Chapter Three

THE OVERLORDS

THE pell-mell rush to form huge industrial consolidations and to speculate in their securities—a rush which did not slacken for long until late in 1902—had distressing after-effects. Although a sharp recovery followed the Northern Pacific panic, the spree was bound in time to bring a headache, and so it did: during the latter part of 1902 and the whole of 1903, Wall Street and the other financial centers suffered from a malady correctly ascribed by Pierpont Morgan to "undigested securities." (James J. Hill, improving on Morgan's phrase, remarked that the securities which caused the trouble were "indigestible," and many of them surely were.)

Too much stock and too many bonds had been issued. Not only had the formation of each holding company called for the sale of quantities of stock to the investing public, but when a railroad company or a manufacturing company had purchased control of another concern to further the ambitions of the men in control (as when the Northern Pacific acquired the Burlington for Morgan and Hill, or the Union Pacific acquired the Southern Pacific for Harriman) this had usually meant the sale of a new issue of stock or of bonds, thus adding to the supply of securities outstanding without adding to the physical properties. At last the purchasing power of the possible buyers of securities was exhausted and they could take no more.

The exhaustion was intensified by the effects of the depredations of professional speculators and stock-market manipulators throughout the boom. The fine art of organizing pools to buy and sell securities in huge bulk on the Stock Exchange and thus push stock prices up and down, taking profits along the way from the pockets of unorganized and unlucky speculators, had never before attained such perfection.

For example, let us watch James R. Keene in action. (Keene was the man whom the Morgan syndicate engaged to distribute the shares of the Steel Corporation by manipulation on the Exchange.) According to an entry made by Clarence Barron in his journal in 1900, Keene managed the pool formed by the brokerage house of Moore and Schley to manipulate the stock of the "whisky trust," and when the pool was organized "the question came up as to whether individual members of the pool could also operate on their own account. Mr. Keene said, 'Certainly, operate all you want to; buy it and sell it; … but just understand that I will get the best of you all in the business and I invite you to trade with me.' Then Mr. Keene began.… Ten thousand shares went out one day and were bought back the next day. He began moving it so many shares a day up and down, and kept swinging it back and forth—some days it was twenty thousand shares a day, again it was ten thousand shares a day. Then when the whole public was trading in whisky [stock] with a great big swing to the market, Keene gave them the whole business, possibly went short fifty thousand shares himself, and landed the entire stock of the pool on the public."

Other speculators operated with equal power and assurance. Barron quotes Herman Sielcken, the "coffee king," as saying early in 1904 of his manipulation of a commodity market, "I can put coffee down again just as easily as I put it down once before." And as for the operations of the most potent group of all speculators of those days, the "Standard Oil crowd" led by William Rockefeller and Henry H. Rogers, who made millions by promoting the Amalgamated Copper Company and by pushing the price of its stock up to 130 and down to 60 again, listen to the testimony of Henry Clews, who, far from being a radical critic, was an enraptured believer in Wall Street as a national institution.

Clews wrote in 1900: "At his best, Jay Gould was also compelled to face the chance of failure [in his stock-market manipulations]. Commodore Vanderbilt, though he often had the Street in the palm of his hand, was often driven into a corner where he had to do battle for his life; and so it had been with every great speculator, or combination of speculators, until the men who control the Standard Oil took hold. With them, manipulation has ceased to be speculation. Their resources are so vast that they need only concentrate on any given property in order to do with it what they please.… With them the process is gradual, thorough, and steady, with never a waver or break. How much money this group of men have made, it is impossible even to estimate … and there is an utter absence of chance that is terrible to contemplate."

So long had operators of this type enjoyed a field day that the supply of victims was bound ultimately to run short. By 1903 the crisis became acute.

Syndicates which had been formed to launch new corporations found themselves with unsold securities piled upon their shelves. Market manipulators who had loaded up with stock in the hope of dumping it later into the laps of eager investors found the eagerness gone, stock-market prices sagging, and their loans from the banks frozen. So overgenerous had been the capitalization of most of the new giants of industry that a period of sustained prosperity would be necessary to squeeze the water out of them; and when the pace of business lagged a little and the strain on credit began to become oppressive, earnings declined, dividends were passed, some of the crazier of the new combinations went to the wall, and the stock market had a series of sinking spells.

Fortunately this crisis of 1903 was a "rich men's panic," and not to any large extent a poor men's panic too. The momentum of industry was still strong, and the speculative excesses and consequent financial indigestion were generally limited to the professional promoters and speculators. The little investor, the occasional speculator, had been singed, or at least scared, in the Northern Pacific panic, and had learned a measure of discretion; and after all he did not then constitute a very numerous species. It must be remembered that even at the height of the hysteria of 1901 the total of daily transactions on the New York Stock Exchange had barely exceeded three million shares, as against frequent daily totals of five or six or seven million shares in 1928 and after. The number of men who were staking their accumulated savings on the rise of the market was probably hardly a tenth of the number who were to do so in the bull market of the nineteen-twenties. Few newspapers printed daily tables of stock prices. Investing in common stock was still considered somewhat hazardous for all but astute business men, and outside of the Wall Street area, speculation on borrowed money was still generally considered a form of legitimized gambling rather than a form of prudent "participation in American prosperity." The rich men's panic caused some spectacular failures and annihilated many a Wall Street plunger; but it checked only briefly the onward march of American industry.

One thing which undoubtedly alleviated the troubles of the financiers was the cautious attitude of the government toward business. Theodore Roosevelt had boldly moved to dissolve the Northern Securities Company early in 1902, and after long delay the Supreme Court sustained him in 1904 and the biggest holding company in the railroad business was broken up; but

Roosevelt, for all his vehement activity and his fighting display of teeth, was no headlong reformer. He preferred the middle of the road, and big business had so long had its way virtually unmolested that to stick to the middle of the political road meant to interfere very little with the going financial and industrial order. Furthermore Roosevelt, as a Republican, was the heir apparent to the financial support of the captains of industry, and could hardly afford to run the risk of being disinherited. As the election of 1904 slowly approached he became very wary. Business was none too good. It would not do for his party to risk making it worse. There were no more major forays in the direction of Wall Street. Roosevelt was elected over Alton B. Parker with the aid of contributions—made apparently without his specific knowledge, but clearly attributable to his amenable attitude at the time—of $150,000 from J. P. Morgan, $100,000 from Rogers and Archbold of the Standard Oil, $100,000 from George J. Gould, $50,000 from Harriman, $50,000 from Frick, and further large sums from other big bankers and insurance men and industrialists. Not until Roosevelt was safely President in his own right—“no longer a political accident,” in his own words—did his zeal for reform find energetic expression again.

Furthermore, although the tide of public opposition to the financial empire was slowly rising, the inactivity of Roosevelt in economic reform was on the whole matched by the inactivity of Congress. The privileges of the banker, the promoter, and the speculator to have their way with corporate property—regardless of the wishes and the interests of unorganized stockholders and employees and consumers—had been multiplying rapidly, but it was easier for a President or a Congressman to inveigh against “malefactors of great wealth” and “the conspirators of Wall Street” than to devise practical measures to meet the situation. The venal politician—and his name was legion—was not interested in solving the problem: he knew on which side his bread was buttered. The disinterested politician, even if he watched the trend of economic affairs with concern, realized that so deeply were banks and investment houses and innumerable corporations committed to the continuation of the going methods of incorporation and of distributing securities, and so fully did these going methods depend upon an unquestioning public belief in their permanence, that to challenge them might bring widespread business troubles, at least for the time being. In a real sense the whole economic system of the country was already locked into acquiescence with the now established financial system.

Better not risk a major operation yet, a conscientious Congressman would say to himself; better wait and see. And of course there were public men who sincerely believed that any limitation upon the privileges of the capitalist constituted a blow at the "sacred rights of property," at "the pioneer spirit which had built up the country," and so on: who believed this, in fact, even when the privilege under debate—like that of setting up a Northern Securities Company to keep a firm grip on several railroads—was a new extension of a recent extension of a privilege granted by public authority, the privilege of incorporating to do business under limited liability.

So the challenge to the financial order was postponed.

Yet although the rich men's panic of 1903 was in a sense a superficial phenomenon, to the men at the heart of the financial world it brought troubles indeed. The prevalence of indigestible securities hardly worried the already aging Rockefeller, for his Standard Oil companies had never been overcapitalized and if his other investments shrank there were always new millions rolling in; yet his days of benevolent ease in the great house above Tarrytown were disturbed by a rising clamor of public resentment as *McClure's Magazine* published, month after month, Ida Tarbell's astonishing history of the Standard Oil Company, with its revelation of his merciless methods; and his associates found that for the time being their speculative operations were not certain of success.

Morgan was sorely beset. Filled with boundless confidence by his success in launching the Steel Corporation, he had tried to repeat the triumph by forming a gigantic holding company which would dominate transatlantic shipping. He had accordingly bought several British and American lines at extravagant prices. His International Mercantile Marine Company was a sad disappointment, however; violent British opposition to the threat of an American shipping monopoly prevented him from including the Cunard line in his group, the congestion in the securities market left his syndicate with quantities of unsold securities on its hands, and the new holding company never justified itself, at length sliding into receivership in 1915. It was clear that Morgan had guessed wrong, and his prestige suffered. Even his Steel Corporation languished during the rich men's panic and was forced for a time to suspend dividends upon its vast issue of common stock, the price of which sagged to eight dollars and seventy-five cents a share—a humiliating figure to the head of a syndicate which had distributed that stock to the public at forty or fifty dollars a share. That genial buccaneer, John W. Gates, furious at Morgan's having left him off the directorate of the Steel Corporation, now had his revenge; he got control of the Louisville & Nashville Railroad at a time when Morgan needed it, and Morgan had to send his partner Perkins to offer Gates ten million dollars more than he had paid for the road. Gates's relish at having "put one over on the old man" was brief, to be sure; shortly afterward the gambler retired in defeat to a little town in Texas to spend the rest of his days as a big frog in a very small pool. The Louisville & Nashville episode, however, was hardly agreeable to Morgan. And other blows fell upon him, including the Supreme Court decision in the Northern Securities Case. For a time his empire seemed almost to be tottering.

Harriman, too, had his reverses: during this period the "Rock Island crowd" of promoters, consisting of the Moore brothers and Leeds and Daniel G. Reid, took the Chicago and Alton Railroad away from him by the very method he had used in trying to capture the Northern Pacific—a surprise attack in the open market. (This Rock Island crowd, by the way, had just completed an experiment in corporate architecture which modestly anticipated a favorite design of the nineteen-twenties. In reorganizing the Rock Island road in 1902 they formed a holding company to control it, and so arranged the voting privileges of the stock of this company that they were able to dictate the use of a property capitalized at several hundred millions by keeping their hands on a block of preferred stock worth in the open market only some twenty millions.)

The rich men's panic was short-lived, as we have seen. By 1905 the financial digestion had been restored by enforced rest. The price-level was rising; Europe was prosperous and European financiers had money to invest in the future economic destiny of the young giant of the west; there were bumper crops on the prairies to gladden a farm population to whom bumper crops did not yet mean disastrously low prices; corporation profits began to climb with the price-level; there was a lively real-estate boom; the dance of the stock-market speculators began once more; and the sunshine of hope—which outside the dark canyons of the financial district had merely been dimmed during 1903 and 1904—flooded the whole country, Wall Street included. The captains of finance began again to extend their spheres of influence. The day of reckoning was not yet.

The outlines of these spheres of influence were far from clear. Indeed it may be remarked parenthetically that even in 1913, when as a result of the Pujo inquiry they were diligently mapped by economists and politicians and journalists, they were not as clear in fact as they were on paper. To have representatives on a board of directors is not always to dominate the policy of a company; even to have a potentially controlling power is not always to exercise it, or to know how boldly it may prudently be exercised. The conception of a well integrated empire of controlled corporations implies that a thoroughly devised and generally understood and flexible policy can be imposed upon them, and this is too much to expect of mortal men with limited foresight and only occasional contact with one another. Even when the influence is recognized, those who wield it or are subject to it are not always sure to what extent it is based upon financial control, and how much upon personal respect, upon general harmony of ideas, or upon a mere desire to avoid bringing up troublesome issues. A chart showing lines of command running from a banking house down through the interlocking directorates of banks and corporations to other banks and corporations can sometimes be just as persuasively false to the truth as a spider's web chart of radical influences running from Moscow down through the interlocking directorates of radical organizations to liberal societies.

Nevertheless certain alignments were already pretty clearly defined by 1905 and 1906.

In the first place, as we have already noted, the tendency toward economic consolidation, especially through the medium of holding companies, was bringing more and more businesses under the influence of the men who sat in the counting-houses of Wall Street and State Street and Fourth and Chestnut Streets and LaSalle Street. The investment bankers who promoted the new combinations and sold their securities, the commercial bankers who financed their day-to-day operations, spoke with authority in countless directors' meetings.

Again, consolidation was slowly taking place in banking as well as in industry. Big banks were taking over smaller banks. The investment bankers were putting some of their rich profits from promotions into the purchase of stock in commercial banks and insurance companies, not without an eye to making them willing customers for future issues of securities. The biggest investment houses had eager allies in the lesser investment houses which wanted very much to share in the business of distributing Steel Corporation stock or Union Pacific bonds. And so the influence of these largest investment houses was immense and pervasive, although often vaguely defined.

The House of Morgan, for example, had the First National Bank as its unswerving ally. They owned stock in, or otherwise were influential in, a number of other New York banks such as the National Bank of Commerce, the young Bankers Trust Company, and the Liberty National. George W. Perkins, now a Morgan partner, still held his old position as vice-president of the New York Life Insurance Company. The House of Morgan was supreme in the financial counsels of the Steel Corporation, the International Mercantile Marine, the International Harvester, the General Electric, and many other sizeable corporations; among the railroads it and its like-minded associate, the First National Bank, dictated more or less positively to the directors of the Southern, the Reading, the Northern Pacific, the New Haven, the Erie, and others.

What such dictation sometimes implied was suggested by the fact that when President Roosevelt decided to settle the anthracite coal strike in 1902, and the coal operators were unwilling to negotiate, the man with whom he had to deal was Morgan—because Morgan was a powerful factor in the management of railroads which controlled most of the anthracite coal business. Banks and lesser investment houses took securities assigned to them by the House of Morgan for sale and did not waste time arguing about it. “You can stay out,” Morgan would say with blasting finality if a lesser banker hesitated to market an issue of bonds, “but do not think you will share with us again.”

When a representative of the House of Morgan appeared at a reorganization meeting, his word was usually law. A Boston manufacturer has told of having attended one of these meetings as a young man and of having naïvely refused to subordinate the claims of his company to those of the Morgan firm. “They looked at me as if I were a leper,” said he. What Pierpont Morgan wanted to be done was usually done—because of his reputation among the financiers for fair dealing, because of the terrifying impact of his personality, but also because the whip which on rare occasions he deigned to crack could descend on a recalcitrant underling with cutting force. “Wherever Morgan sits on a board is the the head of the table, even if he has but one share,” said a railroad president to Clarence Barron in 1905.

During these years James Stillman’s growing National City Bank was sometimes associated with the Morgan interests, but not so closely as after 1907. It was more often the instrument or the ally of the Standard Oil millionaires. The Standard Oil company was an empire in itself, impregnable and worldwide. The holdings of the men whom it had endowed with great fortunes ramified into another vast network of influence, less compact than that of the Morgans and less responsibly directed, but very rich.

The National City Bank and the Standard Oil men and George Gould (son of Jay Gould) and Kuhn, Loeb & Co. generally stood behind Harriman in his grandiose schemes of conquest; and the little man with the spectacles was now enlarging his sphere very rapidly. His influence in the Northern Pacific and the Great Northern and the Burlington, so dearly bought in the battle of 1901, waned after the Northern Securities decision of 1904, for the plan of dissolution which was adopted was a Morgan plan and left Morgan and Hill in the seats of power and Harriman protesting in the outer cold; yet he was supreme in the Union Pacific and Southern Pacific and their subsidiaries, he owned a half interest in the San Pedro route, and in 1906 and 1907 he sweetened the uses of adversity by putting his Northern Securities money into the purchase of a part ownership in no less than nine other roads. Harriman seemed on his way to become dictator of American railroading; and meanwhile he was negotiating in the Far East in the hope of building up, piece by piece, a transportation line that would circle the whole earth.

It is unnecessary to do more than mention the lesser spheres of influence in the endlessly complex map of financial influence in 1905 and 1906—those which surrounded the investment houses of Kuhn, Loeb; of Speyer; of Lee, Higginson and of Kidder, Peabody in Boston; those which represented the power of the invested millions of the Vanderbilts and centered in the New York Central Railroad; those of the “Chicago crowd” and the “Rock Island crowd” and miscellaneous roving bands of capitalists and promoters and speculators; those of the traction magnates and the gas light magnates. One sphere, still relatively insignificant yet of future importance, may be noted in passing, however, as a reminder that in any period the seeds of the future are being sown: in 1905 the General Electric Company modestly organized the Electric Bond and Share Company, to manage its interest in various utilities which it had helped to finance or in which it had otherwise acquired a holding.

3

What manner of men were these who so bestrode the American business world? How far did their influence reach beyond business? What was the effect of this influence upon the quality of American civilization? What did they think of America and their role in it?

A hundred such questions leap to the mind of any one who studies their lives and enterprises. It is not enough to say that they were neither the plaster saints depicted by dutiful official biographers, nor the black conspirators depicted by radical critics and Nebraska politicians; for to say merely this is to imply that they should be painted in shades of neutral gray, and neutral gray was surely not their color.

What may loosely be called the Wall Street influence was of course exercised by hundreds of men of varying character and talent and opinion; to attempt to generalize about so many men is to confront endless contradictions and confusions. Perhaps the easiest way of simplifying one’s study of the men of Wall Street and their influence is to use as a sort of touchstone the study of a small group of the most powerful and vital of all. I have selected ten for this purpose—not necessarily the ten most important men of the Wall Street of the early years of our century, but among the most important. Their varied qualities may offer some clue to the qualities dominant in the financial world as a whole.

These ten are J. Pierpont Morgan; his fidus Achates, George F. Baker, president of the First National Bank, solid, tenacious, and silent; James Stillman, the brilliant and cold-blooded president of the National City Bank; Edward H. Harriman; John D. Rockefeller, who was already in retirement but was still a potent factor by reason of his huge and growing wealth; William Rockefeller and Henry Huddlestone Rogers, Standard Oil financiers, as to whose prowess in the world of promotion and speculation we have heard the awed testimony of Henry Clews; Jacob H. Schiff, the shrewd and kindly head of the banking house of Kuhn, Loeb & Co.; William K. Vanderbilt, the indolent chief representative of the influence of a family still powerful in the railroad and investment world; and James R. Keene, a stock exchange operator of commanding skill and prestige.

Other men might of course be chosen as substitutes for some of these ten. Perhaps Hill belongs in such a group, or Gary, or Andrew Mellon of Pittsburgh, or Yerkes of Chicago, or Frick, or Schwab, or Daniel G. Reid, or Thomas Fortune Ryan, or Elkins, or any one of a dozen others. One might include in it men of such contrasting qualities as Major Henry Lee Higginson, whom Barrett Wendell called "perhaps the most generous and hearty benefactor of his time in New England," and the gambler John W. Gates. However, the group is reasonably representative as it stands; it is convenient for analysis because all ten men lived in New York; let us narrow our focus for a moment and regard these ten men.

Considering the authority which they wielded, they were astonishingly little known to the nation at large. This was partly due to the fact that most of them shrank from the public gaze (by reason either of innate modesty, or of a fear that their wealth would make them a target for cranks and crooks and for the envious clamor of the less fortunate: George F. Baker, for example, never permitted any of his possessions to be photographed if he could help it.) Partly the public's ignorance of the big financiers was due to deliberate concealment of their operations, some of which could hardly stand the glare of publicity. Partly it was due to laymen's difficulty in understanding the real meaning of complicated manoeuvres described in the paralyzing language of finance. Partly it was perhaps due to a certain lack of romantic appeal in a career dedicated to the amassing of money. After all, there are few things as dull as greed. When, for example, one reads of the youthful Frick strolling up Fifth Avenue with his friend Andrew Mellon, and looking at the Vanderbilt house with admiration, and figuring that a fortune of six million dollars would finance such an establishment, and saying to Mellon, "That is all I shall ever want," one recognizes that the motive is human and natural, but feels, perhaps, that a life ruled by such a motive is not likely to be gallant.

Whatever the cause of the public's ignorance, it is suggestive to note the number of lines in the *Reader's Guide to Periodical Literature* given to listing magazine articles about these ten men during the years 1900–1904, compared with the number of inches given to listing articles about ten leading politicians of the time:

	Number of Lines		Number of Lines
Morgan	26	Theodore Roosevelt	379
Baker	2	McKinley	126
Stillman	8	Bryan	72
John D. Rockefeller	12	Taft	50
William Rockefeller	5	Alton B. Parker	44
Rogers	5	Mark Hanna	35
Harriman	7	John Hay	34
Schiff	6	Thomas B. Reed	24
W. K. Vanderbilt	8	La Follette	19
Keene	9	Joseph G. Cannon	16
Total	88	Total	799

Not one of these ten financiers had had a college education except Morgan, who spent two years in study in Gottingen in Germany. It must of course be recalled, by way of partial explanation of this fact, that by 1905 they were mostly elderly men: Morgan, the eldest, was sixty-eight; Stillman, the youngest, was fifty-five. The years when they might have been going to college fell in the eighteen-fifties and eighteen-sixties, when American colleges were comparatively small and few in number, and prepared men chiefly for the professions. (Incidentally, it may be remarked here that although six of the ten men were in their twenties during the Civil War, not one of them saw service in the army; for whatever reason, each was concentrating on business.)

Not that these ten men did not come in time to appreciate the advantages of higher education: with singular unanimity they sent their sons to college. Between them they had fifteen sons who lived to college age, and of these, eight went to Harvard, four to Yale, one to Brown, one to Amherst, one to Columbia. They showered benefactions upon the colleges, too: one needs only to recall Morgan's gift to the Medical School at Harvard; Baker's gift of a playing field to Columbia and of a chemical laboratory to Cornell, and his five millions to the Harvard Business School; the Stillman Infirmary and the Stillman professorship at Harvard; Schiff's founding of the Semitic Museum at Harvard; and John D. Rockefeller's vast gifts to the General Education Board and the University of Chicago.

They were mostly self-made men. Only two of them, Morgan and Vanderbilt, began their careers with the advantages of assured wealth.

Morgan's father was a renowned international banker and a millionaire; the young Pierpont's first job was in his father's office in London. Vanderbilt inherited over fifty million dollars from his father, William H. Vanderbilt, son of the redoubtable Commodore, and other millions from other relatives. Schiff's upward progress was probably somewhat eased by his acquaintance with German-Jewish bankers in his native Frankfort-on-Main, and by his marriage to a Loeb within five months of his entering the young firm of Kuhn, Loeb & Co. in New York. Stillman's father was a man of means and had accumulated a million dollars by the time he died, and Harriman had well-to-do relatives and wealthy friends; but both Stillman and Harriman began their careers in small positions at an early age: Stillman went into the cotton business at sixteen, and Harriman's first job was as a five-dollar-a-week office boy for a broker. Other members of the group pushed their way up from the bottom or very near it. John D. Rockefeller began as a clerk in a forwarding and commission house in Cleveland; Baker, as a clerk in the New York State Banking Department at Albany. At the age of seventeen William Rockefeller was keeping books for a miller. Rogers's first salary was three dollars a week as a clerk in a store at Fairhaven, Massachusetts. Keene came to America from England at fourteen and began to earn money by selling milk, teaching school, caring for horses, working on newspapers, and engaging in other varied occupations in Shasta County, California; he got his real start speculating in silver mines.

When these men talked of working one's way up from the bottom, they knew what the words meant. They also knew the merits of frugality for a young man of financial ambition. Rockefeller began earning money at seven, and hoarding it in a blue bowl; at the age of ten he lent fifty dollars to a neighboring farmer at seven per cent interest. When Baker married, he was earning ten thousand a year and saving half of it.

4

One of the most striking things about this group of men—and one of the things in which they were representative of their financial generation—was their piety. At least seven of them were churchgoers; six were actively interested in church affairs.

Morgan was perhaps the most prominent layman in the whole Protestant

Episcopal Church—that affluent denomination in which (according to John T. Flynn) half of the seventy-five multi-millionaires in the New York of the nineteen-hundreds were communicants. He loved to attend the General Conventions of the Church as a lay delegate from New York; to convey a few well-chosen bishops thither in his private car and entertain them royally in the convention city at a house which he rented for the purpose, and which was always referred to as “Syndicate House.” He gave nearly five million dollars to the Cathedral of St. John the Divine; he gave a new rectory and parish house to St. George’s, his own church in New York. It was Morgan who in 1904 persuaded the Archbishop of Canterbury to come to America, and made a special trip from Wall Street to Bar Harbor to make arrangements with Bishop Lawrence for the English prelate’s visit. During the summer of 1908, when three bishops visited Morgan at his splendid house in Prince’s Gate, London, each day began with family prayers read by Bishop Doane in the Library. Every week the head of the House of Morgan breakfasted with Doctor Rainsford of St. George’s Church; the meetings of the vestry were customarily held at his house, and there is a characteristic story to the effect that Morgan once objected to the election of a vestryman who he felt would not socially be quite suitable to such gentlemen’s gatherings.

Patrician as he was in his conception of organized religion, Morgan nevertheless possessed a simple and genuine faith. When, after his death in 1913, his will was published, newspaper readers who turned to it in the expectation of finding a document concerned only with financial arrangements stood amazed at the mighty declaration of belief with which it began: “I commit my soul into the hands of my Saviour, in full confidence that having redeemed it and washed it in His most precious blood He will present it faultless before my Heavenly Father; and I entreat my children to maintain and defend, at all hazard and at any cost of personal sacrifice, the blessed doctrine of the complete atonement for sin through the blood of Jesus Christ, once offered, and through that alone.”

The Rockefeller brothers were both prominent Baptists. William gave the church building in which he worshipped in Tarrytown. John was a Sunday School superintendent. His faith, like Morgan’s, was simple and sincere; “I have *never* had occasion to doubt,” he once said. His piety flowered in a series of munificent gifts. Even as a boy of sixteen he gave nearly a tenth of his tiny income to missions and kindred activities; and in his later years he was a fount of pecuniary blessings to the Baptist denomination, as well as to education, public health, and other worthy causes. (Up to 1928 he had given away in all a little over half a billion dollars!)

Baker was a trustee of All Souls’ Unitarian Church in New York, a regular churchgoer, and a generous donor (late in his life) to the Washington Cathedral. Stillman attended St. Bartholomew’s Episcopal Church in New York, though not regularly. Schiff attended the synagogue with inflexible regularity, read his prayers every morning, said grace after meals, and refused to have anything to do with business on the Sabbath (a circumstance which, as we have seen, was awkward for Harriman on a certain Saturday in 1901). Schiff aided in the foundation of a Jewish theological seminary; he not only founded but served as chief executive officer of the Montefiore Home for Chronic Invalids, and on his visits to the Home he used sometimes to read the service himself and to preach. His abundant kindliness and generosity were of great aid to Lillian D. Wald from the earliest days of her Visiting Nurses’ Service in Henry Street in the New York slums. On the afternoon of the Northern Pacific panic, Miss Wald had been reading the newspaper accounts of the disastrous struggle in Wall Street and was surprised to hear Schiff’s voice over the telephone, asking her if this was not the evening when he and Mrs. Schiff were to take supper with her at Henry Street; and they came. After his death she wrote of him that “no interests of his business world were ever allowed to supplant his spiritual or altruistic interests.”

Harriman went regularly to church at Arden, wrote letters to the men of the town urging church attendance upon them, used to walk home from the Sunday morning service with the clergyman and inquire about the mission work and about parishioners who might be in trouble, and established a boys’ club in New York in which he maintained a continuing and lively interest. “He believed in God and he believed in worshipping God,” wrote the clergyman at Arden.

Many people, aware of the yawning gulf between the prevalent conduct of business in Wall Street and the doctrines of the Sermon on the Mount, have leaped to the conclusion that the religion of such men as these must have been hypocritical: that they assumed an air of piety to curry favor with the righteous or to atone for their business practices. To assume this is to misunderstand completely the men, the atmosphere of the times, and the relation between business and the churches.

The contrast between faith and works is often striking: between Morgan and Harriman battling for the control of a railroad and there by bringing on a panic, and Morgan and Harriman at worship; between Rockefeller receiving “drawbacks” and driving competitors remorselessly out of business, and Rockefeller picknicking and singing hymns under the trees of Forest Hill with the Sunday School children of the Euclid Avenue Baptist Church. It is perplexing to the student of financial history to note, on the one hand, the prevalence of huge slush-funds for the purchase of votes at Washington and at the state capitals, the hardness of heart shown to unprotected stockholders and bondholders in railroad reorganizations, the fleecing of the public on the exchanges, and the unconscionable profits made in stock-watering operations; and on the other hand to witness the frock-coated gentlemen who were responsible for such flagrant practices attending church and passing the plate and singing “For all the. saints” or “When the roll is called up yonder, I’ll be there”—and believing it, as Mr. Flynn says Rockefeller no doubt believed it.

It is anomalous to think of financiers worshipping Jesus of Nazareth, the simple carpenter of Galilee, and yet never coming into close human contact, in their mature years, with the workmen in the mines and factories subject to their control, and maintaining an uncompromising enmity against labor organizations. It is even stranger to find some of them assuming that the Lord was their ally in whatever they did, as when Rockefeller said, “God gave me my money,” or as when George F. Baer, leader of the anthracite coal operators in the coal-strike dispute of 1902, sent to a critic of his stubborn attitude toward labor this sublime declaration: “The rights and interests of the laboring man will be protected and cared for—not by the labor agitators, but by the Christian men to whom God in his infinite wisdom has given the control of the property interests of this country.” How can such paradoxes be explained?

Several things need to be borne in mind if one is to explain them—even after one has made due allowance for the normal frailities and backslidings of mankind, the difference between Sunday resolutions and week-day practicalities, and the disposition of clergy and laity alike to feel that the gift of a new parish house will atone for almost anything.

In the first place, the Christian religion, as practiced by most of these men, was only partially the religion of Jesus. The Old Testament had a large part in it, and the Old Testament contains plenty of passages which permit the exaction of an eye for an eye and a tooth for a tooth. Religions tend to take on the color of the communities in which they are practiced; and in the American community other philosophies than that of Christ had absorbed and diluted the Christian teachings. There was the Benjamin Franklin philosophy of frugality. There was the Puritan philosophy of sobriety, continence, and Sabbath observance. There was the laissez-faire tradition of business competition as a hard-fought battle without fear or favor. So completely had such philosophies and traditions been taken into the American blood-stream, as it were, that if an aggressive business man worked hard, saved his pennies, refrained from alcohol and adultery, wore a somber suit to church every Sunday, and put money in the plate, he was well on his way to be a model of Christian conduct. (In the Episcopal Church there was somewhat less emphasis upon a bleak sobriety than in the evangelical churches, but the rest of the formula remained virtually intact.) These were the accepted virtues, and the Bible was an arsenal from which one might select rhetorical ammunition with which to defend them.

The best of the church-goers of Wall Street probably felt very much as Clarence Day, in his delicious *God and My Father*, describes the elder Mr. Day as feeling:

"And nobody could tell him his duty—he knew it without that, it seemed. … It was a code, a tradition. It was to be upright and fearless and honorable, and to brush your clothes properly; and in general always to do the right thing in every department of life."

"The right thing to do for religion," continues Mr. Day, "was to go to some good church on Sundays." Even in the supposedly wicked metropolis of New York, church-going was in the early nineteen-hundreds a part of the expected duty of the respectable man. The church played so important a part in the community that a substantial citizen ran the risk of being thought a little queer if he did not participate in church activities. The prosperous naturally flocked together in churches where the clergymen—responding, perhaps, to the almost imperceptible pressure of their congregations—took on the color of their surroundings; and the teaching in such churches was not likely to have very embarrassing implications. Mr. Day says that his father liked St. Bartholomew's: "The church itself was comfortable, and the congregation were all of the right sort.… The place was like a good club. And the sermon was like a strong editorial in a conservative newspaper.”

Yet even if we remember that the religion of Jesus had been subtly altered into something which would have been quite unrecognizable to the carpenter of Galilee, a large part of our paradox still remains. Even a code of simply “doing the right thing in every department of life” can hardly be reconciled with some of the practices freely engaged in by kindly and generous pillars of the church. Other explanations must be sought.

Bertrand Russell has said somewhere that any man of ordinary sensibility can sympathize with suffering that is visible to him, but only a man of exceptional imagination can be wrung by suffering at a great distance from him. It must be remembered that the damage done in the speculative campaigns of Wall Street, in the watering of stock, in outrageous reorganization plans, in the exploitation of labor, was usually remote from those who did it. When a man unloaded stock upon the public, for example, he did not see his victims face to face. The whole operation, performed in brokers’ offices and reported upon a mechanical ticker-tape, was anonymous and impersonal. Often the damage was remote in time as well as in space: when one looted the credit of a railroad, for example, the result might not be felt for years; indeed, if times remained prosperous it might not be felt at all. In the endless complexity of economic events, how could one say upon whom the responsibility for a future disaster might rest?

Even more remote from the directors’ conference table than the investor was the laboring man: if mills were closed or wages were cut or thugs were hired to break up a protest meeting in the mining camps, the families upon which the burden of such policies would fall were not as easily visualized as were the boys of one’s little club in the slums. They were very far off, the figures on the profit-and-loss account were very near and very persuasive. When men in Wall Street spoke of Steel, what did they mean? An organization of over a hundred thousand human beings laboring at desks and in mills and in mines, with families to support, rent to pay, food and shoes to buy? Not at all: Steel was a symbol on the ticker tape, it was a counter in a speculative game: something one bought at 48 and sold at 56, something that the Chicago crowd were bulling and the Standard Oil crowd were gunning for. The movement of economic power toward the financial centers meant a movement toward absentee control, and absentee control always tends to be irresponsible, if only because of the weakness of men’s imaginations.

Enormous allowances must also be made, too, for the sheer momentum of business competition: the fact that in the race for profits one was driven to do the same tricks which the other man did or be beaten. In competitive business, bad practices tend to drive out good. If I don't buy control of this company, Jones will, and he will milk it: therefore I'd better do it myself and do it quickly. The opposition are trying to bribe the legislators—we'd better get in there first. We can't afford to be squeamish. Business is business. In the memorable words of H. H. Rogers, "We are not in business for our health."

Another perplexing paradox lies in the apparent lack, even among the godly financiers, of a strong sense of public responsibility. Few of the financiers of Wall Street defied the officers of the law as flatly as Rogers, who in the Waters-Pierce case refused to admit knowing where the offices of the Standard Oil Company of Indiana were, and when the prosecutor asked him if he wished to say to the Supreme Court of Missouri that he as a director of the Company did not know where its offices were, replied coldly, "It is quite immaterial to me what the Supreme Court of Missouri desires me to say to them, other than what I have testified." A somewhat more polite hostility to the public authorities was nevertheless characteristic of the men of the Street.

Laws, to them, were obstacles to be got around. The corporation lawyer was the efficient pathfinder of circumvention. (Mr. Dooley once said that the corporation lawyer could transform a law which had been designed as a stone wall into a triumphal arch.) Governmental investigations were impertinent snooping-parties to be dodged. The contempt of the financiers for the general public was expressed forcibly in Baker's remark, "It is none of the public's business what I do," and in Morgan's angry retort to a newspaper man who intercepted him in Paris during the Northern Pacific panic and asked him if he did not owe the public an explanation in view of what had happened: "I owe the public nothing."

Here again, however, an explanation is in order. Such acts and statements are not always to be interpreted—though they have often been interpreted—as expressions of defiance to every interest but a selfish one. They must be interpreted in the light of the enduring laissez-faire tradition. The earliest Americans had fled from Europe to escape governmental pressure; the pioneer had been perforce a rugged individualist; the belief had almost inevitably grown up that government interference with private business was the beginning of tyranny, and that to resist the intrusions of government into economic operations was to play the part of a conserver of American liberties. The law of supply and demand offered all the regulation which an American would tolerate. One's business was one's private affair, like one's diet or one's underclothes. A strange idea, it may seem, in view of the fact that great concentrations of capital could take into their own hands the administration of the law of supply and demand, and that what these men considered their private business intimately affected the lives of millions of men and women. Yet emotionally it was a potent idea. (To some, it still is.)

Add to this idea the financier's scorn of politicians as purchasable commodities, as men ignorant of business who inflamed the envious and still more ignorant mob; add to it also a feeling that the man who had won out in the great game of competitive business had a right to the prize, and that those who wanted to change the rules were simply trying to win by cheating; add to it also the feeling that somebody had to rule in any community, and that if the "better classes" had their way, things would be managed with more wisdom and dignity and grace than if the "lower classes" took charge,—and we may understand why even high-minded citizens could quite sincerely view the government and the public as annoying meddlers in matters that were none of their business.

Yet when all these explanations are made and when due account is taken of the restraint often manifested by the more responsible financiers in the use of their power, one must add: All these were not enough. Through the story of these men's adventures and exploits there runs the thrill of conflict, of immense tasks boldly accomplished and emergencies boldly met, of a continent subdued to the needs of industry; yet the truly heroic note is missing. The note of self-forgetfulness is missing. The dollar is omnipresent, and its smell pervades every episode.

The men of Wall Street wanted money and got it. All the explanations and extenuations, however genuine, are but accessories after that fact. One wonders what might have been the destiny of America if men of the majestic force of Morgan, the brilliance of Harriman, the utter concentration of Rockefeller, the generosity of Schiff, had been ruled by the disinterestedness of the scientist in his laboratory.

5

In one of the most opulent chapters of his monumental *Fifty Years in Wall Street*, Henry Clews, writing in the eighteen-eighties, described the process by which Western millionaires were drawn into the social life of New York. Their wives "have of course heard of Saratoga, the far-famed spa of America, and as the fortunes of their husbands mount higher and higher into the millions, they become more and more anxious to see this great summer resort of wealth and fashion. Their influence prevails, and at the height of the season they may be seen at the United States or the Grand Union. They are in practically a new world. There is the rustle and perfume, the pomp and circumstance of the more advanced civilization of the East, and the ladies, with innate keenness, are quick to perceive a marked difference between this gorgeous panorama and the more prosaic surroundings to which they have been accustomed. As people of wealth and social position, they are naturally presented to some of the society leaders of New York, … who extend an invitation to visit them in their splendid mansions in the metropolis. In New York the Western ladies go to the great emporiums of dry goods and fancy articles of all sorts, to the famous jewelry stores, and other retail establishments patronized by the wealthy. They form a taste for all the elegancies of metropolitan life.…

"New York … is really the great social center of the Republic.… Here are … mansions of which a Doge of Venice or a Lorenzo de Medici might have been proud. Here are the most beautiful ladies in the world, as well as the most refined and cultivated; here are the finest theatres and art galleries, and the true home of opera is in this country; here is the glitter of peerless fashion, the ceaseless roll of splendid equipages, and the Bois de Boulogne of America, the Central Park; here there is a constant round of brilliant banquets, afternoon teas and receptions, the germans of the elite, the grand balls, with their more formal pomp and splendid circumstance; glowing pictures of beautiful women and brave men threading the mazes of the dance; scenes of revelry by night in an atmosphere loaded with the perfume of rare exotics, to the swell of sensuous music. It does not take much of this new kind of life to make enthusiastic New Yorkers of the wives of Western millionaires, and then nothing remains but to purchase a brownstone mansion, and swing into the tide of fashion with receptions, balls, and kettledrums, elegant equipages with coachmen in bright-buttoned livery, footmen in top boots, maidservants and man-servants, including a butler and all the other adjuncts of life in the great metropolis."

The invasion of society by the new rich, thus fulsomely described by Clews in New York in the eighties, was and is a perpetual process, though the methods and the details differ from period to period. Naturally, social prestige cannot be precisely measured; yet if we apply to our ten financiers such criteria as are available, we get at least a suggestion of the rate of its growth. Most of these ten men, it will be recalled, had begun life in humble circumstances (and only one had had a college education). Nevertheless in 1905 all but one of them were listed in the New York *Social Register*. (Schiff was the sole absentee, and his absence was presumably due to the fact that he was a Jew, and the Jews constituted socially a group somewhat apart; the fashionable clubs were almost exclusively Gentile, and the *Social Register* was virtually a Gentile Register.)

The nine men who were listed were recorded as belonging to an average of 9.4 clubs apiece. Though only two of them, Morgan and Vanderbilt, belonged to the Knickerbocker Club (the citadel of the patrician families), Stillman and Harriman joined these two in the membership of the almost equally fashionable Union Club; Baker joined these four in the membership of the Metropolitan Club (magnificent, but easier of access to new wealth); John D. Rockefeller, William Rockefeller, and Rogers, along with Morgan and Baker, were listed as members of the Union League Club (the stronghold of Republican respectability); seven of the group belonged to the New York Yacht Club. Morgan belonged to 19 clubs in all; Vanderbilt, to 15; Harriman, to 14. And on the opening night of the Metropolitan Opera season of 1905, the *New York Times* reporter, remarking correctly that this was "more of a social than a musical event," noted the presence of Mr. and Mrs. Vanderbilt in Box 6, of Mr. and Mrs. Harriman in Box 1, of Mr. and Mrs. Baker in Box 10, and of Mr. Morgan in Box 35. Mr. and Mrs. Schiff were in attendance on a later evening of the same week.

That was in 1905. By way of a footnote it may be added that although in that year only two of our ten financiers belonged to the Knickerbocker Club, in 1933 the sons or grandsons of six of them did. The following progress is characteristic: John D. Rockefeller, Union League Club; John D. Rockefeller, Jr., University Club; John D. Rockefeller, 3d, Knickerbocker Club. Thus is the American aristocracy recruited.

Nor is the process new. Let us glance backward as well as forward. In 1905 Mrs. William Astor—or Mrs. Astor, as she was generally called, with regal brevity—was nearing the end of her long reign as the acknowledged leader and arbiter of society. If anybody represented entrenched social prestige, it was she. Yet Mrs. Astor was the grand-daughter-in-law of a German immigrant who, though he made twenty million dollars in fur-trading and real-estate, was scarcely able to read and write.

Again, in the early years of the twentieth century, the Vanderbilts were the most glitteringly fashionable family in the United States. When Alfred Gwynne Vanderbilt was married to Miss Elsie French in 1901, the arrangements for their wedding were chronicled in the press almost as if it were a royal alliance. Yet not until 1883 had Mrs. Astor deigned to call upon Mrs. William K. Vanderbilt, thus bestowing social recognition upon the family. And William K. Vanderbilt was the grandson of a Staten Island yokel who began his career by rowing a little ferry-boat from Staten Island to Manhattan.

No further reminder is needed of the fact that in a democracy like the United States, in which there are no hereditary titles to provide a semblance of stability, the upper class is highly fluid. As a matter of fact, not only is it highly fluid, but it is composed of a number of overlapping groups, themselves fluid and very vaguely defined. There are, for example, in any large American community, the old families, whose prestige is based principally upon their inherited position and inherited wealth (or what remains of it); they are usually the conservators of manners, and view with perennial dismay the rivalry of the new rich and the decay of the traditional standards of taste and conduct. Again, there are the leaders of fashion, whose preeminence is based upon wealth, style, and a zest for entertainment, with or without inherited position. There are the new rich, many of them zealously seeking admission to the fashionable class by imitating fashionable manners and customs and by entertaining on the grandest scale of all. There are the substantial citizens who lead in the support of all manner of good works. The interplay of these and other groups forms a social drama which repeats itself in every large community and in every generation: the old families losing their money or sinking into inertia or dissipation; the fashionable people in their turn joining the ranks of the old families or wasting their substance; the new rich joining the company of the fashionable, and so on. But always the influence of money is commanding.

Nowhere had this drama been more exciting than in New York. Long before the days chronicled by Henry Clews, new wealth had migrated thither to exercise its social ambition. During the eighteen-nineties the aristocrats of that proud city, under the leadership of Mrs. Astor and her chief-of-staff, Ward McAllister, had attempted to circumscribe society and keep the invaders out of it. “Mrs. Astor,” to quote Frank Crowninshield, “had very little use for newcomers. Only old families, old names, old lace, old operas, and old traditions appealed to her.” To her, society was a sacred institution; and under her tutelage its rites were almost pontifical. Magnificent were the two-hour dinners, with eight or nine courses and five wines; the assemblies, the cotillions at Delmonico’s, the stately teas, the massive evening receptions; magnificent, though sometimes a little dull.

But in attempting to keep society exclusive, Mrs. Astor only whetted the ambitions of prosperous men and women the country over. When Ward McAllister, finding that her ballroom would hold only four hundred people, remarked in 1892 that this did not greatly matter as there were only about four hundred people in society anyhow, the remark found its way into the newspapers; it promptly reverberated from coast to coast, and “The Four Hundred” became a national phrase. Stories of the conspicuous extravagance of the Bradley Martin ball in 1897 circulated everywhere, and although many good people regarded them with dismay or amusement, others lay awake wondering how admission to the Four Hundred might be achieved.

The walls of exclusion, so carefully guarded, held with some success until 1901, but with the formation of the Steel Corporation the pressure upon them became too great. The beneficiaries of Morgan’s gigantic distribution of Steel stock arrived in the metropolis from Pittsburgh and points west; other beneficiaries of other distributions came with them or followed them; bankers and brokers grown rich through speculation in the bull market of those days built marble palaces in Fifth Avenue and sought admission to the circle of the elect. “The hordes waiting to be admitted to society, whether in New York, Newport, Long Island, Aiken, Tuxedo, or Lenox, were so numerous, so insistent, so rich, and, on the whole, so agreeable, that there was nothing to do but give up the struggle,” says Frank Crowninshield. “And from that time on the men and women who were seen in general society multiplied like germs in a bouillon culture.” The tempo of society was quickening, its tone was becoming gayer, its membership much larger and more heterogeneous. The new financial era was altering it in a thousand subtle ways.

Not all of the multi-millionaires, of course, cared for social conquest. Of the ten men in our group, for example, John D. Rockefeller did not care for it; his strict Baptist soul was content in the role of substantial citizen. Morgan, though he loved to play the grand seigneur on two continents, disdained the game of fashion. Keene was most at home in the company of horsemen: his only club was the Rockaway Hunt, his horses raced brilliantly at Belmont Park and Saratoga, his son Foxhall was the best polo player in the country and a dare-devil automobile-racer. Nevertheless the association between the financial empire of Wall Street and the fashionable society of Fifth Avenue was complex and intimate. The swallow-tailed gentlemen in attendance at Mrs. Astor’s annual ball constituted a good-sized directory of directors. The C-spring barouches and electric victorias which rolled through the Park, the trotting horses which matched their form on the Speedway of a Sunday afternoon, the coaches-and-four which threaded the winding roads of Westchester, the champagne which flowed at an evening of *tableaux vivants*, the splendid luncheons at Sherry’s, the new racing cars which tore along the sands of Ormond Beach, the diamonds which glittered in the great horseshoe of the Metropolitan, were paid for in considerable part from the proceeds of corporate flotations and successful bull or bear campaigns on the Exchange.

When prices sagged in Wall Street (wrote Edith Wharton in 1905 in *The House of Mirth*) “even fortunes supposed to be independent of the market either betrayed a secret dependence on it, or suffered from a sympathetic affection: fashion sulked in its country houses, or came to town incognito; general entertainments were discountenanced.” When prices rose, society was buoyant. For example, the 20-point leap in Union Pacific stock which followed Harriman’s raising of the dividend in the summer of 1906 caused intense excitement in Bellevue Avenue, Newport; every trader of note in the Newport set at least made his summer expenses, according to the gossip-monger of *Town Topics;* and although a tennis tournament was then in progress, “I noticed that from ten o’clock on Friday morning until the market closed none of the big operators went near the Casino.”

For the sons of the fortunate, the path of least resistance led to a financial career. For example, of the 55 members of the Porcellian and A.D. clubs (the two most fashionable clubs at Harvard) in the classes of 1904, 1905, and 1906, no less than 25 were engaged in finance a few years after graduation, 2 more had been engaged in finance but had left it, and another 2 were in closely allied occupations. The social connections of well-groomed young men could be turned to good account in a banking or brokerage house. The chief ambition of most young Americans was to make money, and the best chance to make it on a large scale was to have a part in the handling of great capital funds.

And so it happened that while new men and new money from outside New York were constantly invading metropolitan society, this society was also determining in large degree the social atmosphere of Wall Street. If the market place was full of buccaneers insensitive to the public interest, it was also full of very agreeable men who after the day's work was over would ride uptown and change and go splendidly to a dinner for forty or fifty at the Gerrys' or the Goelets' or the Ogden Millses' or the John Jacob Astors'. And sometimes they were the same men.

6

The American aristocracy was still a little unsure of itself. It was developing a social pattern, but still somewhat self-consciously, and with a frequent glance toward Europe—and especially toward England—to assure itself that the pattern was suitable. To entertain a visiting count or duchess from across the water was to score several points in the social game; to arrange a marriage between one's daughter and a foreign nobleman was to score a grand slam. Ever since Jennie Jerome, the daughter of a New York broker, had married Lord Randolph Churchill in the seventies, there had been an epidemic of international marriages. Gustavus Myers has estimated that by 1909 over five hundred American women had become the wives of titled foreigners and that the sum of about two hundred and twenty million dollars had gone abroad with them. William K. Vanderbilt's daughter Consuelo married the Duke of Marlborough in 1895, Cornelius Vanderbilt's daughter Gladys married Count Lâszló Széchényi in 1908, George J. Gould's daughter Vivien married Lord Decies in 1911—but the list would be interminable. English butlers opened the doors of the massive houses along Fifth Avenue; American gentlemen of fashion purchased English clothes, and their wives, Parisian clothes; the country life of the very affluent followed a fundamentally English pattern, with large week-end gatherings, hunting, shooting, and a plentiful supply of horses. And it was not simply spontaneous preference which determined such choices, but also a sense that they were correct because they bore the foreign cachet.

Yet if there was a trace of a national inferiority complex in the attitude of American society toward Europe, the complex was much more striking in the attitude of American millionaires toward European art. To be a patron of art was the correct thing for a successful banker or promoter or speculator. Among our ten leading financiers, three—Morgan, Baker, and Stillman—were notable collectors, and Schiff could almost be classed as one. Against the crimson velvet walls of the dining room of the house in Paris which Stillman occupied during the closing years of his life hung Rembrandts and Titians; over the library table hung an early Italian Holy Family; and in the private picture gallery were other masterpieces of assured merit, many of which his friend Mary Cassatt had helped him to select. Baker collected Chinese jade. Morgan's treasures of art were of enormous variety and value: he was one of the great collectors of all time. Yet it is curious to note how generally these and other millionaires regarded art as something outside the current of the American life of their time.

Although Schiff is said to have given commissions to living artists, and Harriman—a marked exception—insisted that everything in his huge country house at Arden, even to the tapestries and the marble bas-relief over the principal fireplace, should be of American workmanship, nevertheless the overwhelming preponderance of works of art collected by the millionaires of this period were Old Masters which, as Lewis Mumford remarks in *The Golden Day*, "had been on the market a long time, which had reached par, and could be certified by trusty advisers like the famous critic and appraiser, Mr. Bernard Berenson.

"This hunting for pictures, statues, tapestries, clothes, pieces of furniture, for the epidermis and entrails of palaces and cottages and churches," continues Mr. Mumford, "satisfied the two capital impulses of the Gilded Age: it gave full play to the acquisitive instinct, and, with the possible rise and fall in prices in even time-established securities, it had not a little of the cruder excitement of gambling in the stock market or in real estate. At the same time, it satisfied a starved desire for beauty and raised the pursuer an estimable step or two in the social scale.… The essential character of all these culture seekers was that their heart lay in one age, and their life in another. They were empty of the creative impulse themselves, and unwilling to nurture this impulse in the products of their own time. At best, they were connoisseurs, who could appreciate a good thing, if it were not too near: at worst, they were ragpickers and scavengers in the middens of earlier cultures. They wanted an outlet for their money: collection furnished it. They wanted beauty; they could appreciate it in the past, or in what was remote in space, the Orient or the Near East. They wanted, finally, to cover up the bleakness of their American heritage; and they did that, not by cultivating more intensely what they had, in fertile contact with present and past, but by looting from Europe the finished objects which they lacked."

The motives to which Mr. Mumford refers were not, of course, always conscious and deliberate. There is no question of the sincerity of the passion for beauty in men like Morgan and Stillman, whatever one may say of the motives which animated a man like Gates, who collected Corots yet was never seen by his secretary reading any book but *David Harum*.

The point is that the conception of art as a living thing which might flower out of the life about one and express the meaning and the beauty of that life, just as the great paintings of the Renaissance flowered out of the life of fifteenth-century Florence, would have been strange to these men, if not unintelligible. The life about them was crude, the scene about them was ugly—and had been made uglier by the industrial operations of men like themselves; there was no American art worth their attention; they turned to the art of the past and of Europe just as naturally as the patrons of the Metropolitan Opera turned to European operas and European singers, as the patrons of orchestral music turned to European composers and conductors, as American architects built railroad stations in the guise of Roman baths, and American country houses in the guise of French chateaux, English manor-houses, or Italian villas. What else was there to do? The foreign products were better. Therefore one bought them; or if this were not practicable, one had them imitated. Not yet was there in the Metropolitan Museum any American Wing. Financially the country had come of age; culturally it was still all too conscious of its awkward youth, and the attitude of the millionaires helped to keep it so.

It was natural for the men of an age of imperial finance to bring back trophies won abroad by their dollars, just as the emperors of an earlier time had brought back trophies won by the sword. It was natural for acquisitive men to think of beauty in terms of purchase and investment. When Yerkes, the Chicago traction magnate, died, his canvas by Troyon, “Coming from the Market,” had already appreciated forty thousand dollars in value since its purchase, according to the newspapers. This was a fact which any speculator could appreciate; perhaps there was something in art after all! At any rate, dozens of financiers were following the example of Morgan and Frick and Baker and Stillman—with Joseph Duveen as their broker and Berenson as their investment counselor. Almost as stimulating to self-assurance as an English valet or a stable of thoroughbreds or an imported Mercedes, was a genuine undisputed European masterpiece in the drawing room.

In Anna Robeson Burr’s life of James Stillman there is a fleeting reference to Henry Clay Frick which hints at the cultural status of the new-made American millionaire during this lusty period. She reports that Frick was once seen “in his palace, seated on a Renaissance throne under a baldacchino, and holding in his little hand a copy of the *Saturday Evening Post*.”

7

They were prosperous years for Wall Street, the years 1905 and 1906. In those days the newspapers did not print graphs indicating the rise and fall of the volume of trade, but if they had, the curve of prosperity would have been shown climbing somewhat above the highest point which it had reached during the bull market of 1901, and lingering at that exalted level. And if for millions of Americans life even in those years remained an uncertain struggle for a drab and meagre existence, few of the men and women in the great houses along Fifth Avenue were deeply aware of the fact. Their little world of magnificence was like an island set apart from the common life of the country.

The news items of those years suggest, here and there, the splendor of the life on this island, and some of its characteristic contrasts.… Mrs. Astor, aged seventy-four and in failing health, gave her annual ball at 840 Fifth Avenue; she wore a magnificent Marie Antoinette costume of purple velvet, a massive tiara, a dog-collar of pearls with diamond pendant attachments, a diamond corsage ornament, and a stomacher of diamonds.… Before this ball, Mr. and

Mrs. Harry Lehr gave a dinner for eighty-eight at the St. Regis; the table was fifty-eight feet long and fourteen feet across, there were three thousand white roses upon it, and toward the close of the meal the huge centerpiece was removed in order that the host and hostess, fifty-eight feet apart, might signal to one another when the time came to rise.… At James Hazen Hyde's fancy-dress party at Sherry's, Madame Rejane acted for his guests. The Armstrong Committee's investigation of the unsavory financial practices of the life-insurance companies was shortly to cause Hyde's permanent departure for France, but meanwhile he was a gay young host, costumed in his Coaching Club coat and small clothes.… James Stillman gave a dinner dance: his dining room was converted for the occasion into an artificial forest in which, after the cotillion, a picnic supper was served beside an artfully contrived waterfall.… John D. Rockefeller fled from his estate at Tarrytown to his estate at Lakewood, New Jersey, to dodge process servers from the Missouri courts. He also gave ten million dollars to the General Education Board. Shortly afterward John D. Rockefeller, Jr., spoke to his Bible Class on the topic, "Is it ever right to do wrong to achieve a right end?" … William G. Rockefeller, son of William Rockefeller and son-in-law of James Stillman, judged the beagles at the Fourth Annual Summer Dog Show at Mineola, Long Island.… Henry Clay Frick accumulated United States Steel stock; he also accumulated a Raeburn, an El Greco, a Van Dyck, a Titian, and a Ruysdael.…

At Newport, a journalist observed that the men and women of fashion were no longer content to drive in their stately carriages along Bellevue Avenue; instead, "people in goggles, veils, and dust coats tour all over this beautiful island." … One of the exciting events of the social year was the Vanderbilt Cup Race: at sunrise of an October morning the smart traps and foreign-built automobiles of society thronged about the scenes of action on Long Island—the start and finish at Westbury, the Hair Pin Turn, the road between Manhasset and Jericho.…

William K. Vanderbilt was said to be losing his grip on the New York Central, as he spent most of his time abroad; but his name led the list of winning stables on the French turf.… Alfred G. Vanderbilt was having a 250-horsepower car built to race at Ormond; the other entries in the Ormond races included a racer constructed by a less resplendent competitor named Henry Ford, whose little automobile company actually sold 1600 cars during the year 1906.… It was said that in the houses of Elbridge Gerry and Ogden Mills, dinner for one hundred guests could be served at an hour's notice.… In Wall Street, speculation was booming. The interest rate for call money rose at one time to 125 per cent, but the big traders were willing to pay it to buy stocks on margin; for as a financial chronicler said in the New York *Tribune* at the end of 1905, "Never did a year close with better record—never did a new year dawn with prospect brighter.… Good times go marching on!"

Beyond the shores of this island of splendor, however, storms were rising. Not only a storm of popular resentment and distrust, which had long been brewing, but a storm directly resulting from the financial excesses in Wall Street itself. This storm was to break in 1907.