Fred's birth, Hochberg figured out how to build upon her first success. As she had neither a business plan nor any formal economic training, she proceeded by means of trial and error. She lost hundreds of dollars by putting advertisements in the wrong magazines — much as teenage girls liked her products, they simply didn't appeal to the more mature readers of *Vogue*. One particular skill she claimed she could always count on, though, was a seemingly innate, intuitive knowledge of what products her customers would want to buy. She branded this ability her "Golden Gut," and described it on numerous occasions: "I like to think I was born with a golden gut when it comes to choosing what I sell. Something happens to me when I spot a hot product. I feel it in the pit of my stomach. I know."³⁵ Whatever special talent she had, Vernon developed and refined it over the years by continuously studying magazines and ads, by habitually observing people's shopping habits and behavior, and — last, but not least — by always keeping track of her own customers' ordering histories. One might say that even before she started her business, Vernon had begun to develop her own way of market research. She had strolled along shopping miles like Fifth Avenue, observing which window decorations would make people stop to have a closer look. She had worked at a candy store and at a women's clothing store. She had sold pots and pans by phone. "Wherever I worked," Vernon wrote, "I kept my eyes and ears open and tried to learn something about what makes a business work — or fail."³⁶

She began to attend jewelry shows and other trade fairs, looking for suitable items to add to her monogrammed line. Her father had warned her early on not to rely exclusively on him, so she looked for additional suppliers of goods that she could emboss, engrave, or

35 Vernon, *Winners*, 77.

36 *Ibid.*, 38. See also Erika Rasmusson, "Staying Power," *Sales and Marketing Management* 150 (August 1998): 44.

embroider. Soon, she advertised personalized rings, pins, and lockets in addition to her bags and belts. When she discovered a company that produced black powder compacts shaped like telephone dials, these were so popular with her teenage customers “that I spent weekend after weekend engraving these compacts,” Vernon wrote. “On a good Sunday, I could turn out eight hundred.”³⁷

With the American consumer market booming after the years of austerity during the Great Depression and the Second World War, Vernon Specialties quickly grew too large for Lillian’s kitchen. In 1954, when her sales went up to \$41,000 (\$333,000 in 2010 USD) and surpassed her husband’s earnings at his family’s store, Sam Hochberg began working with his wife full-time.³⁸ They moved into a loft above a bar on one of Mt. Vernon’s main avenues. At that point they also began to include a four-page advertising catalog, illustrated with black-and-white photos showing some of their jewelry on Lillian’s hands, with each order. The response was encouraging, so they decided to send a first full-blown catalog to all 125,000 people on Lillian Hochberg’s list of customers in 1956. The catalog was thirty-two pages long and featured 175 items, mainly personalized accessories priced between \$1 and \$2.98 (between \$8 and \$24 in 2010 USD). The step from magazine advertisements only to a combination of ads and catalogs made sales go up to \$500,000 (almost \$3.8 million in 2010 USD) in 1958. Two years later, the Hochbergs rented a 5,000-square-foot warehouse in the nearby town of New Rochelle and had the company incorporated. As another business was already registered in New York State under the name of Vernon Specialties, the Hochbergs changed the name first to Vernon Products, Inc., before they finally settled on “Lillian Vernon” in 1965.

From the very beginning, Lillian Hochberg knew that her file of customers was her major asset. When her newly rented warehouse was hit by a cement truck, and much of their merchandise as well as her mailing lists were ruined, she was furious when neither banks nor insurers would accept that fact: “In their eyes, there was no collateral. My absolutely irreplaceable and invaluable list of customers was considered intangible . . .”³⁹ She often described how from day one, she used to type each purchaser’s name, address, and ordering amount on index cards — building the foundation for the mailing lists and databases with up to twenty-seven million names which would later be the backbone of her catalog empire.⁴⁰

37 Vernon, *Winners*, 73.

38 *Ibid.*, 62-65.

39 *Ibid.*, 95.

40 This figure was released by the company and quoted in a *New York Times* article in 2004. Elsa Brenner, “As C.E.O.s Go, Hardly Retiring,” *New York Times*, June 6, 2004.

In the late 1950s and early 1960s, Vernon Products grew into a more complex enterprise. The Hochbergs ventured into some jewelry fabrication of their own in 1957. One of their products, a decorative magnetized bobby-pin cup, earned them a supplier contract with the U.S. cosmetics giant Revlon in 1962. Orders from other leading cosmetics companies like Elizabeth Arden, Helena Rubinstein, Max Factor, and Maybelline followed.⁴¹ When the Hochberg's marriage ended in divorce in 1969, the couple also split their business: Sam kept the manufacturing branch, Lillian kept the catalog — and the precious mailing lists. The catalog business was already doing about \$1 million in sales by that time.⁴² Free monogramming of all products, coupled with a full and limitless refund guarantee, remained a signature asset of her business. Even customers who returned personalized items after ten years would still get fully reimbursed. In addition to jewelry, the company began to offer household items like drawer dividers and corner racks. By 1974, the Vernon Specialties catalog had expanded to ninety-six pages — most of them in color — offering jewelry, leather goods, cosmetics boxes, and a few household items, but mainly knick-knack like doorknockers and bookmarks. Among their bestsellers were personalized Christmas ornaments that had been introduced in 1968: within a few years, more than seventy-five million of these were sold.⁴³

After parting ways with her husband, Vernon had to focus on finding new suppliers. Part of the solution was “to go global,” as “American consumers were developing a taste for exotic products.”⁴⁴ She began visiting trade fairs in Europe in 1972. In 1980, after a scouting trip to the Far East, the Lillian Vernon catalog became one of the first American retailers to offer merchandise “made in China.” Establishing and maintaining reliable business connections with suppliers all over the world became one of Vernon's most important tasks. She spent up to four months per year traveling for business purposes.⁴⁵

Venturing into new realms back home, too, Lillian Vernon established The New Company, a wholesale manufacturer of brass products, in Providence, RI, in 1978. At the same time, Vernon's son David took responsibility for Provender, the company's new wholesale division. Other retailers had become interested in selling products with the Lillian Vernon brand, and Provender supplied them with Lillian Vernon's own line of toiletry items, specialty foods, and kitchen textiles.⁴⁶

The Lillian Vernon brand had evolved as a strategic reaction to the changes in post-war America's socioeconomic fabric, which were

41 Vernon, *Winners*, 89-90.

42 Coleman and Meeks, “I Just Went Out,” 103.

43 *International Directory*, 208.

44 Vernon, *Winners*, 121.

45 *Ibid.*, 125.

46 *International Directory*, 208.

gradually transforming the catalog market. Up until World War II, the so-called “Big Books” — the Montgomery Ward catalog and the Sears, Roebuck catalog that offered everything from appliances to underwear — had dominated the trade. They were aimed at families in the rural United States. Starting in the 1950s, the rural market was progressively replaced by the suburban market — “and for suburban customers,” Vernon wrote, “I realized you have to specialize.”⁴⁷ What helped her start-up catalog businesses was the fact that both Sears and Montgomery Ward were concentrating their efforts on other retail sectors at that time. Even before the war, both companies had begun to open outlet stores in cities all over the U.S. There were more than three hundred Sears stores nationwide by 1930; Sears even operated more than five hundred. And while Montgomery Ward largely failed to address the changes that America’s suburbanization brought for the whole retail industry, Sears tried to meet that challenge by expanding its store system into suburban areas with their sprawling shopping malls, rather than trying to specifically address suburbanites in catalogs.⁴⁸

Lillian Vernon’s specialization mainly consisted in catering to patrons just like herself: women in their thirties or forties, suburban mothers and housewives who, in increasing numbers, had to juggle family duties and a job outside their home. “I’m a woman who shops,” Vernon put it in a magazine interview. “I’m a woman who raised children. I’m a woman who gets in the car and goes to work every day. I’m a woman who knows what women need.”⁴⁹

Even when the company had long since started market research through focus groups, Vernon still continued to cultivate her image as intuitive entrepreneur who could afford to rely exclusively on her “Golden Gut” because she was, essentially, an ordinary woman just like her customers. She claimed that she personally chose every single item offered in her catalog, and wouldn’t sell anything she wouldn’t use herself.⁵⁰ Starting in 1976, each catalog issue featured Vernon’s picture and a personal letter to her customers. “Add the values by which I live and that I have incorporated into my company, and there’s a transition from personality to complete [brand] identity,” Vernon wrote in an online article for the Kauffman Foundation. “In my messages in each of our catalogs, I stress that I am my customer’s personal shopper, even though I have a team of buyers scouring the globe. I encourage customers to e-mail me, and I see to it that each is answered. I want customers to know and relate to me as an individual, and to understand that my company is a reflection of myself.”⁵¹

47 Vernon, *Winners*, 107.

48 For a history of Sears Roebuck, see Donald Katz, *The Big Store: Inside the Crisis and Revolution at Sears* (New York, 1987).

49 Beardi, “Lillian Vernon,” 22.

50 *International Directory*, 208.

51 “Branding: The Power of Personality,” <http://www.entrepreneurship.org/en/resource-center/branding-the-power-of-personality.aspx> (retrieved January 7, 2012).

This strategy set Lillian Vernon favorably apart in an era of ever more impersonal shopping malls and gigantic department stores, and the company relied on it for decades. “She looks at every catalog,” Lillian Vernon Corp. President Kevin Green explained to a reporter in 2001. “She loves this business.”⁵²

With the proliferation of credit cards and 1-800-numbers, the catalog market boomed in the 1970s and even more in the 1980s. The number of people ordering by mail or phone increased by 70 percent between 1982 and 1992.⁵³ Lillian Vernon grew with the market. Sales climbed to \$6 million in 1976 and \$60 million in 1982 (\$23 million and \$136 million respectively in 2010 USD). By the mid-1980s, Vernon urgently needed money for investments. A new national distribution center was in planning, a \$25-million project in Virginia Beach to keep up with customers’ growing demand and with Lillian Vernon’s ever-expanding product line. Meanwhile, the company was mailing out eighty million catalogs per year. In 1987, the investment firm Goldman Sachs sold 31 percent of Lillian Vernon to the public, collecting \$28 million for 1.9 million shares.⁵⁴ Vernon later described her entrance at the New York Stock Exchange with characteristic self-confidence: “I was making history by introducing the first woman-founded company onto a major stock exchange.”⁵⁵ In 1988, Lillian Vernon boasted a \$6.9 million net profit (\$12.7 million in 2010 USD) on revenues of \$126 million.⁵⁶

While the Lillian Vernon Corporation doubtlessly owes its founder a lion’s share especially of its early success, it is also true that the company experienced its main period of growth and expansion after Vernon’s older son Fred Hochberg had joined the company. He started to work for his mother in 1973, after getting his MBA from Columbia University. Vernon claimed that she first wanted him to “get his hands real dirty” working in the warehouses before she “started to groom him for leadership of the company” and made him head of the newly established marketing department in 1981.⁵⁷ She also gave him full credit for the planning and construction of the Virginia Beach distribution center, which started operation in 1988.⁵⁸ One year later, Hochberg became Chief Operating Officer and President of Lillian Vernon. He was then widely expected to succeed his mother as official head of Lillian Vernon in the not-too-distant future, especially since Hochberg obviously had had a large part in major strategic decisions like the technological modernization and the stock market launch of Lillian Vernon in

52 Beardi, “Lillian Vernon,” 22.

53 *International Directory*, 208.

54 The founder and her sons split \$12 million among themselves; the rest went into the distribution center. Coleman and Meeks, “I Just Went Out,” 103.

55 Vernon, *Winners*, 182.

56 *International Directory*, 208.

57 Vernon, *Winners*, 162.

58 “No one else could have done it as well or as effectively,” Vernon wrote later. “Regrettably, I believe that Fred never heard my gratitude; a parent’s criticism of-ten sounds louder than praise” (Vernon, *Winners*, 164).

the 1980s.⁵⁹ But while Vernon always maintained that she had hoped “to pass the company on to one or both of my sons,”⁶⁰ she was not ready to let Hochberg take over at that time. Quite obviously, this was at least one reason for Fred Hochberg’s brusque departure from the family business in 1993, and for his severing all ties with his mother for two years.⁶¹ She later wrote that she had been “unprepared for the blow, and I was devastated. . . . I must confess that I have never understood his need for such a radical step.”⁶²

In the early 1990s, external circumstances also turned less comfortable for Lillian Vernon. The boom of the catalog business had stimulated competition, and it became increasingly difficult to stand out. When Vernon had started her business, there had only been about fifty catalogs nationwide; four decades later, more than ten thousand vied for U.S. consumers’ attention and dollars. Not only had other entrepreneurs founded mail-order businesses aiming at similar niche markets (like, for example, Williams-Sonoma), but Bloomingdale’s and other department stores had also begun to issue catalogs offering housewares and gifts. Even Sears had finally ventured into specialty catalogs, which were continued after the company decided to fold its famous “Big Book” in 1993. The rise of successful discount chains like Kmart and Walmart had brought further competition, as had home shopping channels on television. Last but not least, additional shopping malls had been built in the United States between 1980 and 1990.⁶³ And just like other retail branches, the catalog business had to deal with cyclic economic downturns and the resulting drops in demand. The financial newspapers reported an increasing number of bankruptcies, which they attributed not just to the current economic crisis and escalating mailing costs, but also to a structural crisis within the trade.⁶⁴ What helped Lillian Vernon through many cyclic downturns was the fact that the company offered mainly small, budget-priced items that consumers could still afford in an economic crisis: in the early 1990s, more than half of Lillian Vernon products sold for less than \$15.⁶⁵

59 Consequently, his official biography on the website of the Export-Import Bank of the United States claims that it was Hochberg who “led the transformation of a small, family mail order company into an international, publically traded direct marketing corporation” http://www.exim.gov/about/leadership/fred_hochberg_bio.cfm (retrieved November 10, 2011). Vernon herself conceded that both her sons played a major part in her success: “I may have been the one to start with a dream and a line of handbags, but Fred and David were the ones who brought my dreams into the modern world. They kept on top of the latest technological developments and brought them into our company” (Vernon, *Winners*, 164). In an interview she gave a few months after Hochberg’s departure, she said that “Fred did most of the day-to-day operations” while she herself was “still very involved in merchandising” (Mason, “On Target,” 24).

60 Vernon, *Winners*, 160.

61 Without providing sources, a *New York Times* reporter wrote in 1997 that “her son Fred quit after he and his mother disagreed about the timing of his ascension to chairman” (Witchel, “Great Notion”). The company’s official explanation at the time was that Hochberg was leaving Lillian Vernon to pursue other interests: “I want to be more involved politically and in my charitable work,” Hochberg told the press. Quoted in the *Wall Street Journal*, November 24, 1992.

62 Vernon, *Winners*, 187.

63 Cherry, *Catalog*, 13.

64 John Hinge, “Catalog Houses That Once Boomed Find the Checks are No Longer in the Mail,” *Wall Street Journal*, April 4, 1991. In that year, the U.S. Postal Service had made it up to 40 percent more expensive to mail catalogs, and the courier UPS, which

delivered nine out of ten items ordered from catalogs, had raised its shipping rates for home deliveries by more than 16 percent. Robin Blumenthal, “The Ghost of Christmas Presents Is Haunting Troubled Cataloger,” *Wall Street Journal*, December 11, 1991.

65 Contrary to the industry trend, Lillian Vernon reported a “record Christmas season” in 1991. One of the top sellers in that year’s catalog was a paw-printed pet towel for \$12.98, personalized with the dog’s name. Blumenthal, “Ghost of Christmas.”

The company reacted to the changing market structures by further expanding and diversifying the classic catalog business, and by constantly embracing new technologies and sales channels. In 1990, the company launched the Lilly's Kids catalog, offering toys and gifts for children. Other specialized catalogs like Christmas Memories, Lillian's Kitchen, and a gardening catalog followed. By the mid-1990s, the company was mailing out 179 million catalogs per year to eighteen million people, and handling nearly five million orders. In 2000, Vernon additionally acquired the Rue de France catalog for French-inspired home accessories like lace curtains.⁶⁶ As the company was preparing for its fiftieth anniversary, it was publishing seven catalog titles and debuting three thousand new products per year. It employed up to 1,300 people all year, and more than four thousand during the holiday shopping season. Meanwhile, the Virginia Beach distribution center had been extended several times and equipped with a computer center. The company had established two seasonal call centers and opened eighteen outlet stores in several states. In 1994, Lillian Vernon ventured into TV shopping via the QVC Shopping Network, and the main catalog was included in *The Merchant*, one of the first CD-ROM shopping disks that circulated in the US.⁶⁷ The company began to offer its merchandise via an America Online store in 1995, when electronic shopping was still in its infancy. One year later, the first online catalog was launched on the website www.lillianvernon.com.⁶⁸

But although sales were still growing in the second half of the 1990s, the company began to struggle. With a new catalog to be printed and mailed every few weeks, Lillian Vernon had become extremely vulnerable to rises in postal rates and paper costs. Profits were halved in 1996 after paper costs had increased by 50 percent, and dropped further in the following years.⁶⁹ Ironically, 2001 — the year of Lillian Vernon's fiftieth anniversary — not only marked an all-time high in sales (\$287 million), but also went down as the year in which the company slid into the red.⁷⁰

The recession following the burst of the so-called dot-com bubble in 2000 and the terror attacks of 9/11 undoubtedly accelerated Lillian Vernon's decline, but industry observers saw long-term structural changes in the retail business as the ultimate cause.⁷¹ Most clothing and home-furnishing retailers had expanded their catalogs to include smaller items and gifts like those offered by Lillian Vernon. American consumers were beginning to move away from catalogs

66 Mark del Franko, "Adieu to Rue de France Catalog," *Multichannel Merchant*, August 1, 2004 http://multichannelmerchant.com/crosschannel/international/marketing_adieu_rue_de (retrieved December 2, 2011).

67 *International Directory*, 209-10.

68 Lorelle VanFossen, "Visiting the Web Past: Lillian Vernon, Catalog and Web Pioneer," *TheBlogHerald*, November 15, 2007 <http://www.blogherald.com/2007/11/15/visiting-the-web-past-lillian-vernon-catalog-and-web-pioneer/> (retrieved September 3, 2011).

69 While Lillian Vernon had reported a \$12.8-million net income on revenues of only \$193.6 million in 1993, revenues of \$255.5 million resulted in only \$3 million net income in 1999. *International Directory*, 210.

70 Lillian Vernon reported a net loss of \$1.3 million for 2001.

71 Beardi, "Lillian Vernon," 22.

altogether and browse the Internet instead — shopping on websites like Amazon or Ebay, where not only thousands of smaller individual vendors, but also retail giants like Target began to offer their goods.⁷² At that point, electronic shopping already contributed a share of 15 percent to Lillian Vernon's revenues, but distinguishing the brand and its products from those of other retailers became even more difficult in the Internet age.⁷³ And it was not modern technology alone that was radically reshaping the retail sector. Along with American society as a whole, the consumer market was becoming increasingly diverse around the turn of the century. The first suburban generation of white, middle-class women whose needs Lillian Vernon had understood so well, whose tastes she had catered to, and whose brand loyalty she had been able to count on for more than forty years, had aged with her — and, more importantly, had ceased to dominate the mainstream of American consumers.

Apart from the increasingly difficult economic circumstances, one of Vernon's main entrepreneurial incentives had been lost: to hand her family business over to the next generation. Once before, in 1995, she had almost sold her company for that reason;⁷⁴ now, at the age of seventy-five, she was ready to let go. In July 2003, Vernon sold the company for \$60 million in cash to Zelnick Media, a partnership of media executives backed by the Manhattan private equity group Ripplewood Holdings. The founder kept five percent of the shares, an office at the headquarters, and the largely symbolic title of non-executive chairman⁷⁵ — clearly indicating, though, that she intended to stay: "I've sold my name, but I am still the face and heart and soul of the company."⁷⁶ The new owners took the company off the New York Stock Exchange. For its last year as a public company, Lillian Vernon reported a net loss of \$18.6 million.

Zelnick Media did not succeed in turning Lillian Vernon around. Less than three years later, in May 2006, the company was sold again — this time to the Florida-based investment firm Sun Capital Partners.⁷⁷ Once again, Vernon agreed to stay on as non-executive chairperson, and to be more actively involved as advisor in merchandising.⁷⁸ But although the new management took what industry observers judged to be steps in the right direction⁷⁹ — trimming management structures

72 From 2000 to 2002, catalog use among all consumers declined from 42 to 32 percent, while the share of online shoppers more than doubled from 10 to 24 percent, a study found. *International Directory*, 210. In the mid-1990s, two-thirds of the adult population, or 132 million Americans, had still ordered from catalogs. Witchel, "Great Notion."

73 *International Directory*, 210.

74 The investment group Freeman Spogli & Co. had offered to buy three-quarters of company for \$190 million. The deal was called off when the cataloger's income decreased, and Vernon and Hochberg would not accept a lower price. *International Directory*, 209.

75 Tim Arango and Suzanne Kapner, "Lillian Is Packaging It In," *New York Post*, April 17, 2003. See also Paul Miller, "Zelnick Media Leveraging Lillian Vernon," *Catalog Age* 21, February 2004, 8.

76 Richardson, "Catalog's Name-sake;" Brenner, "As C.E.O.s Go."

77 Carolyn Shapiro, "New Owner To Close Lillian Vernon Operations in Virginia Beach," *The Virginian-Pilot*, April 24, 2010.

78 Jim Tierney, "Lillian Vernon Sold, Muoio Takes Top Spot," *Multi-channel Merchant*, July 2006, 7.

79 Matt Griffin, "Lillian Vernon: Slumping Staple Figures Out How to Grow Again," *Catalog Success*, April 2007, 14.

and inventory, while substantially reducing shipping times — sales did not pick up, and the company stayed in the red. Facing a tightened credit market after a particularly bad holiday season, Lillian Vernon filed for bankruptcy protection in February 2008.⁸⁰ The company was sold by auction three months later to Current USA, a direct marketer owned by the printing and electronics giant Taylor Corporation. Today, the Lillian Vernon Corporation operates from Current's main location in Colorado Springs. Apart from its website www.lillianvernon.com, the company published three catalog titles with more than seven hundred products per edition in 2011 and claimed to have mailed eighty million catalogs this year.⁸¹ As a privately held company, Current USA was not required to publish financial data for Lillian Vernon, and did not respond to questions as to whether the cataloger has become profitable again. The same is true of the private equity firm Regent Equity Partners, which bought Lillian Vernon in 2015 as part of its acquisition of Current-USA Inc. from the Taylor Corp. It had owned Current since 1998.⁸²

During the last years of her life, Vernon herself was no longer involved with the business. The transition was difficult, as she conceded a few years later: "I guess there's always regrets." That said, she brushed sentimentality aside for a more businesslike summary: "But you do things that you have to do."⁸³

Social Status and Personality

"Forget her impeccable cashmere ensembles, red lipstick and sprayed hair. The part you can't see is steel." (A *New York Times* reporter about Lillian Vernon, 1997)⁸⁴

Lillian Vernon was a petite woman, but she would make sure that she was not going to be overlooked. She wore high heels to the office even when she had broken her ankle a few weeks earlier, and the doctor had only just removed the cast.⁸⁵ But those heels that brought her up to the 5'3" she claimed to be were just a minor contribution to what many who met her described as her larger-than-life personality. "She seems to be able of growing enormous by sheer force of will," one interviewer put it after describing the following episode: "Recalling an encounter with an employee following the New Year's holiday, she sits straight up on the couch. 'I told him, I give my weekend to catching up with your work, and that should be a pleasure, not a chore.'"⁸⁶

Self-discipline and hard work were core ingredients of Vernon's entire life, and she used to expect no less from her employees, as

80 Michael J. de la Merced, "Bankruptcy Protection for Retailer," *New York Times*, May 3, 2008. Shapiro, "New Owner." Two other well-known retailers that filed for bankruptcy protection that year were Linens 'n Things and Sharper Image.

81 About Lillian Vernon, company profile <http://www.lillianvernon.com/CustomerService/Index/AboutLillianVernon> (retrieved January 12, 2012).

82 Wanye Heilmann, "Current Sold to Equity Firm," *Colorado Springs Gazette*, December 4, 2015 (retrieved August 1, 2016); Laurence Arnold, "Lillian Vernon, Mistress of Mail-Order Catalogs, Dies at 88," *Bloomberg.com*, December 15, 2015 (retrieved August 1, 2016).

83 Ettus Interview, 2009.

84 Witchel, "Great Notion."

85 Finney, "Treasure."

86 Witchel, "Great Notion."

from people around her in general. “Intuitive, tough, quick temper, competitive, impatient, confident, strong work ethic” were the characteristic traits attributed to her in a profile for a book about women entrepreneurs.⁸⁷ According to her first husband Sam Hochberg, however, Vernon had been unaware of her own strong entrepreneurial drive before she actually started her own business. She never had shown much ambition while working for others, he told a reporter many years after their divorce.⁸⁸ Once those entrepreneurial traits were activated, though, there was no turning back, even at the price of her marriage. “I really loved my first husband,” Vernon told *USA Weekend* in 1986: “If we hadn’t worked together, I think we’d probably still be married.”⁸⁹ Just as for her husband, it would later be difficult for her sons to work with a mother who, by virtue of her success, frequently claimed that she knew better and best, and who obviously enjoyed power games.⁹⁰ Vernon herself attributed her tough demeanor to the times when, as a young start-up entrepreneur, she had to elbow her way into a male-dominated world.⁹¹

Vernon carefully fostered her image as an exemplary entrepreneur ever since becoming head of a multi-million-dollar business, and successfully so: she was advertised as a role model by politicians, business organizations, women’s rights activists, and the media.⁹² She became a member of influential businesswomen’s networks like the Committee of 200, and she served at the National Women’s Business Council that was established in 1988 to advise the president and Congress. In 1990, *Forbes* chose her among “The Year’s 25 Most Fascinating Business People.”⁹³ She never regarded herself as a feminist in an ideological sense, though. Like many self-made entrepreneurs, she officially scoffed at theory, and referred to herself as a practical-minded person. When once asked whether she considered herself feminist, Vernon answered: “You’ve got Gloria Steinem and whatever her name is . . . Betty Friedan. They just talked about it. But you know what? I went out and did it.”⁹⁴ The exemplary stories she used to tell — or that were told by her PR department — often sought to promote her image as a pioneering woman in many fields. This image, of course, would also serve her business purposes. There is the story about “Take Your Daughters to Work Day” in 1992, for example: when Vernon learned that David Hochberg had arranged for her to receive her employees’ daughters at the company, she refused to play along unless her employees’ sons were invited, too. Needless to say, she got her way, although PR director Hochberg later claimed to have kept the attendance of

87 Landrum, *Female Genius*, 358.

88 Finney, “Treasure.”

89 Landrum, *Female Genius*, 355.

90 This is illustrated by the following episode described in a *New York Times* report: “David Hochberg is here now, files in hand. Cold air rushes in behind him. ‘No coat, David?’ his mother asks. ‘I don’t wear coats,’ he replies. ‘Didn’t I buy you a coat, David?’ she persists. Poker-faced, he talks only business” (Witchel, “Great Notion”).

91 Quoted in Vernon’s CV http://premierespeakers.com/lillian_vernon/bio (retrieved July 12, 2011).

92 Landrum, *Female Genius*, 348–49.

93 *Forbes*, January 1, 1990, 65.

94 Coleman and Meeks, “I Just Went Out,” 103.

the boys quiet because “it was considered so politically incorrect at that time.”⁹⁵

Having established her own business, Vernon tried to encourage others to do the same. Her autobiography was written mainly for that purpose: as its subtitle (“How I Built One of America’s Great Businesses — And So Can You”) implies, it is rather a how-to book than a classic autobiography — including a checklist titled “The Successful Entrepreneur’s Toolkit.” Her toolkit contains long lists of Do’s and Don’ts (“Don’t spend more money than you have . . . Keep your debts manageable”), rules of thumb (“I have this rule of thumb: every unhappy customer will tell ten others about a bad experience”), aphorisms (“Instinct will get you started, but it won’t sustain you”), and proverbs (“A time-saver is a lifesaver”).⁹⁶ These rules were constantly reality-tested in her business, used in an operation that Vernon described as applied common sense: “A lot of it is street smarts, common-sense intelligence,” she once put it. “It’s wisdom, not a degree, that gets you ahead in business.”⁹⁷ Her biggest setbacks happened, Vernon wrote, when “I had failed to follow my own rules.”⁹⁸

Vernon had a reputation as a “charismatic speaker” at business schools, and held at least half a dozen honorary doctorates.⁹⁹ But her conviction that a conventional MBA education wouldn’t bring out good entrepreneurs made her endow a chair for entrepreneurship at New York University through the Lillian Vernon Foundation.¹⁰⁰ Like many prosperous entrepreneurs, she felt she owed part of her success to American society, and was committed to “giving back

» authors on the subject of management theory, wrote in 1985: “By and large, big companies have been successful as entrepreneurs only if they use their own people to build the venture. They have been successful only when they use people whom they understand and who understand them, people whom they trust and who in turn know how to get things done in the existing business; people, in other words, with whom one can work as partners” (Peter Drucker, “The Entrepreneurial Business,” in *Innovation and Entrepreneurship: Practice and Principle* [New York, 1985], 147-76, here 175).

95 Lombardi, “Legend.”

96 Respectively: Landrum, *Female Genius*, 356; Vernon, *Winners*, 113, 110, 78.

97 Quoted in Elsa Brenner, “Women at Helm Set a Course to the Top,” *New York Times*, May 10, 1998.

98 Vernon, *Winners*, 172.

99 Landrum, *Female Genius*, 348.

100 A story Vernon loved to tell in that context was how she hired people

trained at professional management schools to run her growing business on a day-to-day basis, only to discover that “most people with MBAs are not at the same wave length as entrepreneurs.” Instead of making their own decisions, Vernon scoffed, “those MBAs carried analysis to the point of paralysis.” She found out that she could work better with outside consultants and with managers who had been promoted from within, “who know the company and have a feel for the

way we operate” (*Winners*, 167-73). More than ten years later, she claimed that she had learned to trust the instincts of her senior managers “as well as my own,” and ascribed her company’s success to “team effort” (Lillian Vernon, “Entrepreneurs and Professional Managers,” *Management Review* 88, February 13, 1999). This was, of course, hardly a unique observation by a single entrepreneur. As Peter Drucker, one of the most influential thinkers and most widely read »

to her community.”¹⁰¹ Her foundation not only supports business-related causes, but also art programs, medical research, and charities like Meals on Wheels. Vernon herself became a board member of the Lincoln Center for the Performing Arts, Bryant College, the Children’s Museum of Art, and many other institutions. Politically, Vernon and her family have long been affiliated with the Democratic Party. Her financial contributions to the party and its presidential campaigns earned her an overnight stay at the White House;¹⁰² her son Fred served as a major fundraiser for the Democrats before being appointed chairman and president of the Export-Import Bank of the United States by President Obama in 2009.

In her busy social life, too, business and private life were always closely connected. Especially after she had married Paolo Martino (who was reported to be a dedicated chef), she often entertained at her home even while she was still CEO. Apart from their apartment in New York City, the couple owned a spacious house in Greenwich, Connecticut, where they hosted dinners or theme parties. According to a social reporter who visited in 2004, Vernon’s guest book “reads like a who’s who of politics, finance, publishing and the arts,” and year after year, the hostess “loves to pull off the perfect party,” be it for Halloween or the holidays.¹⁰³ Business magnates, artists, and celebrities would bring some of the glamour that Vernon had admired as a teenager to her home — a home that, at the same time, served as showroom for her products. No guest would ever leave without a monogrammed napkin ring or another personalized gift from the Lillian Vernon catalog.

After retiring from the top executive position, Vernon kept up her self-discipline and, to a certain degree, her competitiveness. She would never appear anywhere but impeccably coiffed and dressed. When she was interviewed, she never forgot to mention that she worked out daily to stay in shape. “Now look at those muscles,” she told a journalist when she 76. “They’re not something you’d expect to see on a woman my age.” The reporter confirmed: “Indeed they were not.”¹⁰⁴ Always blunt, Vernon openly admitted to having had plastic surgery and to seeking professional help from a therapist in times of personal crisis.¹⁰⁵ But even those experiences, private affairs for most people, were integrated into her public personality to serve an exemplary purpose — in this case, that you may fall, but you can always pick yourself up again.

Vernon described the obligation to run one’s business ethically as an important part of a true entrepreneur’s work ethic, because

101 CV of Lillian Vernon http://premierespeakers.com/lillian_vernon/bio (retrieved July 12, 2011). According to a corporate report from 1998, Vernon’s company donated funds and merchandise to more than five hundred charities, religious, and civic organizations. Valerie Cruice, “Starting Simply: The Story of a Business,” *New York Times*, May 24, 1998.

102 Brenner, “As C.E.O.s Go.”

103 Meredith Gray, “Home for The Holidays,” http://www.panachemag.com/Food&Wine/Lillian_Vernon_Holiday_Entertaining.asp (published in 2004; retrieved on March 28, 2012).

104 Brenner, “As C.E.O.s Go.” In 2009, when Vernon was 82, she claimed that she was still working out — and working — “every single day” (Ettus Interview, 2009).

105 Richardson, “Catalog’s Namesake:” “She is all candor. ‘I’m wrinkleless; surely it’s not me,’ she says, unblinking, joking that even 12-year-olds have plastic surgery these days.”

in the end it's the long-term impact that matters, not short-term profit. She insisted that money is important, but it is not everything.¹⁰⁶ And she contended that passion, not greed, should be an entrepreneur's motivating force.¹⁰⁷ She once pointed out that she wanted to be remembered as "someone who wanted to make a difference" and added, after a short reflective pause: "And I do believe I did. I won't be one of the Obamas of the world, or the Clintons of the world. But I think lots of people know who I am, which is very gratifying."¹⁰⁸

On another occasion, Vernon described life as a puzzle: "At the end of the day all the pieces have to fit." And if it turns out they don't? Her answer comes as no surprise: "Go back and work hard fitting them again!"¹⁰⁹

Immigrant Entrepreneurship

"I consider myself American, not German-American." (Lillian Vernon, June 2011)

Lillian Vernon occasionally referred to her German background, mentioning half-jokingly, for example, that "my Germanic upbringing may have made me hardworking, but it did not turn me into the classic German do-it-all hausfrau."¹¹⁰ Given the circumstances of her family's forced emigration, though, it is no wonder that she didn't give her German heritage much credit for her career. For more than three decades, she refused to even set foot in her country of birth, which she also blamed for her brother Fred's death in the Second World War. "Then I realized," Vernon said, "that while it is important never to forget, one must forgive."¹¹¹ In 1972, she returned to Germany for the first time. She attended the Hanover trade fair, established business relations with German suppliers and, from then on, regularly went to German trade fairs. But as late as 1987, she claimed that "I won't go back to Leipzig out of respect for my father."¹¹² Finally, she did take her sons on a tour of Germany "to rediscover my roots" in 2003. The family went to Leipzig and even visited the apartment Vernon had lived in as a child.¹¹³ But even if she claimed to have "made peace" with her feelings about Germany, Vernon always insisted that the fact of being an immigrant, most notably the process of adjusting to and integrating into her new country, was much more important than the place and culture she had come from. This would also include her Jewish background: "I think being an immigrant is what shaped

106 "Look at it this way: If your business stops making money, it stops breathing," Vernon explained in her autobiography. "But you don't live your life just to keep breathing. You live it for a sense of accomplishment, of satisfaction" (*Winners*, 53).

107 "New York is filled with these lunatics these days," she said in an interview in 2009. "They say, 'Okay, I took 50 billions today, that wasn't too bad, was it? Oh well, I might spend the rest of my days in jail, but does it matter?' But it does" (Ettus-Interview, 2009).

108 Ettus Interview, 2009.

109 Witchel, "Great Notion."

110 Vernon, *Winners*, 60.

111 Vernon/July 2011.

112 Finney, "Treasure."

113 Vernon/July 2011.

me — striving to succeed and get ahead” was how she summarized her point of view. “My religion and [ethnic] roots were not the factor.”¹¹⁴

After they had arrived in New York, the Menasche family concentrated on how to make a living — which was anything but easy at that time. The U.S. economy had slipped back into recession in 1937, and work was scarce especially in the big cities that attracted most immigrants.¹¹⁵ According to Vernon, there was a kind of extended family network they were able to fall back on, but her father would make use of it as little as possible. They lived with a relative on the Upper West Side for a short time, and then moved into a hotel until they found their own apartment.¹¹⁶ She also wrote that her father had two uncles in the city who were successful businessmen, “but he never asked them for help. He was too proud and independent, and he was determined to make it on his own.”¹¹⁷ Hermann Menasche worked for one of his uncles as a salesman after his first lingerie firm in the U.S. went bankrupt, but only for a few months until he could start another business of his own.¹¹⁸ At the same time, the Menasches obviously did their best to sustain their children’s integration into American society: “Our parents spoke German to each other, but English with us.”¹¹⁹ Lilli and her brother Fred also “worked hard” to become Americanized, not only practicing their English, but also taking and comparing “notes on American customs.”¹²⁰ There are no clues as to whether they befriended any other German immigrant families in their neighborhood where, as mentioned before, their native language was ubiquitous at that time. Clearly, Vernon saw her immediate family, and not an ethnic network, as the most important source from which she drew to build her new life, and later her entrepreneurial career.

No historian can measure the impact of extreme occurrences like dispossession and flight on any person’s individual life and psyche, especially when it comes to long-term consequences. Even less convincing would be any attempts to generalize causes and effects from such an individual case. It is obvious that being an immigrant in difficult times influenced Lillian Vernon’s life and character, but what exactly these circumstances effected (or obstructed), we will never know. What a historian can try to do, however, is to reconstruct what typical formats individual persons use to make sense of their new environment and give direction to their own lives. More than fifty years after her arrival in New York, Vernon wrote that even though she felt lonely during the first months, “now, as a businesswoman,

114 Vernon/July 2011.

115 In November 1937, a Jewish magazine in Berlin noted: “People in Germany are unfortunately unaware of the considerable importance of the connection between job opportunities and the place in which one settles. In New York there are possibilities of finding a very good job; but these chances are small. Much greater is the chance of not finding any job in New York at all. The same applies to Chicago and to all the big cities, to the same extent more or less. Unemployment among the Jewish immigrants from Germany is the greatest by far in New York. . . . In the big city, the immigrant is almost always a social nothing, who is dependent for an extended period of time on relatives or friends from Germany who are in the same position.” Quoted in Jewish Virtual Library, “Guenther Plaut on Jewish Immigration to the United States,” *Jüdisches Gemeindeblatt*, Berlin, November 21, 1937 <http://www.jewishvirtuallibrary.org/jsource/Holocaust/USImmigration.html> (retrieved July 7, 2011).

116 Vernon, *Winners*, 22.

117 *Ibid.*, 24.

118 *Ibid.*, 28.

119 *Ibid.*, 24.

120 *Ibid.*, 23.

I understand that there are advantages to being an outsider peering in. Outsiders see with a special clarity.”¹²¹ Immigrant outsiders don’t arrive as blank slates, though. They arrive “pre-formatted,” so-to-speak, by a world in which they had been insiders.

Lillian Vernon’s entrepreneurial tool kit — the set of rules, customs, and practices that shaped and explained her business decisions — has already been discussed. At least part of this set was doubtlessly derived from the mentality of a German bourgeois family business. For example, it has often been said that Vernon “inherited her father’s European work ethic.”¹²² However, in addition to an ethic that values hard work per se there was also a culture of learning and achievement, of mastering skills not only as means to another end (like making money), but as a valuable end in itself: “In my family, nothing was more valued than achievement, learning how to do something well,” Vernon said. “None of us stopped until we had done our best.”¹²³

Vernon relied heavily on the founding legend, complemented and broadened by other stories related to her business. Many observers noted that admiration for her father’s persistence made her choose him as a role model, but what became “indelibly imprinted on Lillian’s young mind” was not an abstract concept of tenacity and adaptability.¹²⁴ It was the tangible story of her father losing his business several times through circumstances that were not of his own making, and never letting himself be defeated; the story of her father founding no less than three businesses in the U.S. under the company name of “Mercury Products” until he finally managed to keep his family economically afloat. “Just when we seemed finally settled,” Vernon wrote, “my father’s business failed again. He was a stranger to American business methods and did not realize that he needed to hire a receptionist, a model, a secretary, a pattern maker, and a cutter. Those were costs his start-up company could not support. Once again, I saw him pick himself up. . . . In a year, he had set up yet another company of his own, which once again he named Mercury Products Inc.”¹²⁵

The key lessons from her father’s story would later resurface in Lillian Vernon’s own founding legend, the one set at Lillian Hochberg’s yellow Formica kitchen table: “Here I was with diapers in the tub, dishes in the sink, and order forms — everywhere! . . . There were times when I was exhausted. Whenever that happened, one of my father’s favorite sayings came to mind: ‘If it was easy, anyone could do your job.’ The memory of those words always revived my enthusiasm

121 Ibid., 16.

122 Landrum, *Female Genius*, 349.

123 Vernon, *Winners*, 17.

124 Landrum, *Female Genius*, 349.

125 Vernon, *Winners*, 28.

back into my work. . . . When I felt my head nodding I would sit up and say, ‘This must get done.’”¹²⁶

It has long been established that family businesses with their specific sets of values, traditions, idiosyncrasies, and rather long-term orientation usually lean towards a high degree of autonomy and flexibility. Throughout history, entrepreneurs who run family businesses have tended to maintain a sustainable, organic type of growth; they are often wary of burdening their companies with too much debt and put a high priority on their independence. These values are a core element of the heritage that the founder of a family business will strive to retain and hand down to the next generation. In this value transmission process, as a German study has recently shown, stories serve as a major vehicle.¹²⁷ As the author Mirko Zwack explains, stories never tell everything — we leave some things out, enhance other aspects, or even make parts of it up. That way, we confine our stories to carry a certain message, or to transport a certain value, without explicitly saying so. What is only implicitly told, however, cannot be confounded: “That’s how a story protects its values from dissent.”¹²⁸

What medium could be more suitable for a self-made entrepreneur who, apart from founding and shaping a company, would also strive to shape and control the narration of her own life, so that, at the end of the day, all the puzzle pieces should fit?

Conclusion

Lillian Vernon became an entrepreneur almost by chance. Intending to just make some extra money for her growing family at first, her start-up business soon developed into something bigger: a mail-order empire that was as closely connected to her own person as the shared name “Lillian Vernon” suggested — a name that she first gave her company, then herself.

To perpetuate her life’s work, the family business that she intended to hand down to one or both of her sons, Vernon relied heavily on the medium of stories: be it the story of her father’s difficult start in the U.S. or the story of her own first ad, the story about her still personally taking orders from customers on the phone even when the Lillian Vernon Corporation was a multi-million-dollar company, or the story about how she brought boys to “Bring Your Daughters To Work Day.” They all served as important vehicles to communicate a set of values and convictions that were, to a large extent, already part of Vernon’s own

126 Ibid., 59.

127 Mirko Zwack, *Die Macht der Geschichten: Erzählungen als Form der Wertevermittlung in Familienunternehmen* (Heidelberg, 2011).

128 Author’s own translation from German original. Quoted in a press release of the Universität Witten-Herdecke of October 24, 2011, on the website of the Informationsdienst Wissenschaft <http://expertenlisten.com/en/news437602> (retrieved December 30, 2011).

heritage shaped by several generations of European entrepreneurs. To describe these stories as PR tools to promote her “identity brand” and her sales would simply fall short — even if this purpose was certainly involved. Together with Vernon’s entrepreneurial tool kit (which, to a great part, was also part of her family heritage), all these stories added up to a case history, an exemplary narrative that she finally put down in writing in her autobiographic book: to provide a more general role model for other entrepreneurs to strive for, but also to inscribe her own life in a meaningful sense into the larger context of her family’s history.

Not surprisingly, the last chapter of her book is titled “The Test of Time.” It starts with the sentence: “The Lillian Vernon Corporation will endure forever, whether I am here or not” — a rather questionable claim by now, given the rise and fall of the “Queen of Catalogs” empire along with the catalog industry as a whole.¹²⁹ And it ends with, again, a story: the description of Vernon’s overnight stay at the White House’s Lincoln bedroom as a moment of epiphany. “I saw then that the success of the Lillian Vernon Corporation had been the realization of my father’s dreams and the validation of my own self-worth that I’d longed for.”¹³⁰

Vernon left no doubt whatsoever, though, that the country she owed her success to was not her country of birth. The exemplary story that she told follows the classic outline of the Horatio-Alger-type narrative about hardworking, persistent immigrants succeeding in the land of limitless opportunities, regardless of class and origin. “Perhaps it wasn’t the least bit ironic that I found myself in the Lincoln bedroom,” she wrote. “Isn’t opportunity what America is all about? Mine is truly an American story. . . . imagine — from immigrant girl to the White House — only in America.”¹³¹

In the end, the story was all about her — and when her son was ready to transfer her life’s work into the next generation, she couldn’t let go.

Ute Mehnert is a German historian and journalist who emigrated to the U.S. with her family in 2006. After studying American History and, specifically, German-American relations in the Age of Imperialism, she worked as correspondent for the international news agency Agence France-Presse (AFP) in Berlin. Today, she is a freelance journalist in Princeton, New Jersey, and teaches European history at Princeton University. Her latest publication is Ute Mehnert, *USA: Ein Länderporträt* (Berlin, Christoph Links Verlag, 2nd edition 2016) — a portrait of the United States for German-speaking immigrants and expatriates, which has also been adopted in the book program of the Bundeszentrale für Politische Bildung, Germany’s Federal Agency for Civic Education.

129 Vernon, *Winners*, 199.

130 Ibid.

131 Ibid., 200.

POLITICAL IDEOLOGY AND ECONOMIC ACTIVITY: PETER THIEL'S LIBERTARIAN ENTREPRENEURSHIP

Meghan O'Dea

Peter Thiel (born October 11, 1967, in Frankfurt am Main, Federal Republic of Germany) is a technology entrepreneur, hedge fund manager, venture capitalist, libertarian, and philanthropist. He began his career by co-founding the online payment system PayPal together with Elon Musk and Max Levchin in 1998 and served as the company's chairman and CEO until the company was sold to eBay in 2002. Since then, he has remained an active public figure and investor in Silicon Valley by supporting and launching a number of projects and investment firms including: the establishment of Clarium Capital Management, a global macroeconomic hedge fund, in 2002;¹ investment in Facebook in 2004;² the launch of the Founders Fund, a Silicon Valley venture capital fund, with Ken Howery and Luke Nosek in 2005;³ the co-formation of Mithril Capital Management, a global venture capital firm, together with Ajay Royan in 2012;⁴ and the launching of the Thiel Foundation, a nonprofit organization that carries out philanthropic activities.⁵ Currently, in 2016, he resides as president of Clarium Capital, acts as a managing partner in the Founders Fund, serves as a member on the Facebook board of directors,⁶ chairs the Mithril committee,⁷ leads the Thiel Foundation,⁸ and regularly appears in the public spotlight through his publications and talks on entrepreneurship, venture capitalism, and his so-called "contrarian thinking," which promotes "the business of doing new things" and the establishment of valuable companies that no one is building.⁹

Over the course of his career, Peter Thiel has amassed a vast enterprise that supports and promotes a number of future-oriented initiatives to enhance technological progress, individual freedom, and the future of young leaders in the field of technology. His particular mixing of libertarian ideology and business generates controversy as he tends to support projects and initiatives promoting libertarian values within a tight network of Silicon Valley acquaintances and former Stanford classmates and friends. This type of Silicon Valley subculture shaped by ideology and supported through friendship networks has given Thiel and his former PayPal colleagues (dubbed the "PayPal Mafia")¹⁰ the opportunity to support many of each other's

- 1 Chris Turner, "The Other Side of Peter Thiel: Clarium Capital," *Hedgethink*, January 13, 2015, <http://www.hedgethink.com/resources/side-peter-thiel-clarium-capital> (accessed June 1, 2015).
- 2 Julianne Pepitone and Stacy Cowley, "Facebook's First Big Investor, Peter Thiel, Cashes Out," *CNN Money*, August 20, 2012, <http://money.cnn.com/2012/08/20/technology/facebook-peter-thiel> (accessed July 14, 2015).
- 3 Mohammad Bahareth, *Kings of the Internet: What You Don't Know About Them?* (Bloomington, 2012), 71.
- 4 Evelyn M. Rusli, "Peter Thiel Opens a New Venture Capital Firm," *New York Times*, June 20, 2012.
- 5 Naren Karunakaran, "Charity Reinvented: Disruptive Approach to Philanthropy," *The Economic Times*, January 7, 2011, http://articles.economictimes.india-times.com/2011-01-07/news/28424069_1_innovations-philanthropy-new-markets (accessed June 5, 2015).
- 6 Bahareth, *Kings*, 71.
- 7 "Firm Leadership," *Mithril*, <http://www.mithril.com/leadership> (accessed June 2, 2015).
- 8 "The Foundation," *Thiel Foundation*, 2015, <http://thielfoundation.org> (accessed June 5, 2015).
- 9 Peter Thiel with Blake Masters, *Zero to One: Notes on Startups, or How to Build the Future* (New York, 2014), 10-11, 93-94.



Figure 1: German-American entrepreneur Peter Thiel at the 2008 TechCrunch50 Conference in San Francisco. Wikimedia Commons, Licensed under CC BY 2.0 via Wikimedia Commons.

ventures, including SpaceX, Spotify, and Yelp among others.¹¹ Along with Thiel, this exclusive group of Silicon Valley entrepreneurs is reshaping the ways in which users interact with technology and the web as well as the vast amount of money their private companies can generate within their close network.¹²

Alongside his work in Silicon Valley and the tech industry, Thiel appears in the public sphere in interviews, articles, and his own writing, within which he strives to advance his ideas on technological development, entrepreneurship, and individual freedom. His ideas are particularly reflected in his book, *Zero to One: Notes on Startups, or How to Build the Future* (2014);¹³ through the Thiel Foundation’s Imitatio Project that supports the philosopher René Girard and his philosophical mimetic theory, which has had the greatest impact on Thiel’s perspective;¹⁴ and the most recent and highly controversial

Thiel Fellowship, which encourages students to put off their university education in the interest of developing their own startups.¹⁵

Family Background, Education and World View

Peter Andreas Thiel was born on October 11, 1967, in Frankfurt am Main, Federal Republic of Germany, to Klaus and Susanne Thiel. The family migrated to the United States when Peter was one year old and settled in Cleveland, Ohio, where Klaus Thiel worked as a chemical engineer. Klaus worked in management for various mining companies, which caused the family to routinely move. Before finally settling in Foster City, California in 1977, the Thiels lived in

10 Jeffrey O’Brien, “The PayPal Mafia,” *Fortune*, November 13, 2007, <http://fortune.com/2007/11/13/paypal-mafia/> (accessed June 1, 2015).

11 David Gelles, “the PayPal Mafia’s Golden Touch,” *The New York Times*, April 1, 2015, <http://www.nytimes.com/2015/04/02/business/dealbook/the-paypal-mafias-golden-touch.html> (accessed June 15, 2015).

12 Ibid.

13 Thiel with Masters, *Zero to One*.

14 Richard Feloni, “Peter Thiel Explains How an Esoteric Philosophy Book Shaped his Worldview,” *Business Insider*, Novem-

ber 10, 2014, <http://www.businessinsider.com/peter-thiel-on-rene-girards-influence-2014-11> (accessed June 1, 2015); “Imitatio,” *The Thiel Foundation*, 2012, <http://thielfoundation.org/project/#imitatio> (accessed June 1,

2015). See also <https://www.youtube.com/watch?v=esk7W9Jowtc>.

15 “Thiel Fellowship,” *Thiel Fellowship*, <http://www.thiefellowship.org/> (accessed July 2, 2015).

South Africa and Swakopmund, a small harbor town on the coast of then South-West Africa (today's Namibia), founded by the German colonial government in 1892. Peter and his younger brother, Patrick, attended a strict elementary school in South-West Africa that required uniforms and implemented the disciplinary practice of rapping students' hands with a ruler for mistakes. This experience instilled a dislike of uniformity and regimentation later reflected in his strong support of individualism and libertarianism as an adult.¹⁶

When Peter was nine years old, the family moved back to Cleveland for his father's work and a year later to Foster City, a planned town north of Stanford on the San Francisco Bay. Although at that time the term "Silicon Valley" was not yet widely used to describe the geographical area from San Francisco to San Jose, it still housed major technology firms, such as Hewlett-Packard, Varian, Fairchild Semiconductor, and Intel — companies that were built from money in military research and federal grants in the postwar period. During this time, Stanford also became one of the leading universities in the United States, particularly known for its science and technology programs.¹⁷ In the same year that the Thiels moved to Foster City, Apple began expanding its operations to Cupertino after its successful introduction of the Apple II.¹⁸ As a child and young adult, Peter grew up in close vicinity to major sites of technological developments and experienced the rise of personal computing and technological innovation firsthand.

In school, Peter was particularly gifted in mathematics and chess. He ranked seventh nationally in the under-thirteen bracket in chess, and later in high school he led the math team, which competed for district championships.¹⁹ As a youth, he also became an enthusiastic science fiction reader, especially enjoying works by Isaac Asimov, Robert Heinlein, and fantasy by J.R.R. Tolkien.²⁰ These literary, fantastic "mental worlds" led him to believe in the powers of technology, and he began thinking about possible ways in which technology could improve (also potentially harm) the future. J.R.R. Tolkien's *Lord of the Rings* (1954-1955) trilogy, which he claims to have read over ten times, served as especially influential, encouraging him to consider the value of the individual against mechanistic, collective forces as well as the theme of corruption through power. Herein lie the beginnings of Thiel's philosophical considerations of the individual, which were later expanded by the works of Ayn Rand, especially through her novels *The Fountainhead* (1943) and *Atlas Shrugged* (1957). In his

16 George Packer, *The Unwinding: An Inner History of the New America* (New York, 2013), 120-21.

17 Ibid.

18 The Apple II was one of the first computers designed to be a user-friendly, consumer product and situated Apple as a leader during the earliest decade of personal computing; "The Apple II," *Computer History Museum*, 2015, <http://www.computerhistory.org/revolution/personal-computers/17/300> (accessed June 2, 2015).

19 Packer, *The Unwinding*, 122.

20 Mick Brown, "Peter Thiel: The Billionaire Tech Entrepreneur on a Mission to Cheat Death," *The Telegraph*, September 19, 2014, <http://www.telegraph.co.uk/technology/11098971/Peter-Thiel-the-billionaire-tech-entrepreneur-on-a-mission-to-cheat-death.html> (accessed June 2, 2015).

teens, Peter became a libertarian and outspokenly supported these views in the ideological, cultural debates at Stanford during the 1980s.²¹

After receiving straight A's in high school and the distinction of valedictorian of his class in 1985, Peter went on to study at Stanford. Perhaps due to his experiences of constantly moving as a child, he chose to stay close to home. Stanford was becoming the epicenter of "Silicon Valley," and Peter made many connections and developed important friendships that would be instrumental in his later business ventures in the fields of computing and technology. However, his time at Stanford was also influential for ideological reasons that led to the solidification of his worldviews and support of libertarianism.

Despite the fact that Peter did not have a definite plan for his future, he knew that he wanted to impact the world.²² At Stanford, he studied philosophy and engaged in numerous political debates and discussions with acquaintances and fellow classmates. Especially of interest were the identity politics and political correctness debates at Stanford in the 1980s. The debate arose out of criticisms from a group of students who called for the elimination of the required Western Culture program. Opponents of the Western Culture program claimed it lacked diversity and multiculturalism by only showcasing the work of white men. After an appointed task force evaluated the program, a new "Culture, Ideas and Values" course that emphasized diversity replaced the course on Western Culture.²³ This decision, however, evoked a strong response by students on both sides of the political spectrum including Peter. It led him to establish a conservative-libertarian student-run newspaper, *The Stanford Review*, in 1987 with like-minded Stanford undergraduates and through the financial support and intellectual guidance of Irving Kristol, the father of neo-conservatism.²⁴ During this time, the newspaper was interested in challenging what they saw as a developing liberal bias and political correctness in the university's changing curriculum.²⁵

In 1989 when Peter completed his bachelor's degree in philosophy, his friend David Sacks became the new editor in chief of the paper. Together in 1995, Peter and David published their collaboratively authored text, *The Diversity Myth: "Multiculturalism" and the Politics of Intolerance at Stanford*, wherein they take a hard-lined approach against university multicultural curricula, seeing it as a battle against Western civilization.²⁶ Peter's experiences at Stanford, particularly this period of curricular overhaul and cultural debate in the 1980s as

21 Packer, *The Unwinding*, 122-23.

22 Ibid., 124.

23 James Davison Hunter, *Culture Wars: The Struggle to Define America. Making Sense of the Battles over the Family, Art, Education, Law, and Politics* (New York, 1991), 218.

24 Packer, *The Unwinding*, 125.

25 Lisa Wallace and Alex Atallah, "A Brief and Non-Exhaustive History of the Stanford Review," *Stanford Review*, February 9, 2012, <http://stanfordreview.org/article/a-brief-and-non-exhaustive-history-of-the-stanford-review> (accessed June 3, 2015); Jodi Kantor, "A Brand New World in Which Men Ruled," *New York Times*, December 23, 2014, <http://www.nytimes.com/interactive/2014/12/23/us/gender-gaps-stanford-94.html?src=xps> (accessed June 3, 2015).

26 Elizabeth Fox-Genovese, Forward, *The Diversity Myth: "Multiculturalism" and the Politics of Intolerance at Stanford* (Oakland, 1995), xiii.

well as his encounters with the French Catholic philosopher, René Girard (1923–2015), affected him in a profound way. They helped to shape and solidify his perspectives on the world and on business practices, which he continues to champion today.

René Girard’s mimetic theory is one of the most influential concepts that continues to guide Peter’s thinking.²⁷ The theory posits that all human behavior is based upon imitation or mimesis. As Girard writes, “there is nothing, or next to nothing, in human behavior that is not learned, and all learning is based on imitation.” Girard explains how “mimetic desire” or the imitation of desire can lead to competition, but often results in outright conflict (i.e., people fervently competing for the same object or end). On the one hand, Girard applauds the productive potential of competition: “It is because of this unprecedented capacity to promote competition within limits that always remain socially, if not individually acceptable that we have all the amazing achievements of the modern world.”²⁸ On the other hand, though, he allows that it has the potential to stifle progress once competition becomes an end in itself: “rivals are more apt to forget about whatever objects are, in principle, the cause of the rivalry and instead become more fascinated with one another. . . . [It] becomes a matter of pure rivalry and prestige as competitors become obsessed with their rivals.”²⁹ Applying Girard’s theory to a business context, Thiel claims that the intensity of competition does not reflect an underlying value of a product: “People will compete fiercely for things that don’t matter, and once they’re fighting they’ll fight harder and harder.”³⁰ Thus Thiel controversially contends that monopolies, a business that “owns its market” (he uses Google as an example), are the most effective avenues for business success and solving unique problems: “Monopolies drive progress because the promise of years or even decades of monopoly profits provides a powerful incentive to innovate.”³¹ Although his ideas on monopolies raise criticisms, he continues to maintain that competition encourages business leaders to focus on beating the competition instead of encouraging the consideration of ethical questions, e.g. whether or not they are doing and producing something that they should in the first place.³²

After his undergraduate education, Peter continued on to Stanford Law School and graduated in 1992.³³ After interviewing with Supreme Court Justices Antonin Scalia and Anthony Kennedy without offers of employment, he took a job in New York City as a securities lawyer with Sullivan & Cromwell. Becoming a lawyer initiated one of the

27 Feloni, “Peter Thiel.”

28 René Girard, *Things Hidden Since the Foundation of the World*, trans. Stephen Bann and Michael Metteer (Stanford, 1987), 7, 307.

29 Girard, *Things Hidden*, 26.

30 Feloni, “Peter Thiel.”

31 Peter Thiel, “Competition Is for Losers,” *Wall Street Journal*, September 12, 2014, <http://www.wsj.com/articles/peter-thiel-competition-is-for-losers-1410535536> (accessed July 7, 2015).

32 Peter Thiel, “Peter Thiel on Why Everything Good Is Actually Bad and Vice Versa,” interview by Jeff Bercovici, *Forbes*, September 15, 2014, <http://www.forbes.com/sites/jeffbercovici/2014/09/15/peter-thiel-zero-to-one-book/2/> (accessed July 2, 2015).

33 Bahareth, *Kings*, 71.

unhappiest stages of his life.³⁴ Recalling again Girard's mimetic theory, Thiel began to question "the competitive life," seeing little transcendent value in his work and in the constant competition with those around him. After seven months and three days, Peter left the law firm and took a job as a derivatives trader in currency options at Credit Suisse where he encountered the same issues that he experienced at the law firm. This prompted him to leave New York altogether and return to Silicon Valley.³⁵

His unsuccessful endeavors as a lawyer and derivatives trader led him to seek out alternative professional paths. As he explains, he realized the toxicity of using competition as a guide through life: "The big problem with competition," he argues, is "it focuses us on the people around us, and while we get better at the things we're competing on, we lose sight of anything that's important, or transcendent, or truly meaningful in our world."³⁶ Peter continues to keep Girard's mimetic theory in mind in his own business practices by trying to escape the unconscious compulsion to imitate others and instead practice a "contrarian" method that prompts one to consider: "What important truth do very few people agree with you on?"³⁷ In his most recently published book, *Zero to One*, he adapts this contrarian question and way of thinking to a business context by asking: "What valuable company is nobody building?"³⁸ As Thiel explains, the world remains filled with secrets that have yet to be discovered, and great companies can still be built by looking beyond conventions to instead explore "unsuspected secrets." To him, Silicon Valley startups, such as Airbnb and Lyft, "have harnessed the spare capacity that is all around us but often ignored."³⁹ This line of reasoning helps to understand why Peter's investment endeavors so often include unconventional projects such as SpaceX (Elon Musk's company focused on revolutionizing rocket and spacecraft technology) and Seasteading (a venture geared toward the creation of permanent dwellings in international waters) that can seem impossible at first glance. The majority of Thiel's investment portfolio includes research projects and companies that strive to innovate outdated or often non-existing practices. It is this desire for change and the belief that only truly new advances yield the highest value in the end that have accompanied Peter throughout his professional life.⁴⁰

Business Development: PayPal

After returning to the California Bay Area in 1996, Thiel saw how much it had changed since he had left four years prior. The development

34 Roger Parloff, "Peter Thiel Disagrees with You," *Fortune*, September 4, 2014, <http://fortune.com/2014/09/04/peter-thiels-contrarian-strategy> (accessed June 3, 2015).

35 Packer, *The Unwinding*, 127-29.

36 Drake Baer, "Here's the Advice Billionaire Investor Peter Thiel Wishes He Could've Given His Younger Self," *Business Insider*, February 4, 2015, <http://www.businessinsider.com/peter-thiel-advice-to-younger-self-2015-2> (accessed June 3, 2015).

37 Thiel with Masters, *Zero to One*, 5.

38 *Ibid.*, 93.

39 *Ibid.*, 102-103.

40 "Nur das wirklich Neue schafft wirklich große Werte," qtd. in Christoph Keese, *Silicon Valley. Was aus dem mächtigsten Tal der Welt auf uns zukommt* (Munich, 2014), 101; Maria Marquart, "Der Deutsche bei Facebook: Thiel gegen den Tod," *Spiegel Online*, February 3, 2015, <http://www.spiegel.de/wirtschaft/unternehmen/der-deutsche-bei-facebook-thiel-gegen-den-tod-a-812991.html> (accessed June 3, 2015).

of the Internet and personal computer had quickly altered the economic landscape by creating the need for new hardware and software companies. By 1994, already over 315 public firms operated their businesses in the area now known under the name “Silicon Valley” — coined in 1971 by the journalist Don Hoefler in a series of articles published in *Electronics News*.⁴¹ The Bay Area was the prime location for Peter to begin his new career as a venture capitalist, both because the so-called “dot-com boom” was well under way, and because the area had experienced a rich history of venture capitalist activity and decade long support of research and development in the technology industry. This is in large part attributed to Peter’s alma mater, Stanford University, and Frederick Terman (1900-1982), a “father of Silicon Valley,” who years after graduating from Stanford served as the university’s dean of the engineering school (1944-1958) and as university provost (1955-1965).⁴²

Stanford had been a center of technical research since its beginnings in 1891, offering eight out of its ten initial faculty appointments in science and engineering. For decades, Stanford not only supplied the area with important engineers, but also with key electronic entrepreneurs.⁴³ Through the efforts of university officials led by Terman, the university created strong links between faculty, students, and the surrounding technology industry by funneling money into local start-ups, like Hewlett Packard, and by encouraging students to create their own electronics firms.⁴⁴ Menlo Park, where Thiel set up his first hedge fund office under the name Thiel Capital, had been the site of Stanford’s Research Institute in 1946, which further displays the university’s commitment to and investment in the rising technology industry.⁴⁵ Over the course of the twentieth century, a collaborative, entrepreneurial culture developed in the valley that gave rise to a rich venture capital enterprise in the Bay Area. Unlike commercial banks, venture capital firms could afford to take on more risk and tolerate the uncertainty of the fast-paced environment of their seeded companies. Venture capital firms were also more able to spend time developing personal connections to other actors in the flourishing high-tech industry, which by the early 1990s turned Silicon Valley into one of the wealthiest high-tech regions in the world.⁴⁶

With the financial support of friends and family, Thiel was able to raise \$1 million (ca. \$1.5 million in 2014 USD) toward the establishment of Thiel Capital and embark on his venture capital career in the mid-1990s.⁴⁷ Early on, he experienced a setback after investing

41 Christophe Lécuyer, *Making Silicon Valley: Innovation and the Growth of High Tech, 1930-1970* (Cambridge, 2006), 253.

42 Tom Nicholas and James Lee, “The Origins and Development of Silicon Valley,” *Harvard Business School*, January 30, 2013, 3.

43 *Ibid.*, 2-3.

44 *Ibid.*, 3-4.

45 Parloff, “Peter Thiel Disagrees”; Nicholas and Lee, “Origins and Development,” 5.

46 Nicholas and Lee, “Origins and Development,” 8-19.

47 Unless otherwise noted, all 2014 USD values calculated by using www.measuringworth.com/uscompare (accessed July 10, 2015).

\$100,000 in his friend Luke Nosek's unsuccessful web-based calendar project. However, his luck changed when Max Levchin, a friend of Nosek's, introduced him to his cryptography-related company idea named FieldLink, which later became their first company called Confinity in 1998.⁴⁸ With this technology, they realized they could develop a software, later called PayPal, to solve a gap in making payments. Although the use of credit cards and expanding ATM networks provided consumers with more available payment options at the time, not all merchants could gain the necessary permissions and hardware to accept credit cards.⁴⁹ Thus, consumers were often left with little choice, having to instead pay with exact cash or personal checks. Nosek, Levchin, and Thiel wanted to use their technology to create a type of digital wallet for Palm Pilots in the hopes of creating more consumer convenience and security by using Levchin's original idea with FieldLink of encrypting data on digital devices.

PayPal promised to open up new possibilities for handling money. It also exemplifies an early way in which Peter tried to market products that reflected his libertarian worldviews. From a theoretical standpoint, PayPal sought to create a new type of currency that would circumvent government controls and give individuals more control over their money.⁵⁰ PayPal fit both Peter's ideological, libertarian stance as well as his desire to create products that solve problems and fill gaps. When PayPal launched at a successful press conference in 1999, representatives from Nokia Ventures and Deutsche Bank sent \$3 million in venture funding (roughly \$4.2 million in 2014 USD) to Peter with their Palm Pilots.⁵¹ By 2001, PayPal served over 6.5 million customers and expanded its services to private consumers and businesses in twenty-six countries.⁵²

PayPal continued to grow through mergers with Elon Musk's financial services company, X.com in 2000 and with Pixo, Inc., a company specializing in mobile commerce. This allowed PayPal to expand into the wireless phone market, and transformed it into an even safer and more user-friendly tool by enabling users to transfer money via a free online registration and email rather than by exchanging bank account information.⁵³ As the first and largest Internet-based payment service, PayPal received widespread public acclaim and was named one of the twenty-five top companies by Fortune Small Business Magazine. Thiel, PayPal's co-founder and now chief executive officer, was even invited to the White House in 2001 to meet with President George W. Bush and over one hundred other executives in the technology industry to discuss national and industry related issues.⁵⁴

48 Parloff, "Peter Thiel Dis-agrees"; Nicholas and Lee, "Origins and Development," 5.

49 Thomas Eisenmann and Lauren Barley, "PayPal Merchant Services," *Harvard Business School*, March 13, 2007, 2.

50 Packer, *The Unwinding*, 133.

51 Eric M. Jackson, *The PayPal Wars: Battles with eBay, the Media, the Mafia, and the Rest of Planet Earth*, 2nd ed. (Los Angeles, 2006), 6-7.

52 "PayPal Closes \$90 Million in Equity Financing," *PR Newswire*, March 6, 2001, <http://www.prnewswire.com/news-releases/paypal-closes-90-million-in-equity-financing-71553192.html> (accessed June 3, 2015).

53 Jay Samit, *Disrupt You! Master Personal Transformation, Seize Opportunity, and Thrive in the Era of Endless Innovation* (New York, 2015), 227-28; Mark Odell, "Timeline: The Rise of PayPal," *Financial Times*, September 30, 2014, <http://www.ft.com/cms/s/0/86432398-4897-11e4-9d04-00144feab7de.html#axzz3c8A6anMw> (accessed June 4, 2015); "Mobile Money: Pixo and PayPal.com Team to Send Money via Wireless Phones," *Business Wire*, February 22, 2000, <https://www.paypalobjects.com/html/pr-022200a.html> (accessed June 4, 2015).

54 "PayPal CEO Invited to White House," *PR Newswire*, March, 27, 2001, <http://www.prnewswire.com/news-releases/paypal-ceo-invited-to-white-house-71860982.html> (accessed June 4, 2015).

In its early years, however, PayPal also experienced a number of setbacks that affected the company's image and finances. To compete with PayPal, eBay launched its own version called Billpoint. Even though Billpoint did not experience the same user popularity as PayPal, it nonetheless created an environment of competition that Thiel did not favor. Simultaneously, PayPal's user base threatened the company's stability by potentially overwhelming its infrastructure through its vast expansion. This in turn led to a massive amount of backlogged emails to which the customer service team was unable to respond. Financially, PayPal was also operating at a \$1 million per week loss as it sought to provide its services free of charge and instead make money from the interest accrued through users' accounts. However, since many withdrew their funds immediately, there was often not enough time for interest to accrue. Others also chose to use the service with credit cards, which cost PayPal a fee of 2 percent per transaction. Additionally, fraudulent activity cost the company greatly, with one scheme, for example, costing PayPal \$5.7 million over four months. In response, PayPal management created software to detect suspicious activity, but unfortunately also wrongly restricted some user accounts as well, which further damaged their consumer perception and led to a class-action lawsuit.⁵⁵ To solve some of its financial difficulties, PayPal instituted a small service charge for transactions, which was helpful to the company but was unfavorable among consumers.⁵⁶ Another legal issue arose from allegations by state banking institutions that filed complaints with the FDIC claiming that PayPal should be regulated as a bank. After negotiations, the FDIC classified PayPal, to its benefit, as a business in money transmission, not a commercial banking institution.⁵⁷ Despite these setbacks, PayPal managed to thrive on consumer Internet sites, which led to eBay's \$1.5 billion purchase of PayPal in 2002.⁵⁸

Through PayPal, Peter certainly gained worldwide attention and fame that launched not only his career, but also the careers of his friends and former PayPal colleagues, many of whom left PayPal after it sold to eBay. Labeled the "PayPal mafia,"⁵⁹ these men went on to form investment firms, philanthropies, energy and transportation businesses, and countless Internet companies, including Yelp, LinkedIn, and YouTube. Representing a new generation of businessmen, this tight-knit community of former PayPal employees continues to regularly support and fund each other's ventures — a support network that developed out of PayPal's hiring structure. PayPal's founders and early employees recruited people that they personally knew from their

55 Ari Weinberg, "PayPal Runs up Against Competition," *Forbes*, March 8, 2002, <http://www.forbes.com/2002/03/08/0308paypal.html> (accessed June 5, 2015).

56 Eisenmann and Barley, "PayPal Merchant Services," 2-3.

57 Jackson, *PayPal Wars*, 195.

58 Margaret Kane, "eBay Picks up PayPal for \$1.5 Billion," *CNET News*, July 8, 2002, <http://news.cnet.com/2100-1017-941964.html> (accessed June 5, 2015).

59 Charlie Parrish, "Meet the PayPal Mafia, the Richest Group of Men in Silicon Valley," *Business Insider*, September 20, 2014, <http://www.businessinsider.com/meet-the-paypal-mafia-the-richest-group-of-men-in-silicon-valley-2014-9> (accessed June 15, 2015).

alma maters and through individual interactions. This practice of close networking has become typical in Silicon Valley, which is largely built by companies and people whose interconnected relationships give way to new startups and projects.⁶⁰

Clarium Capital Management and Subsequent Ventures

After PayPal, Thiel established Clarium Capital Management, a global macro hedge fund, focusing on directional and liquid instruments in currencies, interest rates, commodities, and equities.⁶¹ In 2003 and again in 2005, Clarium Capital Management reflected a net return of over 50 percent, a growth that would not continue throughout the 2008 economic downturn and its aftermath. Clarium's success began to decline in 2006 with a 7.8 percent loss. During this time, the firm sought to profit in the long-term from its petrodollar analysis, which foresaw the impending decline in oil supplies and an unsustainable bubble growing in the U.S. housing market.⁶² Clarium's assets indeed grew to over \$7 billion by 2008, however again declined as financial markets collapsed toward the end of 2008, causing the worst year on record for hedge fund businesses.⁶³ By 2011 after missing out on the economic rebound, many key investors pulled out, causing Clarium's assets to be valued at \$350 million, two-thirds of which was Thiel's own money. Yet, these events did not dampen Thiel's investment energy and interest. Instead, he co-created another fund with Jim O'Neill and Ajay Royan in 2012 named Mithril Capital Management, named after a fictitious metal in *The Lord of the Rings* that represents protection and transformation.⁶⁴ Unlike Clarium's investment aims, Mithril, a growth-stage venture firm with over \$400 million under its management, targets companies that are beyond the startup stage and ready to scale up. Mithril currently focuses on companies developing software, particularly in a cloud-computing environment. Most recently, it has invested millions of dollars into the company AppDirect, which offers cloud services and app cloud connectivity between platforms to a variety of businesses.⁶⁵

60 Miguel Helft, "It Pays to Have Pals in Silicon Valley," *New York Times*, October 17, 2006, http://www.nytimes.com/2006/10/17/technology/17paypal.html?ei=5088&en=943bf3f552d09fb2&ex=1318737600&partner=rssnyt&emc=rss&pagewanted=all&_r=0 (accessed June 5, 2015).

61 Peter Thiel, "Peter Thiel: Founder and Portfolio Manager Clarium Capital Management," interviewed by Sam Kirschner, *The Investor's Guide to Hedge Funds*, ed. Sam Kirschner, Eldon Mayer, Lee Kessler (Hoboken), 89-92.

62 James Mackintosh, "Hedge Fund Banking on Higher than Predicted Interest Rate Rises," *Financial Times*, May 8, 2007, <http://www.ft.com/intl/cms/s/0/6dc499e4-fd01-11db-9971-000b5df10621.html#axzz3cUEdUebO> (accessed June 8, 2015); George Packer, "No Death, No Taxes," *New Yorker*, November 28, 2011, <http://www.newyorker.com/magazine/2011/11/28/no-death-no-taxes> (accessed June 8, 2015); Deepak Gopinath, "Macro Man," *Bloomberg Markets*, January 2007.

63 Gregory Zuckerman, "Pessimism Exacts a Price on the Skeptics," *Wall Street Journal*, September 29, 2009, <http://www.wsj.com/articles/SB125409165677744755> (accessed June 8, 2015).

64 Packer, "No Death, No Taxes"; Zuckerman, "Pessimism."

65 Ingrid Lunden, "Peter Thiel's Mithril Leads a \$50M Round for AppDirect and Its Cloud-Based App Marketplace," *TechCrunch*, February 11,

2015, <http://techcrunch.com/2015/02/11/peter-thiels-mithril-leads-a-50m-round-for-appdirect-and-its-cloud-based-marketplace/> (accessed June 9, 2015); Ryan Mac, "Peter Thiel Launches New Venture Firms with \$400

Million Under Management," *Forbes*, June 20, 2012, <http://www.forbes.com/sites/ryanmac/2012/06/20/peter-thiel-launches-new-venture-firm-with-400-million-under-management/> (accessed June 9, 2015).

Before establishing Mithril, Peter's personal connections in Silicon Valley would lead him to his next important investment after PayPal. In 2004, Peter's longtime Stanford friend, Reid Hoffman (former executive president of PayPal and later co-founder of LinkedIn),⁶⁶ and Hoffman's friend, Sean Parker (co-creator of Napster), introduced him to Mark Zuckerberg, the founder and CEO of Facebook. Thiel became Facebook's first major financier with a \$500,000 investment, later converted to a 10.2 percent stock, and a seat on its board.⁶⁷ Facebook is widely known for having revolutionized person-to-person interactions in an online environment, leading to what is now referred to as social media.⁶⁸ That same year Thiel co-founded a tech-security company called Palantir Technologies, named after a crystal ball from *The Lord of the Rings*, with his Stanford friend Alex Karp. Palantir uses anti-fraud technology developed at PayPal to synthesize large amounts of data in order to track down potential terrorists and criminals. The technology is primarily used by U.S. intelligence agencies (the C.I.A.'s venture capital arm invested around \$2 million into the company) and hedge funds, but has been accused of privacy violations.⁶⁹ Although Palantir had been initially conceived as a tool to enhance security and fight against fraudulent activity, its data-mining technology has created fears among privacy advocates, who allege the tool allows its users (no longer only government, but also private businesses) to "see too much" and violate individual privacy.⁷⁰ A major scandal occurred in 2011 when Karp publically severed ties with HBGary, a technology security firm, after emails discussing a proposed launch of illegal cyber attacks and misinformation against the well-known WikiLeaks organization were revealed. The emails featured the logos of the companies, HBGary, Palantier, and Berico Technologies, implying their involvement in the proposal. Karp apologized for the company's alleged role in the affair and explained in his apology letter that Palantir does not intend to allow private sector entities to obtain non-public information.⁷¹ Yet, the incident extended fears of Palantir's potential use in illegal data-gathering operations, which it claims to seek to prevent.

66 See Inka Brandt, "Konstantin Guericke," in *IE*.

67 Nicholas Carlson, "At Last — The Full Story of How Facebook Was Founded," *Business Insider*, March 5, 2010, <http://www.businessinsider.com/>

how-facebook-was-founded-2010-3?op=1 (accessed June 8, 2015).

68 David Kirkpatrick, *The Facebook Effect: The Inside Story of the Company That Is Connecting the World* (New York, 2010).

69 Packer, *The Unwinding*, 210-12. Quentin Hardy, "Unlocking Secrets, if Not Its Own Value," *New York Times*, May 31, 2014, <http://www.nytimes.com/2014/06/01/business/unlocking-secrets-if-not-its-own-value.html> (accessed June 8, 2015).

70 Andy Greenberg, "How a 'Deviant' Philosopher Built Palantir, a CIA-Funded Data-Mining Juggernaut," *Forbes*, August 14, 2013, <http://www.forbes.com/sites/andygreenberg/2013/08/14/agent-of-intelligence-how-a-deviant-philosopher-built-palantir-a-cia-funded-data-mining-juggernaut/4/> (accessed June 9, 2015).

71 Andy Greenberg, "Palantir Apologizes for WikiLeaks Attack Proposal, Cuts Ties with HBGary," *Forbes*, February 11, 2011, <http://www.forbes.com/sites/andygreenberg/2011/02/11/palantir-apologizes-for-wikileaks-attack-proposal-cuts-ties-with-hbgary/> (accessed June 30, 2015).

Thiel's investment activities continued with his co-creation of the early-stage venture capital firm, the Founders Fund, in 2005. Its portfolio includes the companies Spotify, Airbnb, and Lyft among others that focus on consumer Internet as well as health and science related research and development startups. Since its foundation, the fund has collected over \$2 billion, and most recently has invested in Privateer Holdings, a cannabis company.⁷² Although this investment has been met with criticism, the Founders Fund is among the first major investment firms to do business within the marijuana industry. Many firms are still weary of financially backing such companies since marijuana remains illegal on the federal level.⁷³ Nonetheless, this investment reflects Thiel's and the Founders Fund's desire to invest in new ideas and markets that strive for a libertarian sense of freedom and independence.⁷⁴ Finally in 2010, Thiel backed a globally oriented venture capital firm, Valar Ventures, with former PayPal employee Andrew McCormack and former Thiel Capital employee James Fitzgerald in order to invest in companies outside of the United States.⁷⁵

Becoming increasingly concerned with health and longevity, the Founders Fund has also funded the research of companies like Halcyon, a biotech firm interested in reading the entire human DNA sequence, or the Methuselah Foundation, which seeks to reverse human aging. Additionally reflecting Peter's libertarian worldview, the fund has also invested in methods of establishing spaces outside the realms of government through SpaceX and the Seasteading Institute. SpaceX has received wide attention for its ambitions to launch a reusable rocket, Internet-beaming satellites, and establish a commercial market for space travel.⁷⁶ Seasteading, on the other hand, strives towards a libertarian ideal by creating livable platforms in international waters that escape the confines of governments and form independent city-states as spaces to experiment with new types of governance.⁷⁷ One such place, unaffiliated with the Seasteading

72 Erin Griffith, "Founders Fund Joins \$75 Million Investment in Cannabis Company," *Fortune*, January 8, 2015, <http://fortune.com/2015/01/08/founders-fund-privateer-holdings> (accessed June 8, 2015).

73 Alex Konrad, "Legal Marijuana Co. Privateer Holdings Scores Millions from Peter Thiel's Founders Fund," *Forbes*, January 8, 2015, <http://www.forbes.com/sites/alexkonrad/2015/01/08/the-vcs-and-privateer-betting-on-pot/> (accessed June 15, 2015).

74 Packer, "No Death, No Taxes."

75 "About," *Valar*, <http://www.valar.com/about> (accessed July 2, 2015).

76 "Reusability: The Key to Making Human Life Multi-Planetary," *SpaceX*, March 19, 2015, <http://www.spacex.com/news/2013/03/31/reusability-key-making-human-life-multi-planetary> (accessed June 8, 2015); Andrew Tarantola, "SpaceX Wants to Launch Internet-Beaming Satellites," *Engadget*, June 4,

2015, <http://www.engadget.com/2015/06/04/spacex-wants-to-launch-internet-beaming-satellites> (accessed June 8, 2015).

77 Edward Robinson, "For Libertarian Utopia, Float Away on 'Startup' Nation," *Bloomberg*, May 30, 2014, <http://www.bloomberg.com/news/>

[articles/2014-05-30/for-libertarian-utopia-float-away-on-startup-nation](http://www.bloomberg.com/news/articles/2014-05-30/for-libertarian-utopia-float-away-on-startup-nation) (accessed June 8, 2015); Jonathan Miles, "The Billionaire King of Techtopia," *Details*, September 1, 2011, <http://www.details.com/culture-trends/critical-eye/201109/peter-thiel-billionaire-paypal-facebook-internet-success> (accessed June 9, 2015).

Institute, already exists. It is known as the Principality of Sealand and was constructed during World War II as a concrete sea fort off of Britain's coast. The family that currently resides there has been fighting a number of lawsuits to gain recognition as a sovereign state.⁷⁸ Seasteading poses the potential for similar issues in the future. Since its launch, the Founders Fund has been successful in supporting startup companies that support its mission of solving "difficult problems" of today in innovative and transformative ways while simultaneously furthering Thiel's libertarian worldview.⁷⁹

Philanthropy and Public Image

Along with his large and dispersed venture capitalist activity, Thiel has funded a number of philanthropic projects under his Thiel Foundation. Currently, the foundation supports three projects: the Breakout Labs, the Thiel Fellowship, and Imitatio. These projects reflect Thiel's vision for an improved future that includes anti-aging science, alternative paths to a conventional university education, and an understanding of human behavior based on Girard's mimetic theory. Peter envisions his Foundation as a support for unconventional, bold ideas that have the potential to disrupt and transform society.⁸⁰ Its slogan, prominently displayed on the website, aptly reads "We're Championing BOLD THINKERS WHO PURSUE UNRECOGNIZED TRUTHS."

One of the most controversial projects launched by the Thiel Foundation is the Thiel Fellowship for twenty people under the age of twenty. Each fellow is awarded \$100,000 to quit college and start their own ventures. Launched in 2011, the program sought to give young people an alternative to the more conventional path of attending college directly after high school. Given the rising tuition prices, the idea seemed attractive to some and also in part encouraged a reevaluation of the value and aims of a college education. Others, however, reacted in strong opposition to the idea and criticized the foundation for cutting students' educations short.⁸¹ Thiel as a long-time critic of the university system claims that college creates a "bubble" and a system of competition for "old career tracks . . . instead of doing something new."⁸² Those critical of Thiel's views and in defense of higher education explain how he overlooks not only the earning potential of college graduates, but also other important developmental aspects, such as the ability to work in groups, the gain of technical knowledge, and the capability to continually learn.⁸³

78 "Cities on the Ocean," *Economist*, December 3, 2011, <http://www.economist.com/node/21540395> (accessed June 9, 2015).

79 Bruce Gibney, "Most VCs are Investing all Wrong," interviewed by Matt Rosoff, *Business Insider*, June 24, 2011, <http://www.businessinsider.com/how-founders-fund-is-different-from-other-vc-2011-6> (accessed June 9, 2015).

80 "Tech Philanthropists. Guide to Top Funders in the Technology Industry: Peter Thiel," *Inside Philanthropy*, 2014, <http://www.insidephilanthropy.com/guide-to-individual-donors/peter-thiel.html> (accessed June 10, 2015).

81 Packer, *The Unwinding*, 393; "The Foundation."

82 Peter Thiel, "Thinking Too Highly of Higher Ed," *Washington Post*, November 21, 2014, http://www.washingtonpost.com/opinions/peter-thiel-thinking-too-highly-of-higher-ed/2014/11/21/f6758fba-70d4-11e4-893f-86bd390a3340_story.html (accessed July 2, 2015).

83 Vivek Wadhwa, "In Defense of College: What Peter Thiel Gets Wrong, Once Again," *Washington Post*, December 1, 2014, <http://www.washingtonpost.com/blogs/innovations/wp/2014/12/01/in-defense-of-college-what-peter-thiel-gets-wrong-once-again/> (accessed July 2, 2015).

As it is, however, these fellows can still attend college after their two-year fellowship term, and some fellows credit their experiences as having granted them valuable insight into real-world business operations.⁸⁴ Along with receiving financial support, the Thiel fellows are also matched with a mentor (and Thiel's network of contacts) to assist them in realizing their entrepreneurial visions. Since the program's launch in 2011, it has grown in popularity with a record number of over 2,800 applicants in 2015. That same year, the foundation decided to expand its program to accept thirty fellows each year and changed its age-cap to twenty-two years old. The fellowship results have been mixed, with some students returning to college after their fellowship term and others choosing to indeed launch their own businesses and nonprofit organizations, such as SunSaluter, a device designed to provide cheap solar energy and clean water for people in developing countries. To date, there have been four classes of fellows, eighty-three participants in total, whose ventures raised \$72 million in investments and \$29 million in revenue. Some even sold their startups bringing in \$17 million collectively.⁸⁵

84 Jessica Goldstein, "Jumping Off the College Track," *Washington Post*, August 3, 2012, http://www.washingtonpost.com/local/education/jumping-off-the-college-track/2012/08/03/452f2d22-d777-11e1-a920-c0709fff70f5_story.html (accessed June 10, 2015).

85 Beth McMurtrie, "The Rich Man's Dropout Club," *Chronicle of Higher Education*, February 8, 2015, <https://chronicle.com/article/The-Rich-Mans-Dropout-Club/151703/> (accessed June 9, 2015); "Thiel Foundation Announces 2015 Thiel Fellows, Expands Fellowship Program," *Thiel Fellowship*, June 5, 2015, <http://www.thiefellowship.org/2015/06/2015-thiel-fellows-press-release/> (accessed June 9, 2015).

86 "Peter Thiel Announces Breakout Labs to Energize Innovation," *Business Wire*, October 25, 2011, <http://www.businesswire.com/news/home/20111025007276/en/Peter-Thiel-Announces-Breakout-Labs-Energize-Innovation#.VXiNFTBVhBc> (accessed June 10, 2015); "Portfolio," *Breakout Labs*, 2014, <http://www.breakoutlabs.org/portfolio/> (accessed June 10, 2015).

87 "Imitatio Projects," *Imitatio*, 2015, <http://www.imitatio.org/about-imitatio/imitatio-projects.html> (accessed June 10, 2015).

This fellowship is one of the foundation's three projects that reflect Peter's ideal of thinking independently and "against the grain." The Breakout Labs, also launched in 2011, seek to change the way early-stage science and technology research is funded by using revolving funds. This means that successful projects within the Breakout Labs will assign a portion of their revenue back into the program to support other projects. Largely, the Breakout Labs seek out projects that are "too ahead of their time for traditional funding sources." In some cases, the program even supports promising research projects before the "proof of concept" phase. Currently, the Breakout Labs support over twenty science, technology, and biomedical research and development companies geared toward longevity research, the development of new scientific measuring tools, tissue engineering, and human language computer recognition software.⁸⁶

The third project supported by the Thiel Foundation, Imitatio, pursues research and the application of René Girard's mimetic theory. Imitatio furthers his insights by translating mimetic theory works into different languages, by publishing and preserving his writings and new publications on mimetic theory, and by supporting research that aims to understand human behavior via mimetic theory.⁸⁷

Along with his companies' investments, these projects have shaped Peter's public image as a "contrarian thinker," "eccentric,"

and “provocateur.”⁸⁸ His public image has also extended beyond Silicon Valley and the tech industry through character appearances in popular media. Although he doesn’t make a personal appearance, Thiel (played by the actor Wallace Langham) is depicted in *The Social Network* (2010), a film interested in psychoanalyzing Facebook’s creator Mark Zuckerberg and the figures behind the company’s establishment,⁸⁹ in a short scene agreeing to invest in the company. The TV series *Silicon Valley* (2014-) also used Peter Thiel as inspiration for a key angel investor character in the show, Peter Gregory.⁹⁰ Additionally, Peter co-financed the feature film, *Thank You for Smoking* (2005), a satire on the spin tactics of a tobacco lobbyist. Staying true to the tight-knit Silicon Valley network, Peter co-produced the film with former PayPal colleagues David Sacks, Max Levchin, and Elon Musk.⁹¹

Peter also regularly appears in German media outlets. Since he grew up speaking German at home, he is able to personally conduct interviews in the German public with major German media outlets such as *Die Zeit*, the *Frankfurter Allgemeine Zeitung*, and *Der Spiegel* among others. His background affords him the ability to seamlessly interact within and between German and American cultures, and grants him a voice in both German and American business arenas. Despite the fact that he is often critical of Germany’s technology start-up culture,⁹² he most recently invested into two Berlin start-ups: EyeEm, a network for photographers, and Number26, a mobile banking app. He has also invested in two startups based in London: Transferwise, a money transfer firm, and Deepmind, an artificial intelligence group.⁹³

Conclusion

A 2015 article in *Forbes* magazine appropriately summarized Peter’s thoughts on business in six points: to think like a contrarian, to support new innovation, to not shy away from contradiction (even if self-contradictory), to escape the crowd, to not fear action or ideas that

»establishing new companies that do not yet exist, in his opinion, German industries beget numerous companies doing similar, if not the same, things. See “Peter Thiel hält deutsche Start-ups für zu sozialdemokratisch,” *Zeit Online*, September 30, 2014, <http://www.zeit.de/video/2014-09/3811512456001/facebook-investor-peter-thiel-haelt-deutsche-start-ups-fuer-zu-sozialdemokratisch> (accessed June 10, 2015); Christian Rickens, “Facebook-Investor Peter Thiel: ‘In Deutschland herrscht Angst vor dem Erfolg,’” *Spiegel Online*, August 27, 2014, <http://www.spiegel.de/wirtschaft/unternehmen/peter-thiel-ueber-facebook-deutschland-und-asperger-a-994125.html> (accessed June 10, 2015).

88 Parloff, “Peter Thiel Disagrees”; Jay Yarow, “Peter Thiel: Progress Ended After We Landed on the Moon and ‘Hippies Took Over the Country,’” *Business Insider*, October 23, 2014, <http://www.businessinsider.com/peter-thiel-on-progress-2014-10> (accessed June 10, 2015).

89 J. Hoberman, *Film After Film: Or, What Became of 21st Century Cinema?* (Brooklyn, 2012), 37.

90 Julie Bort, “A Guide to the Best Inside Jokes on HBO’s Hit Comedy ‘Silicon Valley,’” *Business Insider*, April 28, 2014, <http://www.businessinsider.com/a-guide-to-hbos-silicon>

valley-jokes-2014-4 (accessed June 10, 2015).

91 Helft, “Pays to Have Pals.”

92 In a recent interview with *Die Zeit*, Peter for example remarks upon Germany’s start-up culture to be too social democratic and as reflecting a “fear of success.” Instead of »

93 Jeevan Vasagar, “Peter Thiel Changes Course with Funding of Two Berlin Start-Ups,” *Financial Times*, April 16, 2015, <http://www.ft.com/cms/s/0/562ba760-e44c-11e4-9039-00144feab7de.html#axzz3fDmYzuxM> (accessed July 2, 2015).

conventional society finds “weird,” and, finally, to establish a shared mission within one’s corporate culture.⁹⁴ His success has gained him widespread international attention with much interest devoted to his thought process, worldview, and ideas for the future. As an entrepreneur, Peter displays a diversified portfolio with his firms that currently cover three different investment stages: His Founders Fund supports startups, Mithril Capital Management funds companies in their important growth stage, and Clarium Capital Management focuses on global macroeconomic investments. The philanthropic work conducted by his Thiel Foundation also displays an interest in developing new leaders and innovations. As his list of funded companies reflects, Thiel does not shy away from risk and places value on companies that seek to innovate and produce products that at first may seem impossible or contrary to popular belief. His writings and endeavors show his strong belief in the possibilities afforded via technology and the potential of individual ideas, which with proper support, can impact and improve the future.

During his career, he has received multiple awards including the “Herman Lay Award for Entrepreneurship” in 2006, the title of a “Young Global Leader aged 40 and under” by the World Economic Forum in 2007, and most recently the TechCrunch Crunchie Award for “Venture Capitalist of the Year” in 2012.⁹⁵ Thiel is also classified as a master in chess and was a math champion in California.⁹⁶

94 Andrew Cave, “How to Win Like PayPal Co-founder Peter Thiel: Six of His Rules for Business Success,” *Forbes*, May 3, 2015, <http://www.forbes.com/sites/andrewcave/2015/05/03/how-to-succeed-like-paypal-co-founder-peter-thiel-six-of-his-rules-for-business-success/3/> (accessed June 10, 2015).

95 Bahareth, *Kings*, 73; Leena Rao, “Chris Dixon Wins Crunchies 2012 ‘Angel of the Year’; Peter Thiel Is Named ‘VC of the Year,’” *TechCrunch*, January 31, 2013, <http://techcrunch.com/2013/01/31/chris-dixon-wins-crunchies-2012-angel-of-the-year-peter-thiel-is-named-vc-of-the-year> (accessed June 1, 2015).

96 Steven Drobny, *Inside the House of Money: Top Hedge Fund Traders on Profiting in the Global Markets* (Hoboken, 2006), 165-66.

Meghan O’Dea received her bachelor’s degrees in German, Political Science, and International Studies from Colorado State University in 2010. After an internship with the Department of State at the U.S. Consulate in Hamburg, Germany, she began a master’s degree in German Studies at the University of Florida, which she completed in 2012. Currently, she is a Ph.D. candidate and Graduate German Instructor at Georgetown University in the Department of German and working on her dissertation tentatively titled, “Geopolitical Transformation and Narratives of Return: Literary Return Visits and Tourism to Lost Homes in the German East.” She worked at the GHI in the summer of 2015 and contributed to the Immigrant Entrepreneurship project by writing biographies for Volume Five.

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