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German-American Banking Firms and American Development, 1860–1945: An Overview

This paper offers a synthesis of research on the history of German-American banking firms, and particularly firms run by German-Jewish immigrants and their descendants, and their role in the financing of American investment from the Civil War through World War II. The history of American development in this period is in large part a history of the increasing importance of New York City's financial community—Wall Street—in the process by which governments, transportation companies, and entrepreneurs obtained the high amounts of capital they needed for large-scale projects ranging from the funds to fight the Civil War to the money to build the transcontinental railroads to the financing needs of mass retailers and heavy industry. A handful of small banking firms headquartered in the Wall Street neighborhood, employing no more than a few dozen to two hundred workers, yet helping to facilitate the investment of tens of millions of dollars, were central to this history. This overview focuses on four of these firms: J. & W. Seligman & Co.; Kuhn, Loeb & Co.; Lehman Brothers; and Goldman Sachs.

While these important firms have been examined as a group in several noteworthy studies, the emphasis has generally been on their partners' religious affiliation as Jews, rather than on their immigrant background and their orientation towards Germany.¹ The German Historical Institute's project "Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present," with which I am affiliated, has endeavored to enrich future scholarship by incorporating the stories of immigrants and their descendants into American business history.² The "American dream" has long held that any ambitious, hardworking individual can achieve financial success and social acclaim by dint of hard work and ingenuity, even if he or she

is not a native-born American or is the child of immigrants. On the other hand, stories of the most prominent self-made businessmen have usually focused on individuals from an "American stock" background, as John D. Rockefeller described himself, or those whose immigrant background is barely recognized, such as Henry Ford (the son of an Irish immigrant).³ The Immigrant Entrepreneurship project's focus on German emigrants and their children offers the opportunity to examine three centuries of American history in order to examine these long-cherished ideas about social and economic mobility in American culture, and to determine how the experiences of German-Americans fit into or challenge these stereotypes.

German-Jewish emigrants to New York City constitute a special case in the history of German migration. Many left Germany in the early nineteenth century to escape generations of anti-Semitic discrimination and persecution, while others left in pursuit of greater economic opportunity in the United States.⁴ In the mid-nineteenth century, the religious pluralism found among German emigrants meant that German-Americans tended to be less caught up in the process of "racial formation" that obsessed Americans of British Protestant ancestry attempting to define an identity distinct from both African-Americans and Irish Catholics.⁵ German-Americans in New York City participated in mutual aid societies whose members included Christians of many denominations and Jews and were often based on regional origin rather than religious affiliation.⁶ Many German-Jewish emigrants participated avidly in institutions that promoted and circulated German culture, including music and theater organizations, newspapers, and publishing houses.⁷ The New York Philharmonic, for example, helped popularize the classical music of German composers, and banker Julius Hallgarten of the firm Hallgarten & Co. served as its president from 1879 to 1881.⁸

In the early 20th century, as the emigration of Jews from central and eastern Europe increased, German-American Jews in New York City took leadership of a wide panoply of social, charitable, and educational institutions intended to simultaneously bolster religious identity and promote Americanization. Wealthy German-American Jews gradually developed solidarity with newly-arrived Jews while attempting to prevent negative stereotypes of eastern European Jews from being applied to themselves, resisting the definition of "Jewishness" as a racial as opposed to a religious identity.⁹ Their continued identification with a distinct German culture was one strategy for doing this. In the wake of World War I, however, widespread social antipathy towards Germany led many bankers to downplay their ties to German culture or to reorient themselves towards Jewish philanthropic endeavors, particularly with respect to refugees from eastern Europe. Yet many firms continued to have business relationships with Germany and wished to participate in

the rebuilding of its economy. Later, revulsion towards Germany after the Holocaust all but eliminated the desire of members of the four firms considered here to identify with their German heritage.¹⁰ For all these reasons, then, the German element of the firms' history has been obscured.

The paper proceeds as follows: the first section considers the factors that caused German-Jewish banking firms to become seen as a distinctive category on Wall Street. The following sections describe the rise of the Seligman firm and its government bond business in the 1860s and 1870s, in the aftermath of the Civil War. This is followed by discussion of Kuhn, Loeb & Co. and its work in the transportation sector in the 1870s and 1880s, as railroads became the most important target of investment. In 1893, the United States entered a long recession from which it did not emerge until 1898, and the fourth section discusses the involvement of German-Jewish bankers in cultural and social philanthropy up to this point.

The following section discusses the early 1900s and 1910s, when Goldman, Sachs, in partnership with Lehman Brothers, helped to launch retail and consumer goods companies on the stock market. The sixth section describes the impact of World War I on the German-American banking firms, and their efforts to restore links with Germany in the 1920s. The seventh section describes how Lehman Brothers, in the aftermath of the Great Depression, took on the opportunity to finance many of the industrial and service companies that played critical roles in the United States' mobilization for World War II. The conclusion revisits the effect of World War II and knowledge of the Holocaust on perceptions of the four banking firms considered here as examples of German-American enterprise.

In the United States, the history of investment and economic development during the late nineteenth and early twentieth centuries was very different from the path pursued by the two other major industrial economies, Germany and the United Kingdom. In the United Kingdom, companies largely financed themselves from their own earnings, rather than turning to bankers to supply them with capital. In Germany, large 'universal banks' that took in deposits from the general public were the critical actors.¹¹ In the United States, investment banks took on the role of intermediaries in the process of corporate finance, with expertise on the one hand in seeking out enterprises in need of capital and crafting financial instruments such as bonds and stocks that would appeal to investors, and on the other hand in assembling blocs of investors and persuading them to become interested in directly purchasing or helping to distribute particular securities. Investment banking firms usually conducted these activities with only a thin margin of capital.¹²

Several previous studies have observed that the investment banking firms which emerged in New York in the years after the Civil War can be broadly

divided into two groups, "Yankee" firms established by bankers with English or Scotch-Irish Protestant ancestry, often descended from families who immigrated in the colonial American era, and "German-Jewish" firms, those founded by bankers who emigrated from Germany in the mid-nineteenth century.¹³ The Yankee firms typically had stronger ties with London, which until World War I was the world's largest financial center. Much as the Yankee bankers benefited from sharing English as a common language with London bankers, the German-Jewish firms benefited from sharing a common language with bankers in a wealthy nation with ample funds for external investment. But the German-Jewish firms typically had strong ties to bankers not only in Germany but throughout continental Europe that collectively matched London's strength.¹⁴

The rise of German-Jewish banking firms on Wall Street was conspicuous in part because of the relative absence in the financial district of two parallel ethnic/religious groups: on the one hand, American Jews descended from 17th- and 18th-century emigrants, and on the other hand German-Christian merchants.¹⁵ Descendants of colonial-era Jewish emigrants were a small community—there were probably no more than 3,000 Jews in New York in the 1830s, and on the eve of the Civil War barely a dozen were mentioned among the wealthiest residents of New York City. The wealthiest of the long-established Jewish families of New York tended to own prosperous manufacturing businesses and had little interest or incentive to shift into finance.¹⁶

As for the German-Christian community, a recent study by Lars Maischak has noted the strong antebellum network of "Hanseat" merchants in New York bound by strong financial ties to Bremen. These merchants' ties to southern slaveholders and the cotton trade, Maischak explains, led to discord over how much and whether to support the Union in the Civil War.¹⁷ After the war, their trading partners in the South were weakened by the end of slavery and the merchants were slow to build new networks; meanwhile the unification of Germany disrupted existing trade and tariff arrangements that had benefited Bremen and other Hanse ports. Instead of pursuing investment banking, firms such as Knauth, Nachod & Kuhne and Oelrichs & Co. that were run by German-American Christians decided to concentrate on the shipping and foreign exchange businesses.¹⁸

The German-Jewish bankers were also notable because there were few bankers in New York from the Netherlands or France, the two other major foreign investor nations in the post-Civil War years who might have developed their own emigrant banking communities. But historian Mira Wilkins notes that French overseas investment was deliberately channeled by government policy towards French colonies. Dutch overseas investment was considerable

but generally mediated by banking firms in Amsterdam, and with no large Dutch migration to the United States in the nineteenth century there was little opportunity for a Dutch-American banking community to arise in New York.¹⁹ Indeed, it seems that German-Jewish bankers in New York used their knowledge of Continental languages to form relationships with bankers in Paris, Amsterdam, and elsewhere. The importance of French and German in the minds of Yankee financiers is suggested by banker Junius S. Morgan's decision to send his son, J. P. Morgan (Sr.), to study French in Switzerland and German at the University of Göttingen, believing he would need to know these languages to conduct business. The older Morgan intended to continue his son's training by arranging a clerkship for him in a banking firm in Hamburg or elsewhere on the continent, but then a position became available in New York, changing the trajectory of his career.²⁰

II

The most important German-Jewish firms were established by men who emigrated in the antebellum years—namely the 1830s–50s.²¹ Many Jewish immigrants began business as itinerant peddlers; once successful, they might choose any number of cities to settle in permanently.²² Peddling was a significant employment option for many Jewish immigrant men in the nineteenth century; in many Jewish communities established in the antebellum years anywhere from one-third to two-thirds of working men made a living by peddling. Most immigrant men only pursued peddling for only a few years, saving their profits in order to obtain sufficient capital to settle down in a small town or city and establish an independent business, typically a store.²³ In the long term, this produced a multi-city network of Jewish communities linked together by businessmen who typically had developed business relationships in multiple places thanks to peddling.

The biography of Joseph Seligman (1819–80), founder of J. & W. Seligman & Co., is one such example.²⁴ Seligman was the oldest of eleven children born to David and Fanny Seligman of the small village of Baiersdorf, Bavaria. David Seligman had a small, unprofitable weaving business, and his family's poverty coupled with the restrictions on Jewish economic mobility and social rights in Bavaria led Joseph to decide to immigrate to Pennsylvania in 1837, where he had relatives. Shortly after arriving, he began to work as an itinerant peddler, helping to distribute consumer goods throughout the rural countryside west of Philadelphia. The items Joseph Seligman carried would probably have included "quasi-luxuries" that could not be manufactured in the home such as eyeglasses, watches, needles, and mirrors, as well as bulkier items such as bolts of cloth and bedding.

Like other peddlers, Joseph Seligman settled down after only a short period of work, establishing a store by 1839 in Lancaster, Pennsylvania, two years after he arrived in the United States, and then paying for two of his brothers, Jacob and Wolf, to join him. Over the following decade, the brothers expanded the scope of their operations and more family members immigrated to the United States to join them in the business, in the process Anglicizing their first names: Jacob, for example, became James; Wolf, William. The family business shifted from general merchandise to a specialization in wholesale and retail clothing. The Seligmans operated stores at various times in Alabama, New York, California and Missouri, opening and closing stores as opportunities for growth waxed and waned. In 1860, the firm (now known as J. Seligman & Brothers) opened a clothing factory, and the onset of the Civil War gave the firm an opportunity to be of service to the federal government by supplying uniforms for Union troops.²⁵

The war also gave the Seligmans a strong stake in the war's outcome, as the cutoff of the supply of cheap Southern cotton required it to pay dearly for cotton while it had to accept temporary IOUs from the United States government for its bills during the first months of the war. In order to raise money to fight the war, the United States sold bonds to the American public using a variety of marketing strategies pioneered by the firm of Jay Cooke & Co.²⁶ Some members of the Seligman family, including Joseph Seligman's younger brother Henry and his brother-in-law Max Stettheimer, who oversaw an export business in Frankfurt, worked to market American bonds abroad. These efforts, it seems, were largely *ad hoc* attempts to indicate confidence that the Union would eventually prevail and to thwart Confederate efforts to raise money and secure diplomatic recognition, rather than providing crucial contributions to the Union war chest.²⁷ The primary contribution of the Seligmans to government finance would occur *after*, not during, the war.

Joseph Seligman, recognized as the head of the family's business ventures, decided to shift from the clothing business to finance and reorganized the family's far-flung business operations, taking as his model the network of banks established by the Rothschild brothers in various European cities at the turn of the 19th century. In 1864, the firm of J. & W. Seligman (for Joseph and William Seligman) was established in New York, with affiliated offices in Frankfurt, London, Paris, and San Francisco, each led by a Seligman brother or another close relative. Leopold and Isaac Seligman, for example, managed the London branch, Seligman Brothers; Henry and Abraham Seligman were in charge of operations in Frankfurt. In the war's aftermath, the Seligman firms began to participate in a variety of transactions, helping to ship gold from California to New York and Europe, offering temporary commercial credit for long-distance mercantile transactions and other financial services.²⁸

The range of services the firm offered and the geographic distribution of the firms made it perhaps a uniquely useful enterprise.

While mercantile activity was profitable for the Seligman firms, the scale of business was not as large as government finance, which was considered the most prestigious category of business for an investment bank.²⁹ Several opportunities in this field emerged in the early 1870s. The price of American debt had dropped during the war when the Union's military position was at its worst, and the bonds had been bought up by European speculators from investors worried the United States would default on its debt. By 1869, close to half of total federal debt of \$2.2 billion was held overseas and probably constituted the largest share of foreign investment in the United States. One Treasury Secretary identified the flow of interest payments overseas as a troublesome "loss of wealth."³⁰

In 1871, the Grant administration began issuing new blocs of debt at an interest rate lower than what the government had been able to obtain during the war, using the proceeds to buy up the war debt and lowering its debt service cost. Seligman Brothers in London helped to market the first issue.³¹ But this bond issue and another one offered in 1873 failed to sell as well as expected, in part because the Grant administration refused to appoint a banker to manage the distribution of the bond issue and instead offered the bonds to all firms indiscriminately. This strategy reduced any single firm's incentive to market the bonds (as multiple firms simultaneously offering bonds for sale drove down the price any given firm could offer), and thus little money was ultimately raised.

The Seligman firm and many other prestigious banking firms, by contrast, wished the government to use the underwriting system to distribute its bonds. Under this system, a banker (or a small group of two or three bankers) was selected to underwrite the bond issue. In essence, the issuer, in this case the government, gave exclusive custody of the bonds to be issued to the underwriter in exchange for a set amount of money. Giving this control to a single firm or a small group of firms operating together made it possible for the managers to hold the bloc of securities until it believed the time was right to distribute them to investors. Syndicate managers cultivated friendly relationships with institutional investors and with brokerage firms in order to manage the distribution of securities to the investing public. For the most reputable and reliable securities, such as bonds, insurance companies were the preferred investors, since they usually made large purchases in order to secure a large and regular amount of interest income. When the security issue was considered riskier, such as common stock, the syndicate managers were likely to use a variety of tactics to manipulate securities prices in order to make them appealing to profit-seekers.³²

In 1874, Treasury Secretary Benjamin Bristow decided to issue a new bloc of debt. Joseph Seligman sought to be appointed sole manager of the bond issue. Bristow countered by encouraging Seligman to put together a larger group of syndicate managers. Through his brother Isaac, based in London, Joseph Seligman reached out to N. M. Rothschild & Sons, the Rothschild firm in London, the most prestigious firm of the world's chief money market. After initial reluctance, Lionel Rothschild, the head of the firm, agreed to join the Seligman firm in marketing the bonds, with the Seligmans taking responsibility for sales in the United States and N. M. Rothschild & Sons managing sales in Europe. Bristow approved this plan, and the two firms were awarded a contract to market \$45 million in U.S. bonds. The prestige of the Seligman firm was firmly established by being able to claim partnership with the Rothschilds. Nonetheless, after a few months bond sales were slow and, in order to ensure the government would successfully issue further blocs of debt, Bristow again urged Seligman to expand his group of managers. J. S. Morgan & Co., the London firm established by Anglo-American banker Junius S. Morgan, joined in the talks. In January 1875, a new agreement was made for marketing \$25 million in bonds, with N. M. Rothschild & Sons taking a 55% share and J. S. Morgan & Co. and Seligman Brothers (of London) splitting the remainder.³³ This bond issue proved successful, and over the next five years the Seligman firms participated in various additional syndicates to market U.S. bonds overseas until by the end of the decade the American economy had grown to the extent that American investors became the primary customers for national debt and syndicates for foreign distribution were no longer necessary.³⁴

The Seligman firm solidified its position by gaining appointment as fiscal agents for the U.S. Navy in London, with responsibility for its European purchases. On the one hand this position meant that the firm was responsible for purchasing. On the one hand, this meant that when the government deposited more money than it needed over a given timespan the firm benefited from being able to use government deposits as a cushion for its investment and speculation activities; on the other hand, this also meant that when government deposits ran short of disbursement requirements the Seligmans were obliged to cover the cost of regular salaries for government officials in Europe and other fixed expenses from their own pockets until they were reimbursed. With the benefits of the agency outweighing the risks, this appointment was considered a lucrative political benefit. Thus, the Seligmans, who had been loyal Republicans since the Civil War, retained the appointment until the election of Grover Cleveland, regained the position when Benjamin Harrison became president, lost it again when Cleveland began his second term in 1893, and then were reappointed agents under the

McKinley administration.³⁵

Joseph Seligman also embarked on financing the railroad sector. Decisions on whether or not a given line was feasible or not depended on geographic and technological expertise Seligman freely acknowledged he lacked. Instead, he accepted uncritically the advice of ambitious railroad promoters. Many of the firm's early investments in would-be transcontinental railroads like the Atlantic & Pacific came to grief.³⁶ After Joseph Seligman's death, in 1880, leadership of the New York firm eventually passed to his son Isaac Newton Seligman. As railroads rather than government bonds became the preferred investment sector, the Seligman firm's centrality to American finance declined. Over the course of the 1880s the New York firm would shift toward a specialization in the financing of municipal bonds and utility companies, while its relationships with the affiliated family firms in London, Paris, and elsewhere gradually diminished. The federal government still turned to the Seligman firm for advice on its bond issues, particularly the massive issue of \$200 million in bonds issued on the eve of the Spanish-American War.³⁷ But J. & W. Seligman was supplanted as the most prominent German-Jewish banking firm in New York by another concern that was also founded by immigrants, Kuhn, Loeb & Co.

III

The early history of Kuhn, Loeb & Co. mirrors the beginnings of the Seligman firm, though on a smaller scale. Like the Seligman brothers, founder Abraham Kuhn initially worked as a peddler after he emigrated from Bavaria in 1839. Kuhn settled in Indiana and began managing a clothing store. Ten years after his arrival he encouraged a cousin in Hesse, Solomon Loeb, to emigrate and join his business. Loeb married Kuhn's sister Fanny (who later died in childbirth) and the business of the brothers-in-law prospered, eventually moving to Cincinnati. The firm further benefitted from the huge surge in business created by demand for uniforms for the Union Army during the Civil War. In 1867, Kuhn and Loeb decided (apparently at the prompting of Loeb's second wife, Betty Gallenberg Loeb) to move to New York and used their accumulated savings to begin a banking business.³⁸

The firm initially focused on helping small mercantile businesses with their financial needs, but within a decade its business had expanded to joining in syndicates put together by larger firms, including J. & W. Seligman, to distribute federal bonds. Meanwhile, in 1873 Jacob Schiff (1847-1920), an emigrant from Frankfurt who had spent the previous decade working in various banking firms in Hamburg and New York, began working at Kuhn, Loeb. Just two years later he married Theresa Loeb, Solomon Loeb's daughter

by his first marriage, and shortly afterward became a partner in Kuhn, Loeb & Co.³⁹ Schiff soon began encouraging his father-in-law to pursue a more ambitious policy for the firm than simply offering basic financial services to local borrowers. He became eager to participate in the railroad business: there were an ample number of lines seeking millions of dollars in capital, and multiple foreign bankers eager to invest their funds for returns higher than what was available in Europe. By the 1880s “Yankees,” as American railroad bonds became known, were among the most popular investments in London. American railroads offered a higher return than European railroads.⁴⁰ Bonds, which were secured by a mortgage, were far more popular among foreign investors than stock, since it was assumed that if the railroad defaulted on its interest payments at the very least bondholders would have ownership of the mortgaged property.⁴¹

Kuhn, Loeb became an “active marketer” of American railroad securities.⁴² Jacob Schiff joined the board of the Erie Railroad in the early 1880s, in the aftermath of the series of financial scandals that inspired the muckraking essay “A Chapter of Erie” by Charles and Henry Adams.⁴³ Jacob Schiff’s biographer, Cyrus Adler, hypothesized that Kuhn, Loeb found a niche by becoming the representative of railroads whose ownership was widely distributed in the United States. Railroads which were largely controlled by Yankee, gentile families turned to Yankee banking firms for their investment needs. But Kuhn, Loeb also established its reputation by proving that it could manage cash crises in order to preserve as much as possible the value of their clients’ investment. In 1884, for example, the firm intervened when the Texas & St. Louis railroad defaulted on its mortgage, which had originally been issued under Kuhn, Loeb’s auspices. It set aside existing bond and stock issues and replaced them with a new security structure meant to lower the railroad’s fixed charges. An important component of the firm’s service to investors was that it worked closely with attorneys in order to ensure that mortgage documents were written to cover all possible contingencies and to prevent corporate managers from being able to escape responsibility for their actions. This pattern of cooperation helped spur the growth of large corporate law firms capable of providing legal opinions and drafting contracts, often on short notice, that governed the distribution of millions in securities.⁴⁴

Throughout the 1870s and 1880s, railroad managers had autonomy to build their operations as they pleased, using the money freely supplied by foreign investors. The railroad’s bankers were content to act as conduits for money so long as they were promised an exclusive relationship with the railroad. In 1884, for example, Kuhn, Loeb sponsored an issue of bonds by the St. Paul, Minneapolis & Manitoba railroad to expand its service into Montana. Jacob Schiff insisted, however, that he would only market the

bonds if the railroad promised him exclusive privilege to market future bond issues for the next five years.⁴⁵ So long as the railroad did not go bankrupt or become notorious for abysmally poor service, bankers generally allowed managers a free hand.⁴⁶ Many railroad managers sought to attain the largest possible share of freight, building thick webs of railroad lines to capture traffic and cutting rates as low as possible to persuade shippers to use them. Bankers looked on at this activity with dismay, fearing that these practices would drive the transportation system into insolvency. Among other responses, bankers sponsored the creation of "trunk line" associations that were intended to allot standard shares of traffic to the railroads within a given region and to equalize shipping rates.⁴⁷ These efforts were only tentative, however, and there was little power to enforce them legally. By the early 1890s the American railroad system had developed "patchworks" of tracks rather than efficient networks, and it was rife with "redundant service" and "inefficiencies" created by "disjointed" relationships between railroads.⁴⁸

In 1893, the onset of an economic recession quickly snowballed into the worst depression the United States had yet experienced, and the existing condition and the railroad system quickly devolved into crisis. By 1894 almost 200 railroads representing more than 35,000 miles of track were in receivership. Kuhn, Loeb and other investment banks, in particular J. P. Morgan & Co., spent the following five years overseeing the creation and implementation of strategies to make the railroads' security structure—including the interest payments and dividend rates they were expected to maintain—sustainable.⁴⁹ In the aftermath of the depression, Schiff helped arrange a variety of financial transactions by which his railroad clients, particularly the Pennsylvania Railroad, purchased major ownership stakes in other railroads in the same region, creating what was described as a "community of interest." These "communities" were intended to ensure that the overbuilding and competition for traffic that had occurred in the years leading up to the depression did not recur by giving the major railroad systems a stake in each other's success. The president of the Pennsylvania Railroad praised Schiff for his "pride and interest in the sound financing of the Pennsylvania system and its allies."⁵⁰ The most prominent achievement of Kuhn, Loeb in railroad finance was its successful participation in the reorganization of the giant Union Pacific railroad, which under the leadership of E. H. Harriman became one of the most admired railroad systems in the United States.⁵¹

In the years following the depression, Wall Street bankers sponsored the "great merger movement" which saw the consolidation of thousands of small industrial companies into "trusts" with dominant pricing power in sectors such as the production of asphalt, paper, and other manufactured products.

Wall Street firms sponsored the issue of billions of dollars of securities issued by industrial companies, culminating in the creation of the U.S. Steel corporation in 1901, the first company to have a capitalization of more than \$1 billion.⁵² The German houses mostly did not participate as managers in the process of forming and launching new corporations on the stock market. But J. P. Morgan & Co. and other "Yankee" banks did call on these firms to participate in subordinate roles in the syndicates that underwrote industrial securities. It may have been the case that owners of industrial companies located in the Midwest and Northeast with "native stock" backgrounds were unwilling to do business with banking houses owned by men perceived as "foreigners" because of their German background. The German-Jewish firms, in turn, were concerned about their own reputation and shied away from some business opportunities that might endanger it. J. & W. Seligman, for example, initially agreed to sponsor a stock issue by the American Steel & Wire Company, a barbed-wire manufacturer, but backed out because they decided the firm's would-be business partner, the flamboyant promoter John W. Gates, was untrustworthy.⁵³

More generally, Jacob Schiff believed that he and his partners did not possess the expertise to evaluate industrial companies, a reasonable position in a period when accounting information was very opaque. The lone industrial merger that he apparently contemplated putting together was a consolidation of meatpacking firms built around the New York firm of Schwarzschild & Sulzberger. It's possible that this business proposal came to Kuhn, Loeb because of Schiff's social ties with Ferdinand Sulzberger, who served with him on the board of the Montefiore Hospital. In the face of potential government action against a "beef trust," however, Schiff decided to back away from the deal.⁵⁴

Like the Seligman firm, Kuhn, Loeb expanded by taking on family members as partners, but usually this meant turning to men who became relatives by marriage rather than the sons and brothers of the original partners. Abraham Wolff, a cousin of Solomon Loeb, had been invited into the firm in 1875, and in 1896 his son-in-law, Otto Kahn, was also accepted as a member.⁵⁵ Meanwhile, in 1895, Frieda Schiff, Jacob Schiff and Theresa Loeb's daughter, married Felix Warburg, whose family owned the small but prestigious Hamburg banking firm M. M. Warburg & Co. The following year Nina Loeb, the much younger half-sister of Theresa Loeb Schiff, married Paul Warburg, Felix's brother. Felix Warburg became a partner of Kuhn, Loeb almost immediately after his marriage, while Paul Warburg and Nina Loeb Warburg moved back to Hamburg, where Paul Warburg was a partner in his family's bank. The two marriages drew M. M. Warburg & Co. into the orbit of Kuhn, Loeb, enhancing the Warburg firm's position in Germany thanks to its

ties to the prestigious American investment bank.⁵⁶ For example, when Kuhn, Loeb issued Japanese government bonds that were used to fund the Russo-Japanese War, M. M. Warburg & Co. served as its intermediary in Germany. In turn the Warburg firm used its access to Kuhn, Loeb in the United States to enhance its appeal as an agent for bond issues by Scandinavian and German governments.⁵⁷ Kuhn, Loeb helped distribute a \$90 million issue of German government bonds in 1900. Just as the Seligman firm had gained prestige by becoming a banking firm that the U.S. government turned to, Kuhn, Loeb was providing banking services for foreign governments and by the eve of World War I had firmly established itself in the first rank of Wall Street investment banks.

IV

By the 1890s, a small handful of investment banks had become established in lower Manhattan. The banks defined themselves as sophisticated institutions in part by creating offices notable for their tone of understated luxury. A visitor to the Seligman firm in 1892, for example, noted that its offices were "of no special architectural style, but, as the British say 'substantial.'"⁵⁸ Firms that were particularly successful built office buildings for themselves. Kuhn, Loeb's success in the Union Pacific reorganization, for example, was symbolized by its construction of a tall new office building at Pine and William Streets, which one magazine described as exemplifying its "spoils of war."⁵⁹ Banking firms only occupied a small portion of these buildings—usually on one of the lower floors, to symbolize their accessibility to their customers—and rented out space to other firms. The accounting firm Price, Waterhouse & Co., for example, agreed to rent a floor in the new Kuhn, Loeb building in hopes of garnering good will and future business.⁶⁰ Amongst themselves, the partners in Kuhn, Loeb spoke German, and this may also have been the practice at other firms. The clerical staff generally included a range of ethnicities; Goldman, Sachs, for example, had an Irish-American bookkeeper.⁶¹

The growing wealth of New York City's financiers and industrialists was reflected in the string of mansions erected along Fifth Avenue and townhouses built on the side streets of Manhattan's Murray Hill and Upper East Side, in the construction of weekend homes to the north, east, and west of New York, and the patronage of resort towns like Palm Beach, Florida in the winter and Bar Harbor, Maine in the summer. In their private lives, German-Jewish bankers and their families participated in the habits of conspicuous consumption like other wealthy financiers and industrialists. Many of the families built summer residences near each other on the Jersey shore, south of New York.⁶² Most bankers traveled to Germany at least once a year to renew

business relationships, to see family members, and to visit resorts where German was the first language.

In addition to their consumption, many German-Jewish bankers pursued a variety of philanthropic projects. Some, most prominently Jacob Schiff, became renowned for their leadership of Jewish organizations. While philanthropy has been recognized as an important way in which some German-Jewish bankers established and reinforced their Jewish identity, it should be noted that philanthropy was also a way for German-Jewish bankers to reinforce their German identity.⁶³ Many bankers pursued philanthropic projects that had little or nothing to do with religious institutions or Jewish life more broadly. Some funded charitable, educational, and cultural projects in their home cities or regions. The Seligman family, for example, helped establish an orphanage in Baiersdorf. Some bankers made a significant fortune on Wall Street and then retired to Germany to devote themselves to philanthropy, such as Charles Hallgarten and James Loeb (son of Solomon Loeb), patron of the Loeb Classical Library.⁶⁴

Other bankers focused on secular cultural philanthropy. Otto Kahn of Kuhn, Loeb, for example, was an avid patron of the performing arts, and was largely indifferent to his partner Jacob Schiff's philanthropic endeavors in the Jewish community.⁶⁵ Wall Street banker James Speyer funded a professorship at the Berlin University. Jacob Schiff was not exclusively focused on Jewish philanthropy; he funded a program at Cornell that was originally intended to focus on German culture, but this changed after World War I to a more general focus on "civilization."⁶⁶

Many bankers had ambivalent feelings about Germany, particularly those who felt that their emigration from their homeland had been forced by a combination of discriminatory government policies and hostile social attitudes. Herbert Lehman, the son of German emigrant Mayer Lehman, recalled that his father "had an admiration for German culture, but he didn't have any admiration for Germany or its people," and concentrated his philanthropic work on supporting organizations in New York City.⁶⁷ Yet the German-Jewish families embraced German culture in New York City. Many families that could afford private-school tuition, including the Lehmans, sent their children to Dr. Sachs's Collegiate Institute, a school run by Julius Sachs, brother of Samuel Sachs of Goldman, Sachs. The Sachs School was not only patronized by German-Jewish families but also by German-Christian families, including the children of politician Carl Schurz.⁶⁸

The effect of anti-Semitism on the experiences of the German-Jewish banking firms is difficult to gauge. Many businesses initially sought out financial firms on the basis of family or social relationships and thus, as most of the railroads were controlled by "native stock" businessmen and their

families, this gave Anglo-American firms an advantage in acquiring clients.⁶⁹ But the cooperation between Anglo-American and German-Jewish firms was strong enough that Christian bankers willingly spoke out against anti-Semitism. In spring 1877, banker Joseph Seligman was turned away from a Saratoga hotel he had visited in earlier years with the explanation that it was no longer accepting Jewish guests. The proprietor, Henry Hilton, defended the discrimination as a pragmatic business decision because his Christian customers did not wish to share hotel accommodations with Jews who were supposedly rude and uncouth. Hilton added that even firms that did business with the Seligmans found them "distasteful." News of Hilton's action provoked a wave of denunciation in New York. Among other responses, Drexel, Morgan & Co., George F. Baker of the First National Bank, and the firm of Morton, Bliss & Co. sent a letter to the *New York Times* declaring that their relationships with the Seligman firm "have been and are of the most satisfactory character."⁷⁰

In New York, a distinction developed between the city's social clubs uptown and its luncheon clubs downtown. In other cities, such as Los Angeles, where in the mid-nineteenth century Jewish men had been fully integrated into the business community, the years after 1890 saw the development of highly correlated social and business boundaries that led to the exclusion of Jewish men from important financial institutions.⁷¹ In New York, by contrast, while social clubs founded by the city's Knickerbocker and Yankee elite excluded wealthy Jews, they generally had a taboo on discussing business.⁷² Luncheon clubs in the financial district, like the Lawyers Club and the City Lunch Club, were open to all who could afford the fees and were common places for men of all backgrounds to gather and discuss business opportunities.⁷³

In many cases, business relationships on Wall Street were not shaped by a single-minded consideration of profit but on an informal codes of ethics that bankers were expected to adhere to or else risk ostracism. Most important was the belief that it was improper for banking firms to aggressively seek out business. Instead, the reputation of a firm's partners was supposed to attract business to it, and it was the banker's prerogative in turn to decide whether he was willing to stake his reputation on backing a specific proposal. It was further believed that once a banking firm had established a satisfactory relationship with a business and was successfully fulfilling its financial requirements, it was unseemly for one banker to try to take business away from another banker by offering to provide the same services for a lower price or better terms.⁷⁴

Thus, the momentum for acquiring new business apparently favored the "Anglo-American" firms, and it seems that the German-Jewish firms felt there was a tacit limit to how much business they were likely to receive. Jacob Schiff, for example, was carefully deferential to J. P. Morgan, Sr., insisting on several

occasions that he would not participate in a new business deal if Morgan preferred to manage the transaction himself. Once Schiff had acquired a client, however, he sought to ensure his firm would maintain control over its financial affairs and resented outside interference.⁷⁵ To some extent, then, more established firms seemed to view newcomers as potential rivals for a set amount of available business, and attempted to discourage them from interfering in the sphere of business they considered theirs. This may explain instances in which younger German-Jewish bankers found themselves warned off from attempting to compete with older, more established firms. James Speyer, for example, told Henry Goldman that he should not attempt to go into business as a railroad banker, declaring that "newcomers in that field were not wanted."⁷⁶ Henry Goldman was forced, instead, to find an entirely new field of business for himself and the firm his father had begun, Goldman, Sachs & Co.

V

Mark Goldmann was born in 1821 in Trappstadt, Bavaria, immigrated to the United States in 1848 and settled at first in Philadelphia.⁷⁷ Like Joseph Seligman he became a peddler, but worked on the streets of Philadelphia rather than traveling the countryside. He married another immigrant, Bertha Goldmann, and the couple decided to shift into the clothing business. Bertha Goldman purchased a sewing machine with the help of a small loan and Marcus Goldmann sold the clothing she made. When he became a citizen in 1853 his name was anglicized as Marcus Goldman. The couple's business grew and expanded in scale and soon Goldman was manufacturing and selling inexpensive clothing on a broader scale.

Not long after the Civil War, the Goldmans moved to New York and, like Solomon Loeb, Marcus Goldman shifted from working as a clothing manufacturer to commercial finance. He opened an office as a "banker and broker" in 1869 and developed a specialty in the commercial paper market, a form of short-term financing manufacturers used to raise money for operating expenses. Essentially, banks agreed to lend money to firms for a fixed number of months with the firm's merchandise serving as the collateral. Goldman's role was to buy up "paper" from companies, usually in round amounts like \$5,000 or \$10,000, and then sell it to banks with money to lend. Goldman's responsibility ended here; when the term of the loan ended, the company repaid the loan, with interest, directly to whichever bank owned its paper. In offering a bank commercial paper, Goldman was implicitly guaranteeing that the borrowing firm would repay the loan. Goldman made a profit either by charging a commission that was a percentage of the face value of the paper

or by the differential between the price he charged to purchase paper and the price at which banks purchased it. This provided a useful service because it saved banks the search costs of finding reliable borrowers and enabled borrowing companies to concentrate on manufacturing and distribution rather than on seeking funds.

Marcus Goldman was the sole owner of the firm for thirteen years, until 1882. Within that timespan the scale of its business multiplied from \$5 million in 1869 to \$30 million in 1882. Like the other firms already discussed, when he decided to take on new partners he turned to family members, inviting his son-in-law Samuel Sachs to join him in 1882, when the firm name Goldman, Sachs was first adopted; in the following years another son-in-law, Ludwig Dreyfuss, and Goldman's son Henry were also admitted as partners. By 1900, Yankee firms were more likely to invite outsiders to become partners but still provided slots for relatives to join. German firms were apparently more likely to turn to relatives for partnerships, but in many cases the family relationships were tenuous—such as a cousin by marriage. Accepting relatives as partners helped ensure the firm's capital was retained within the family rather than potentially being paid out to outsiders when a partner died or retired.

As the United States entered a period of prosperity between 1896 and 1914, Goldman Sachs amassed more and more capital, thanks in part to the absence of income taxes at the time.⁷⁸ Seeking opportunities to put its capital to use, the firm considered becoming a railroad security issuer. As noted earlier, banker James Speyer warned Henry Goldman away from entering the field of railroad finance.⁷⁹ Goldman soon realized that there was a new sector seeking financing: manufacturers of consumer products and mass retailers, as opposed to the railroads and industrial companies that had dominated the securities markets up to that point. Just as the "Yankee" banking firms had long used social and cultural ties to gain business, Henry Goldman's social relationships—in his case his love of poker—brought him a business opportunity. One of his frequent poker buddies, Jacob Wertheim, was co-owner of the United Cigar Manufacturers, a consolidation of three cigar companies. Wertheim wished to establish a "ready and realizable value" for his stake in the company, something which hadn't been done before for a company selling consumer products like his own. Henry Goldman proposed that the owners of United Cigar agree to create a public company and place in Goldman, Sachs's hands the responsibility of marketing its shares.

The challenge Goldman faced was that, according to traditional ideas of corporate finance, companies' security structures were founded on a base of bonds and stock, with bonds representing the value of the corporation's assets and stock representing its earnings. In the case of United Cigar, however, the value of its assets was negligible relative to the value the owners wanted

to place on their company and, moreover, it was undesirable to saddle the company with the expense of an unnecessary mortgage. Goldman hit upon the idea that United Cigar could issue a combination of preferred and stock common stock in which the preferred stock represented the value of the company's intangible goodwill as well as its manufacturing assets while the common stock represented the company's potential profits.⁸⁰

Because this idea was innovative, Goldman decided that he needed a partner who could supply him with cash to finance the purchase of shares from the original owners and with the financial security to hold on to the shares in case the idea took a long time to gain currency with the general public. Henry Goldman soon turned to Philip Lehman, the senior partner of Lehman Brothers. Goldman's nephew, Walter Sachs, later explained that Lehman Brothers was a useful partner because it was "well known and wealthy"; Philip Lehman was also a close neighbor of Henry Goldman's on the Jersey shore.⁸¹ Goldman, Sachs and Lehman Brothers agreed to buy out the manufacturers who wanted to sell their stake in the new corporation for \$4.5 million dollars, with the proviso that they promised not to compete with United Cigar for at least five years.

In order to distribute shares of United Cigar stock, Goldman, Sachs turned to banking firms it had been dealing with over the past decade who also knew the tobacco market. One Amsterdam firm, for example, marketed tobacco from Sumatra, in the Dutch East Indies, to American sellers and thus already knew the companies that were merging into United Cigar.⁸² In order to provide reassurance to the banking firms who were asked to distribute the company's securities, a member of Goldman, Sachs joined the board of United Cigar, "as an evidence of good faith" in the company's future. This practice was followed in the string of stock issues that followed. When Henry Goldman died, his place on the board was taken by Harry Sachs.⁸³

Henry Goldman replicated the innovative financial concept of using common and preferred stock and eschewing bonds with Sears, Roebuck & Co. Social ties also helped bring Goldman, Sachs and retailers together. By 1900, the Sears, Roebuck Co. of Chicago had become the largest catalog retailer in the United States, and its president was Julius Rosenwald, a second-generation German-American whose parents had emigrated in the 1850s.⁸⁴ Rosenwald's cousin, Samuel Hammerslough, was married to Emelia Sachs, a sister of Samuel Sachs, and thanks to this relationship Sears, Roebuck turned to Goldman Sachs to sell its commercial paper in New York. When Sears, Roebuck sought money for expansion, Henry Goldman proposed instead that the firm consider becoming a public company.

Over the course of late 1906 Goldman, Sachs and Lehman Brothers collaborated to finance the purchase of shares from Sears' owners and then

to distribute them to the public. In this case, it took nine months for the two firms to finally sell off the shares. But as word spread that the stock was finding buyers, other retailers and consumer products companies made their way to Goldman, Sachs in order to receive guidance on how they might restructure themselves to become public companies.⁸⁵ Among the stock issues Goldman, Sachs sponsored with Lehman Brothers' assistance were the May and Stern Bros. department stores, the Brown Shoe Company, the Underwood Typewriter Company, and others.

Not only German-Jewish entrepreneurs but men from "native stock" backgrounds turned to Goldman Sachs for assistance. Perhaps the quintessential example was the public issue of stock in the F.W. Woolworth Co., the chain of "five-and-dime" stores, in late 1912. When the iconic Woolworth skyscraper was completed in New York the following year, in the spring of 1913, Frank Woolworth would refer to Henry Goldman and the building's architect, Cass Gilbert, as "the two men who have made this building possible."⁸⁶ A year later war would break out in Europe and the New York stock market would temporarily shut down. This brought an abrupt halt to the trend of consumer-oriented firms becoming publicly-traded companies; during the war it would be stocks linked to military production—nicknamed the "war babies"—that would be the main focus of investors' attention.⁸⁷

VI

During the period of American neutrality, German-Jewish bankers found themselves in an impossible situation: anything that they did that displeased Britain or its allies (including the Anglo-American banks, like J. P. Morgan & Co.) would be attributed to their being German foreigners; anything that they did that displeased Germany would be attributed to their being Jewish foreigners. German ambassador Johann Heinrich von Bernstorff observed that the German-Jewish banks were "in no easy position . . . they wish to stand well with all sides," yet on another occasion wrote a warning to Berlin that Germany could not "be left to the tender mercies of the German-Jewish bankers here."⁸⁸ The United Kingdom and the Allied countries were "far more successful" in raising money in the United States, selling \$10 billion in war bonds in the first year of the war while Germany and its allies raised just over \$5 billion.⁸⁹

The war produced tensions within several of the firms that often depended on an individual partner's proximity to German heritage rather than along generational lines. Within Kuhn, Loeb for example, Jacob Schiff and Felix Warburg, who were both German-born and had moved permanently to the U.S. as adults, were strongly sympathetic to Germany, while Jacob Schiff's

U.S.-born son Mortimer leaned towards the allies. (Schiff was also an adamant foe of Britain's ally Russia because Nicholas II's regime violently persecuted Russian Jews.) Otto Kahn, who was also born in Germany but had not lived there since he was 21, was ambivalent. One internal crisis in the firm was provoked by a 1916 proposal from M. M. Warburg & Co. that Kuhn, Loeb help support a municipal bond issue to raise funds for German cities. Since the money would not be going directly to the German government for war materiel, it was argued that this was a purely civilian act rather than a form of support for Germany.

This was countered by the argument that money was fungible, and that money raised in the United States would free up money in Germany for the military. Kahn expressed his concern that sponsoring the loan would lead to Kuhn, Loeb's ostracism in both Britain and France for years to come. Nonetheless Jacob Schiff's opinion ruled and the firm made plans to go ahead with the loan, until the Federal Reserve Board intervened to express its opposition. Around the same time, however, Mortimer Schiff concluded a business deal which led to Kuhn, Loeb sponsoring a bond issue for the aid of Paris and several other French cities. Schiff continued to be somewhat ambivalent about supporting the Allies until Nicholas II was overthrown in spring 1917; from then on he felt free to criticize the German government while expressing his continuing respect and affection for the German people.⁹⁰ In an August 1917 letter, he expressed his disgust for "the attitude of Germany's ruling class, with the Emperor at the head of it" in the conduct of the war.⁹¹

While Otto Kahn was less supportive of Germany during the war than his partners, he was convinced that his home country's reputation had to be restored as quickly as possible to its prewar stature in the United States. Kahn pursued this in both cultural and financial arenas: in the summer of 1919, for example, "he began working to restore German opera at the Metropolitan," which had been banned during the war. In quiet ways, other bankers tried to pursue similar goals: in 1928, Felix and Paul Warburg and Henry Goldman were among the donors to establish a chair in German art and culture at Harvard University.⁹² In the geopolitical context, Kahn believed "a stable Germany" could be "both a bulwark against Bolshevism and a probable agent for the industrial development of Russia."⁹³

Meanwhile, J. P. Morgan & Co., led by J. P. Morgan, Jr. from 1913, sought to achieve sole dominance on Wall Street rather than the first-among-equals position the firm had enjoyed under J. P. Morgan, Sr. In particular, the firm sought to undermine Kuhn, Loeb and tried hard to make sure Otto Kahn, the firm's most ebullient partner, was frozen out of postwar influence. Firm members helped "spread rumors about Kahn secretly financing Germany during the war."⁹⁴ The Morgan firm disrupted the traditional

Wall Street principle that firms did not take clients from each other and aggressively pursued the Japanese government as a client; this bore fruit in 1923 when Japan turned to J. P. Morgan & Co. for a bond issue and dropped its relationship with Kuhn, Loeb that dated back to the Russo-Japanese War.⁹⁵ By 1924, Kahn was concluding that Kuhn, Loeb could not attain “a real equality with Morgans, they are too firmly entrenched, and several leaps ahead.”⁹⁶

The Morgan partners' free use of anti-Semitic epithets suggests that perhaps the firm used prejudicial views of Jews to justify their aggressive business strategy. J. P. Morgan, Jr., was a forthright anti-Semite, and it may well be that his partners picked up on his feelings and reinforced his rhetoric.⁹⁷ While J. P. Morgan, Sr., occasionally uttered anti-Semitic epithets, he had a consistently cordial relationship with Jacob Schiff and with other Jewish bankers. As president of the Metropolitan Museum of Art, the older Morgan also presided over the selection of the museum's first Jewish trustee at a time when Columbia University and many other cultural institutions in New York had none.⁹⁸ As Susie J. Pak documents, letters exchanged among the younger Morgan and his partners in the 1920s traded jokes and barbs about the German-Jewish bankers they dealt with and encountered, attributing business deals gone wrong, poor management decisions, and expensive misunderstandings to stereotypes of deceitfulness and clannishness.⁹⁹ It is impossible to capture but quite possible that similar ideas circulated among Morgan partners and other businessmen in the course of social conversations in clubs and homes when Jewish people were known not to be present.

Kuhn, Loeb became involved in a variety of German projects over the course of the 1920s—this time overseeing the move of funds from the United States to Germany rather than in the reverse direction as during the railroad era. Kahn described himself as “a booster for Germany.” Among other work, Kuhn, Loeb sponsored bonds for the North-German Lloyd shipping company and formed new alliances with several German banks.¹⁰⁰ The wide variety of business opportunities that German-Jewish firms pursued in Germany and with German business partners after World War I illustrates the optimism that the war would come to be seen as merely an interruption in harmonious business relationships rather than a cataclysmic rupture.

These business opportunities were in new sectors of the economy, such as the retail sector and synthetic fabric sectors, indicating a search for new business opportunities rather than simply renewal of previous relationships. For example, in 1928, Speyer & Co. and Lehman Brothers cooperated with banking firms scattered throughout the major banking centers of Europe to issue securities for the Associated Rayon Corporation, an American corporation which was largely controlled by the Vereinigte Glanzstoff-

Fabriken (VGF), Germany's largest rayon producer.¹⁰¹ After 1929, however, the collapse of the German economy put an end to these hopes. From then on, the primary activity of the German-Jewish firms in Germany was, first, attempting to salvage a pittance of their investments, and then later assisting with financial arrangements for Jewish entrepreneurs and members of the middle class attempting to preserve their assets while fleeing the Nazi regime.¹⁰²

VII

On the home front, the advent of peace brought opportunities for many firms to reexamine their practices and move into new areas of business. Lehman Brothers was one such firm. The firm's roots lay in the emigration of the three eponymous brothers—Mayer (1830–97), Henry, and Emanuel—from Rimpfing, Bavaria in the late 1840s.¹⁰³ Henry, the first to emigrate, settled in Alabama after a brief time peddling and opened a small mercantile store in Montgomery, Alabama. His brothers soon joined him and they began operating the store together, taking on the name Lehman Brothers. The business soon shifted from supplying everyday goods to the surrounding plantations to acting as a broker of raw cotton, which their customers frequently used as barter as cash was short. Rapidly increasing demand for cotton, and the central role of New York in the global cotton trade, led Emanuel Lehman to decide to emigrate there in 1858 in order to expand the scale of the family's business operations (Henry had died in 1855). For the two surviving Lehman brothers, the Civil War was only a temporary disruption, and their business in New York soon was thriving as it had before the war. In the postwar decades, Lehman Brothers focused on the further development of the cotton market, participating in the formation and administration of the New York Cotton Exchange, and on the development of a Southern transportation infrastructure (but as investors, not as bankers).

As noted earlier, Philip Lehman, a son of Emanuel Lehman, had partnered with Henry Goldman in sponsoring the public issue of stock in United Cigar Manufacturing and then several other companies. But the friendship between the two men, and thus their firms' relationship, was severely strained by the war: while Henry Goldman strongly supported Germany, Philip Lehman was a dedicated backer of the United States and its allies.¹⁰⁴ Herbert Lehman, a son of Mayer, spent World War I serving in a Navy procurement office, where he came in contact with a naval officer named John M. Hancock. When Lehman returned to work at Lehman Brothers after the war, he found that Jewel Tea, one of the firm's clients, a company that specialized in home delivery of tea, coffee, and other high value-to-bulk products, was on the verge

of financial collapse. Lehman had been impressed by Hancock's managerial skills and had promised to help him obtain an executive position after the war. Thus, in fall 1919, he arranged for Hancock to take over Jewel Tea's presidency. Within five years, the company had been restored to profitability, and in 1924 Hancock was invited to become the first non-family partner of Lehman Brothers. Hancock went on to serve on the boards of a variety of companies that relied on Lehman Brothers as their bankers.¹⁰⁵

In the years 1906–25, Lehman Brothers underwrote almost 100 securities issues, and by 1925 it was launching a new securities issue every month as compared with the slower pace of the prewar years.¹⁰⁶ Just as Goldman, Sachs had found success in sponsoring stock issues by companies offering basic consumer goods—cigars, shirts, shoes, and so forth—Lehman Brothers found that it had opportunities to sponsor stock issues by companies that were on the cutting-edge of innovation, from Pan Am Airlines and the National Union Radio Corporation to more mundane products like the condensed soup company Campbell's. These deals required new kinds of stipulations for business deals. In an arrangement for taking the mayonnaise company Hellmann's public, for example, the contract with Lehman Brothers provided that the company's recipes would be placed "in a sealed envelope under irrevocable escrow" and deposited with the Bankers Trust Company.¹⁰⁷ One symbol of the changing fates of the Wall Street banking firms was Lehman Brothers' move, in 1928, to 1 William Street, an office building originally built for the Seligman firm in 1907. While the Seligman firm was still operating, its business was on a much smaller scale and barely any family members remained partners.¹⁰⁸

The stock market crash of fall 1929, and the United States' gradual tumble into the Great Depression, wore down Lehman Brothers' accumulated profits. Lehman Brothers had sponsored share issues by a small handful of German department stores in the 1920s, but these were all taken over by the Nazi regime in the 1930s. The firm's attempt to reach out to the general public through quasi-mutual fund entities known as investment trusts collapsed, causing the firm to lose some \$8 million.¹⁰⁹

VIII

When the Nazi regime began to implement official harassment and persecution of German Jews in 1933, deep divisions appeared within the German-Jewish community in New York over how and whether to denounce the Nazi regime. While some observers urged a boycott of German goods, some observers argued Hitler's anti-Semitism was simply a temporary political device and others argued that intervention might make the position

of German Jews more difficult.¹¹⁰ For many this concern was to some extent a question of whether or not to criticize their family's homeland, since German-Jewish Americans had not hesitated to denounce anti-Semitic policies in Russia and other countries.¹¹¹ One tragic example of this dilemma was Henry Goldman, who had moved to Germany after World War I in part because of disillusionment with the United States after it went to war with Germany. After personally experiencing the anti-Semitic upheaval of the early 1930s, he decided to return to the United States and died in New York in 1937.

As the extent to which the Nazi government intended to ostracize Jewish citizens from German society, and eventually to implement the Holocaust, became clear, the American Jewish philanthropic network moved into action to try to protect and save as many people as possible. Many of the organizations that had been founded and supported by Jacob Schiff and Felix Warburg mobilized relief for refugees fleeing Germany. In contrast to World War I, when Britain declared war on Germany in 1939 Kuhn, Loeb rapidly assisted the British government in its implementation of "economic warfare" by helping to liquidate shares in American railroads it had seized from German bank accounts in Britain.¹¹²

In contrast to the early 1900s, when "native stock" businessmen had tended to favor Anglo-American bankers, the increasing ethnic (if not racial) diversity among American corporate executives made "native stock" background recede in importance as a factor that inhibited German-Jewish banks from garnering corporate clients. Many industrial companies that had become Lehman Brothers clients in the 1930s adapted their production facilities to build war materiel or supplied crucial commodities. Lehman Brothers helped finance the oil-services company Halliburton and the drilling company Kerr-McGee, for example, both of which helped meet the military's demand for oil. Fairchild Aviation, another client, made aerial photography equipment used for battlefield surveillance.¹¹³ Two of the firm's younger partners were killed while serving in the war.

The United States victory in World War II presaged the reconstruction of Europe and unparalleled American economic and political influence. Much like the German-born partners of a generation earlier, Siegmund Warburg, a Hamburg-born nephew of Paul and Felix Warburg who joined Kuhn, Loeb, wanted to finance the rebuilding of Germany. In the wake of the Holocaust, however, German-Jewish firms in both New York and London shied away from doing business with Germany, and Warburg's moves to help finance the European Coal and Steel Community and German companies like Daimler-Benz were disdained.¹¹⁴ For the most part, the German-Jewish banks no longer identified themselves as having German origins and had sufficient business on their hands if they focused on the burgeoning American economy.

While many bankers and their families retained a personal interest in Jewish philanthropy, their ties to German culture all but evaporated.

That said, this essay might be seen as an attempt to answer the question "What was German about the German-Jewish banking firms?" Susie Pak points out that the timing of the anti-Semitic remarks found in the Morgan partners' correspondence in the 1920s is unusual because, in many ways, the German-Jewish bankers were becoming *less* distinct from Anglo-American bankers than they had been twenty or thirty years earlier; both groups indulged in expensive pastimes such as hunting and polo and transatlantic voyages on luxury ships. But she argues that this increasing similarity may be precisely what explains the Morgan partners' attempts to insist that Jewishness was an identifiable and undesirable quality. These prejudices then had real-world consequences in the creation of country clubs and social societies that explicitly excluded Jews, as well as admissions policies that limited the admission of Jewish students at Ivy League schools; the after-effect, Pak argues, was the creation of anti-Semitic views that acquired "ahistorical, predetermined, [and] normative" authority.¹¹⁵

Just such a view of German-Jewish bankers as having a "predetermined" distinctiveness has shaped attention to the history of the firms considered here. Most of these histories have been written without parallel consideration of the experiences of German-Christian bankers and of Jewish communities descended from pre-nineteenth-century immigrants. The anti-Semitic attitudes that bubbled to the surface in the 1920s remained just under the surface even into the 1970s on Wall Street, when banking firms continued to be defined as either "Christian" or "Jewish."¹¹⁶ The prevalence of such viewpoints may explain why the studies of the 1950s, 1960s, and 1970s tended to focus on the partners' lives as Jews and given less consideration to their engagement with German culture, which was important to many of the bankers described here.

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Notes

¹ These studies include Barry E. Supple, "A Business Elite: German-Jewish Financiers in Nineteenth-Century New York," *Business History Review* 31 (Summer 1957): 143-78; Vincent P. Carosso, "A Financial Elite: New York's German-Jewish Investment Bankers," *American Jewish Historical Quarterly* 66 (Sep. 1976): 67-88; and Charles R. Geisst, *The Last Partnerships: Inside the Great Wall Street Money Dynasties* (New York, 2001), 41-80; see also Stephen Birmingham, *"Our Crowd": The Great Jewish Families of New York* (New York, 1967).

² German Historical Institute, *Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present*, www.immigrantentrepreneurship.org.

³ The ancestors of John D. Rockefeller's paternal grandfather emigrated from Germany in the 1720s; his mother descended from a Scotch-Irish family, and his paternal grandmother from a Puritan English family. Ron Chernow, *Titan: The Life of John D. Rockefeller, Sr.* (New York, 1998), 3–8, esp. 3. Ford's mother, Mary Litogot Ford, is believed to have been of Belgian or French ancestry. Ford R. Bryan, *Friends, Families and Forays: Scenes from the Life and Times of Henry Ford* (Dearborn, MI, 2002), 83.

⁴ Supple, "A Business Elite," 146–49.

⁵ Matthew Frye Jacobson, *Whiteness of a Different Color: European Immigrants and the Alchemy of Race* (Cambridge, MA, 1998), 39–52, esp. 47.

⁶ Stanley Nadel, *Little Germany: Ethnicity, Religion, and Class in New York City, 1845–80* (Urbana, 1990), 80.

⁷ Birmingham, "Our Crowd," 131–32.

⁸ Henry Edward Krehbiel, *The Philharmonic Society of New York: A Memorial* (New York, 1892), 170.

⁹ Daniel E. Bender, *American Abyss: Savagery and Civilization in the Age of Industry* (Ithaca, NY, 2009), 67–68. See also Eric L. Goldstein, "Different Blood Flows in Our Veins: Race and Jewish Self-Definition in Late Nineteenth Century America," *American Jewish History* 85 (March 1997): 29–55.

¹⁰ On Jewish attitudes towards Germany after World War II and the Holocaust, see Hasia R. Diner, *We Remember with Reverence and Love: American Jews and the Myth of Silence after the Holocaust, 1945–1962* (New York, 2009), 241–52, 263–65, and Birmingham, "Our Crowd," 363–75. Kuhn, Loeb was something of an exception, in part because postwar emigrants from Germany who joined the firm, in particular Siegmund Warburg, were eager to reestablish business ties in Germany. Ron Chernow, *The Warburgs: The Twentieth-Century Odyssey of a Remarkable Jewish Family* (New York, 1993), 613–14.

¹¹ For specific discussion of the contrasts between the United States and Britain, see Alfred D. Chandler and Takashi Hikino, *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, MA 1990), 253–54, 291–94; on the contrasts between the United States and Germany, Chandler and Hikino, *Scale and Scope*, 144–45, 499, 506–13, 589, 597.

¹² For broad overviews, see Vincent P. Carosso, *Investment Banking in America: A History* (Cambridge, Mass., 1970), 10–109, 193–321, 393–407; Jonathan Barron Baskin and Paul J. Miranti, *A History of Corporate Finance* (New York, 1997), 134–209.

¹³ Supple, "A Business Elite," 176.

¹⁴ Mira Wilkins, *The History of Foreign Investment in the United States to 1914* (Cambridge, MA, 1989), 469–501, 510–513.

¹⁵ Susie Pak, *Gentlemen Bankers: The World of J. P. Morgan* (Cambridge, MA, 2013), 223–24, gives a cogent explanation of the importance of considering both presence and absence in studying the history of financial networks.

¹⁶ Howard B. Rock, *Haven of Liberty: New York Jews in the New World, 1654–1865*, ed. Deborah Dash Moore, 3 vols. (New York, 2012), 157.

¹⁷ See Lars Maischak, *German Merchants in the Nineteenth-Century Atlantic* (New York, 2013), 230–40.

¹⁸ See Maischak, *German Merchants*, 250–51, 258–61; Theodore Knauth, "A Banking Retrospect," unpublished memoir (1959), 55–57, available online: http://www.huthsteiner.org/Knauth_Family.htm, accessed October 28, 2014.

¹⁹ Wilkins, *History of Foreign Investment to 1914*, 167–72.

²⁰ Vincent P. Carosso and Rose C. Carosso, *The Morgans: Private International Bankers, 1854–1913* (Cambridge, MA, 1987), 61–63.

²¹ Supple, "A Business Elite," 146.

²² Supple, "A Business Elite," 150.

²³ Hasia Diner, "German Jews and Peddling in America," in *Immigrant Entrepreneurship: German-American Business Biographies, 1720 to the Present*, vol. 3, ed. Giles R. Hoyt (German Historical Institute, 2014), <http://immigrantentrepreneurship.org/entry.php?rec=191>, accessed October 28, 2014.

²⁴ Biographical details on Joseph Seligman and the first generation of Seligmans in the United States are largely taken from Elliott Ashkenazi, "Joseph Seligman," in *Immigrant Entrepreneurship*, vol. 2, ed. William J. Hausman (German Historical Institute, 2013), <http://immigrantentrepreneurship.org/entry.php?rec=184>, accessed October 28, 2014.

²⁵ The involvement of Jewish-owned mercantile firms in supplying blankets and uniforms to the Union Army gave to accusations that deployed anti-Semitic stereotypes to allege that Jewish merchants were unfairly profiting by charging high prices for substandard goods. See Gary L. Bunker and John Appel, "'Shoddy,' Anti-Semitism and the Civil War," *American Jewish History* 82 (1994/1995): 43-71. It is interesting to note that J. P. Morgan, Sr., was also accused of profiteering from arms contracts during the Civil War, an episode known as the Hall carbine affair, and the episode continued to be used to criticize Morgan for decades afterward. See Carosso and Carosso, *The Morgans*, 92-93, 671n79.

²⁶ See Melinda Lawson, *Patriot Fires: Forging a New American Nationalism in the Civil War North* (Lawrence, KS, 2002), 40-64.

²⁷ In addition to Ashkenazi, "Joseph Seligman," see Birmingham, "Our Crowd," 74-76; Wilkins, *History of Foreign Investment to 1914*, 103-104; and Ralf Roth, "Financial Support of Frankfurt Bankers for American Civil War," in *Germany and the Americas: Culture, Politics, and History: A Multidisciplinary Encyclopedia*, ed. Thomas Adam, 3 vols. (Santa Barbara, Calif., 2005): 1:61-62. The Seligman firm may also have served as a conduit for Americans to sell off in Europe bonds they had purchased when they were first issued.

²⁸ Supple, "A Business Elite," 177; Carosso, "A Financial Elite," 73-74; Birmingham, "Our Crowd," 97-100.

²⁹ Carosso and Carosso, *The Morgans*, 124-25.

³⁰ Wilkins, *History of Foreign Investment to 1914*, 109-10, 137.

³¹ Wilkins, *History of Foreign Investment to 1914*, 111, 680n152.

³² For discussion of the syndicate system, see Carosso, *Investment Banking in America*, 52-68.

³³ Ashkenazi, "Joseph Seligman"; Birmingham, "Our Crowd," 136-39.

³⁴ Wilkins, *History of Foreign Investment to 1914*, 184-85.

³⁵ Ross L. Muir and Carl J. White, *Over the Long Term: The Story of J. & W. Seligman & Co* (New York, 1964), 83-89.

³⁶ Ashkenazi, "Joseph Seligman"; Birmingham, "Our Crowd," 106-14.

³⁷ Muir and White, *Over the Long Term*, 88-90, 95; Carosso and Carosso, *The Morgans*, 349.

³⁸ On the early history of Kuhn, Loeb & Co., see Carosso, "A Financial Elite," 76.

³⁹ For information on the life of Jacob Schiff, see Bernice Heilbrunn, "Jacob H. Schiff," in *Immigrant Entrepreneurship*, vol. 3, ed. Giles R. Hoyt (German Historical Institute; last modified August 5, 2013), <http://immigrantentrepreneurship.org/entry.php?rec=41>.

⁴⁰ Thomas Kessner, *Capital City: New York City and the Men Behind America's Rise to Economic Dominance, 1860-1900* (New York, 2003), 101-2.

⁴¹ Cyrus Adler, *Jacob H. Schiff: His Life and Letters*, 2 vols. (Garden City, NY, 1928), 1:51.

⁴² Dorothy R. Adler, *British Investment in American Railways, 1834-1898* (Charlottesville, VA, 1970), 153-59.

⁴³ Wilkins, *History of Foreign Investment to 1914*, 205; Birmingham, "Our Crowd," 159-62.

⁴⁴ Robert Taylor Swaine, *The Cravath Firm and Its Predecessors* (New York, 1946), 1:375-

77; Robert W. Gordon, "Legal Thought and Legal Practice in the Age of American Enterprise," in *Professions and Professional Ideologies in America*, ed. Gerald L. Geison (Chapel Hill, 1983).

⁴⁵ Albro Martin, *James J. Hill and the Opening of the Northwest* (New York, 1976), 345–46.

⁴⁶ For a summary of business ethics in the period, see Saul Engelbourg, *Power and Morality: American Business Ethics, 1840–1914* (Westport, CT, 1980), 12–37.

⁴⁷ See John Kelly and William J. Hausman, "Albert Fink," in *Immigrant Entrepreneurship*, vol. 2, ed. William J. Hausman (German Historical Institute, last modified March 19, 2014), <http://immigrantentrepreneurship.org/entry.php?rec=21>.

⁴⁸ D. W. Meinig, *Transcontinental America, 1850–1915* (New Haven, Conn., 1998), 245–65, esp. 260–61.

⁴⁹ David A. Skeel, *Debt's Dominion: A History of Bankruptcy Law in America* (Princeton, NJ, 2001), 53, 63–69.

⁵⁰ Quoted in Adler, *Jacob H. Schiff*, 1:74.

⁵¹ Maury Klein, *The Life and Legend of E.H. Harriman* (Chapel Hill, NC, 2000), 106–47, 163–65.

⁵² The most useful study of this period is Naomi R. Lamoreaux, *The Great Merger Movement in American Business, 1895–1904* (New York, 1985). William G. Roy, *Socializing Capital: The Rise of the Large Industrial Corporation in America* (Princeton, NJ, 1997), 129–43, 221–58, Lawrence E. Mitchell, *The Speculation Economy: How Finance Triumphed over Industry* (San Francisco, 2007), 38–77, 90–128, and Carosso, *Investment Banking in America*, 42–109 provide overviews of how Wall Street bankers, brokers, and attorneys participated in this process.

⁵³ Muir and White, *Over the Long Term*, 93–95.

⁵⁴ Gabriel Kolko, *The Triumph of Conservatism: A Re-Interpretation of American History, 1900–1916* (New York, 1963), 51–53.

⁵⁵ Theresa M. Collins, *Otto Kahn: Art, Money and Modern Time* (Chapel Hill, NC, 2002), 49–50.

⁵⁶ This can be seen by comparing the scale of M. M. Warburg & Co.'s business before and after the two marriages. Between 1891 and 1895, the Warburg firm's business averaged between 18 and 29 million marks annually; between 1896 and 1900, the firm's business averaged between 34 million and 45 million marks, and after 1905 was never again below 80 million marks until World War I. Edward Rosenbaum, "M. M. Warburg & Co. Merchant Bankers of Hamburg: A Survey of the First 140 Years, 1798 to 1938," *Leo Baeck Institute Yearbook 7* (1962): 121–49.

⁵⁷ Rosenbaum, "M. M. Warburg & Co.," 139–40.

⁵⁸ Quoted in Muir and White, *Over the Long Term*, 86.

⁵⁹ C.M. Keys, "Harriman, III: The Spinner of Golden Webs," *World's Work*, March, 1907, 8655.

⁶⁰ Price, Waterhouse & Co. (New York), to Price, Waterhouse & Co. (London), Oct. 31, 1902, folder "May Corresp., 1901–1911, 1 of 2," box 77, PriceWaterhouse Coopers Records (Columbia University Rare Book and Manuscript Library, New York).

⁶¹ Walter E. Sachs, "Autobiography," 40, folder 22, box 35, Stephen Birmingham Papers (Godlieb Archival Center, Boston University Department of Special Collections, MA).

⁶² Birmingham, "Our Crowd," 259–66.

⁶³ See, in particular, Naomi Wiener Cohen, *Jacob H. Schiff: A Study in American Jewish Leadership* (Hanover, NH, 1999).

⁶⁴ Supple, "A Business Elite," 159; Thomas Adam, "Frankfurt am Main Citizens in the United States," in *Germany and the Americas*, ed. Thomas Adam, 2:373–78, here 376.

⁶⁵ Collins, *Otto Kahn*, 47–48, 68–78, 85.

⁶⁶ Adler, *Jacob H. Schiff*, 2:294–95.

⁶⁷ Herbert H. Lehman, "Reminiscences of Herbert Henry Lehman," 1961, 12, Columbia University Oral History Project.

⁶⁸ Lehman, "Reminiscences," 32.

⁶⁹ Carosso and Carosso, *The Morgans*, 54–59, 77–81.

⁷⁰ "Judge Hilton's Position," *New York Times*, June 20, 1877; "Mr. Seligman's Friends," *New York Times*, June 21, 1877. See also Birmingham, "Our Crowd," 142–48.

⁷¹ Frederic Cople Jaher, *The Urban Establishment: Upper Strata in Boston, New York, Charleston, Chicago, and Los Angeles* (Urbana, 1982), 650–51.

⁷² For description of the social clubs of New York, see David C. Hammack, *Power and Society: Greater New York at the Turn of the Century* (New York, 1982), 72–76. The Harmonie Club (originally the Gesellschaft Harmonie) was the primary club of elite German Jewish men.

⁷³ Kendall Banning, "Deals Across the Table," *System*, Feb., 1909.

⁷⁴ Carosso, *Investment Banking in America*, 100–1. For further discussion of reputation, see Rowena Olegario, *A Culture of Credit: Embedding Trust and Transparency in American Business* (Cambridge, MA, 2006).

⁷⁵ Carosso and Carosso, *The Morgans*, 387–88.

⁷⁶ Sachs, "Autobiography," 72–73. In a similar incident, stockbroker Eugene Meyer was told by banker Henry Morgenthau that he could only "get the crumbs" of available business; "you can't have any of the real pie yet; you're too young." Eugene Meyer, 94, Columbia University Oral History Project.

⁷⁷ General details on Marcus Goldman and the early history of Goldman, Sachs are largely taken from Sheri Caplan, "Marcus Goldman," in *Immigrant Entrepreneurship*, vol. 2, ed. William J. Hausman (German Historical Institute, 2014), <http://immigrantentrepreneurship.org/entry.php?rec=100>, accessed October 28, 2014.

⁷⁸ Sachs, "Autobiography," 46–47.

⁷⁹ Sachs, "Autobiography," 72–73.

⁸⁰ Charles D. Ellis, *The Partnership: The Making of Goldman Sachs* (New York, 2008), 9; Sachs, "Autobiography," 74–83. On the emergence of the idea of using stock to represent goodwill rather than tangible assets, see Mitchell, *The Speculation Economy*, 72–75.

⁸¹ Sachs, "Autobiography," 75.

⁸² Sachs, "Autobiography," 77–78.

⁸³ Sachs, "Autobiography," 85–86.

⁸⁴ For additional information on Rosenwald, see Stephanie Deutsch, "Julius Rosenwald," in *Immigrant Entrepreneurship*, vol. 3, ed. Giles R. Hoyt (German Historical Institute, 2014), <http://immigrantentrepreneurship.org/entry.php?rec=110>.

⁸⁵ Ellis, *The Partnership*, 9–11.

⁸⁶ Sachs, "Autobiography," 110–12.

⁸⁷ Steve Fraser, *Every Man a Speculator: A History of Wall Street in American Life* (New York, 2005), 347–50.

⁸⁸ Mira Wilkins, *The History of Foreign Investment in the United States, 1914–1945* (Cambridge, Mass, 2004), 19, 664n262; Johann Heinrich Bernstorff, *My Three Years in America* (New York, 1920), 157–58, 186.

⁸⁹ Christopher Kobrak, *Banking on Global Markets: Deutsche Bank and the United States, 1870 to the Present* (Cambridge, 2008), 177–78.

⁹⁰ Pak, *Gentlemen Bankers*, 116–22.

⁹¹ Quoted in Adler, *Jacob H. Schiff*, 2:203.

⁹² "Kuno Francke Chair of German Art and Culture Is Established," *Harvard Crimson*, Oct. 8, 1929.

⁹³ Collins, *Otto Kahn*, 130.

⁹⁴ Collins, *Otto Kahn*, 130–31.

⁹⁵ Collins, *Otto Kahn*, 136–37.

⁹⁶ Collins, *Otto Kahn*, 140, quoting Kahn to Mortimer Schiff, July 16, 1924.

⁹⁷ Collins, *Otto Kahn*, 129. Compare with Fraser, *Every Man a Speculator*, 221–24, 228–

30.

⁹⁸ Calvin Tomkins, *Merchants and Masterpieces: The Story of the Metropolitan Museum of Art* (New York, 1989), 218–19.

⁹⁹ Pak, *Gentlemen Bankers*, 132–36.

¹⁰⁰ Collins, *Otto Kahn*, 198.

¹⁰¹ Wilkins, *History of Foreign Investment, 1914–1945*, 235–36.

¹⁰² See Martin Münzel, “Expulsion—Plunder—Flight: Businessmen and Emigration from Nazi Germany,” in *Immigrant Entrepreneurship*, vol. 4, ed. Jeffrey Fear (German Historical Institute, last modified March 24, 2014), <http://immigrantentrepreneurship.org/entry.php?rec=174>; Wilkins, *History of Foreign Investment, 1914–1945*, 316.

¹⁰³ Information on the early history of Lehman Brothers is taken from Robert Archibald, “Mayer Lehman,” in *Immigrant Entrepreneurship*, vol. 2, ed. William J. Hausman (German Historical Institute, 2014), <http://immigrantentrepreneurship.org/entry.php?rec=20>.

¹⁰⁴ Allan Nevins, *Herbert H. Lehman and His Era* (New York, 1963), 65–66.

¹⁰⁵ Nevins, *Herbert H. Lehman*, 63–64; “John M. Hancock, Financier, Dead,” *New York Times*, Sep. 26, 1956; Peter Chapman, *The Last of the Imperious Rich: Lehman Brothers, 1844–2008* (New York, 2010), 82.

¹⁰⁶ Lehman Brothers, *A Centennial: Lehman Brothers, 1850–1950* (New York, 1950), 32–33.

¹⁰⁷ “Agreement between the Stock Vendors and the Bankers,” July 27, 1925, Richard Hellmann, Inc. deal book, Lehman Brothers Records (Baker Library, Harvard University, Boston, MA).

¹⁰⁸ Chapman, *The Last of the Imperious Rich*, 79, 91–97.

¹⁰⁹ Chapman, *The Last of the Imperious Rich*, 103. Goldman Sachs was the most prominent advocate of investment trusts, and eventually lost some \$121 million. The fate of the investment trusts, however, is more closely linked to the history of popular engagement with investing and the rise of financialization than the account of government and industrial investment offered here. See Julia C. Ott, *When Wall Street Met Main Street: The Quest for an Investors' Democracy* (Cambridge, MA, 2011), 168–90.

¹¹⁰ Collins, *Otto Kahn*, 259; Chernow, *The Warburgs*, 369–73. For an overview, see Richard A. Hawkins, “‘Hitler’s Bitterest Foe’: Samuel Untermyer and the Boycott of Nazi Germany, 1933–1938,” *American Jewish History* 93 (March 2007): 21–50.

¹¹¹ On the reluctance of Untermyer, an ardent boycott backer, to attack Germany, see Hawkins, “‘Hitler’s Bitterest Foe,’” 23, 42.

¹¹² Wilkins, *History of Foreign Investment, 1914–1945*, 487, 489.

¹¹³ Chapman, *The Last of the Imperious Rich*, 134.

¹¹⁴ Chernow, *The Warburgs*, 615–16.

¹¹⁵ Pak, *Gentlemen Bankers*, 130–59, esp. 136.

¹¹⁶ Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York, 1990), 581.