

# John Jacob Astor

Born 1763. An immense fortune built on fur and real estate.  
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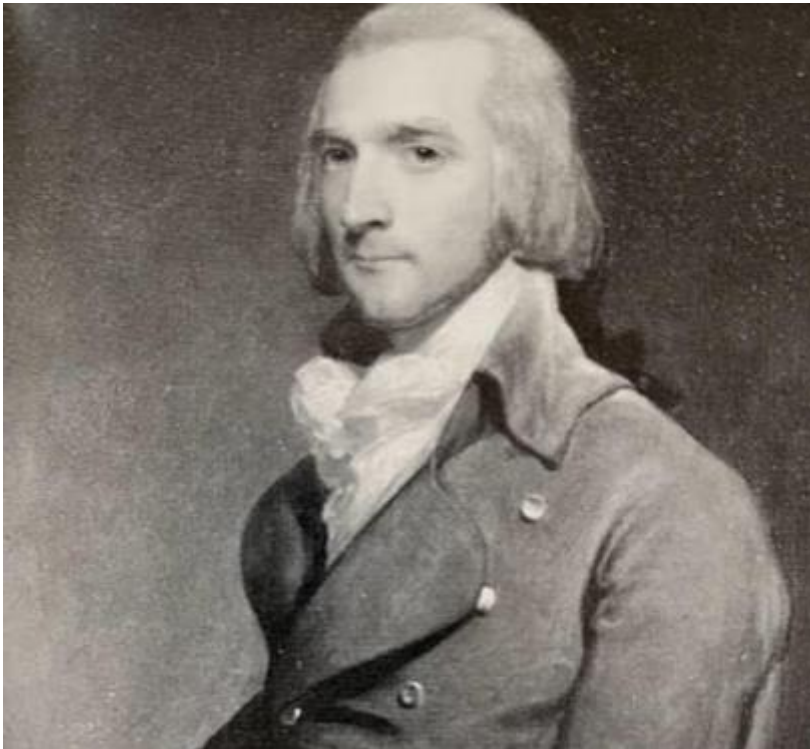


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*This account of the life of John Jacob Astor was extracted from a biography by his great great great great grandson James Astor. It is copyright James Astor, and was contributed by him to Lives Retold in November 2023.*

# 1. The Founder of the Family.



*John Jacob Astor.*

My father in a memoir he never published, called *Tribal Warfare*, a sequel to his published memoir *Tribal Feeling*, wrote in the 1960's that,

'The Astors...depending on how one looks at them are part of a well known American family who have been settled in England for most of four generations; or they are part of an old American family whose founders emigrated from Germany in the eighteenth century; or they are a fairly recently created but prominent English family who had prosperous financial roots in the United States. Whatever way one looks at they are the same people'.

Up to a point Lord Copper. One stands out head above the rest when it comes to business acumen, John Jacob Astor the founder of the family as we now know it.

John Jacob Astor was my great-great-great-great-great Grandfather. He lived from 1763 to 1848 and he was thought to be the richest man in the world when he died. If his wealth is calculated as a proportion of America's GNP, his \$20 million fortune was worth \$134 billion in 2012 prices. He was innovative as a businessman and European in outlook. He was New York's first millionaire, making two fortunes, one through the China trade, one through property, which his American descendants

eventually gave back to New York through the philanthropic work of Brooke, the third wife of, Vincent, the last rich American Astor.

His life spanned the period when the new republic was becoming established. Wars with England and within Europe generally conferred advantages on American shipping trade with China, and exploitation of natural commodities was just beginning. America was a vast unexplored country full of buffalo herds, beaver colonies and an Indian population that was having to deal with the ever encroaching white men. The country was undeveloped, it had no prairies of corn fields, none of its mineral resources had been discovered, and no one was looking for oil. At the end of his life Astor said if he were to start again he would have stuck to property. He was quoted as saying, "Could I begin life, knowing what I now know, and had money to invest, I would buy every foot of land on the Island of Manhattan." There is much to admire in his application and determination but what separated him from his peers was his extraordinary prescience.

Astor's origins were humble. He was born in Walldorf in southwest Germany, close to Heidelberg and Mannheim part of the Palatinate situated on the right side of the Rhine, speaking a German dialect which in America today is referred to as Pennsylvania Dutch and spoken by the Amish. Walldorf was bigger than its neighbouring villages housing 800 people mainly engaged in agriculture. It was a poor and somewhat neglected area of Germany, its ruler, the Prince Elector, was far away in Munich. Immigration to America began after the War of the Palatine Succession 1688-97 and continued until the end of the eighteenth century. Poor harvests compounded by the inheritance laws which required all the sons of a family to inherit part of the family farm, thus dividing units into more and more uneconomical holdings was a precipitating factor in the exodus.

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## 2. Early Life.

John Jacob Astor was the sixth child of Johann Jakob Astor and Maria Magdalena vom Berg. The family were protestant, Lutherans, whose route to Germany had been via Zurich where protestants from Northern Italy escaping the counter-reformation settled. His father was a butcher, an uncertain trade in a poor agricultural community where meat eating and the slaughtering of animals was reserved for special occasions. As a butcher he would not have been allowed to own land in the palatinate.

His parent's first son, Peter, died, two years later in 1752 Georg Peter was born, followed by Heinrich in 1754, Catherina in 1757, Melchior 1759 and Johann Jakob in July 1763. In May 1764 when Johann Jakob was less than a year old his mother died aged 34. Two years later his forty four year old father married a twenty four year old bride Christina Barbara Seybold and they had six more children, five of whom survived. Ten children living in a small farm house with a father whose income was uncertain was not sustainable.



Heinrich at 21 was the first to leave, in 1775, signing up as a Hessian mercenary to fight for the British in the American revolutionary war, but almost certainly using this as a way to get to America. Family history relates that he deserted soon after his arrival. Heinrich became Henry and established a butcher's business in New York. He would be there to welcome his younger brother when he eventually arrived in 1784. Georg Peter went to England in 1777 and began his apprenticeship and eventual establishment as a maker of musical instruments. George as he became known, made flutes, clarinets, and pianos one of which is in Monticello,

Jefferson's Virginian home (above). Melchior moved to a neighbouring village, where he too was the village butcher. Here he joined the Moravians, a protestant Calvinist movement which believed in communal living and a simple life without material wealth, leaving only Johann Jakob and Catherina of the first family at home.

Imagine what Johann Jakob's life would have been like. His mother dies before he is one year old. His father is bereaved for two years and child care was not his priority, then a new young step mother arrives and immediately she has a baby who dies, then five more. Where is little Johann Jakob in this set up. Not well attached to any one person, growing up in an environment where there was little to go round and no reason for him to expect any closeness from his young step mother and the talk in the village is of how many are leaving and going to America. His two older brothers have left and his sister Catherina later will find her way to America after her marriage to Georg Ehninger. (It was their son, George, whom Johann Jakob was to favour many years later, 1813, with a supervisory position when he was setting up Astoria his trading outpost in Oregon, something which the established traders and trappers were to resent as he had little experience of life in the wilderness).

Johann Jakob became John Jacob when he moved from Germany. He was educated in his local Reformed Church school where the school teacher, Johann Valentine Jeune, was reputed to be above average and took an interest in Astor who was motivated to learn. According to Stocker in his Chronik von Waldorff his teachers took a special interest in him and he was a quick learner, although if his father needed him to fetch and carry for him he was not allowed to go to school. Stocker records that Jeune gave Astor lessons after school if he was absent due to his father's demands. The Calvinist tradition within which he was instructed emphasised hard work, and modesty and if this led to material rewards then this was a sign of God's favour. Not successful enough to be able to provide Astor with an apprenticeship his father wanted to keep him at home as a general dogsbody; a life with no prospects. Meanwhile George and Henry were writing home with news of their ventures. Life was good elsewhere.

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### 3. To America.



*Lower Manhattan was effectively New York City when Astor arrived in the USA.*

His brother George now asked his father to send him one of his brothers to help in his growing business. Melchior was not interested. But Johann Jakob was eager to join his brother in London. In 1779 Astor's father allowed him to leave Walldorf, reluctantly. He worked his passage on a barge to Holland and then used what he had earned to pay for a crossing to London. Or so Astor told Joseph Cogswell in his reminiscences to him at the end of his life. This is the source too for the story that it was George's wife Elizabeth who taught him English.

Like many who learn English as a second language he retained the accent of his country of origin. Many commentators speak of his German accent. I imagine he sounded like Henry Kissinger, although perhaps his voice was not that deep. To the extent that we know any detail of his business life in London his responsibility was for sales and he was taught bookkeeping by Elizabeth. George was the instrument maker, making flutes, clarinets, pianos and bugles. His pianos were sent all over the world. On a visit to South Africa to celebrate the end of Apartheid, I found in the Museum in Stellenbosch there is a piano made by George Astor & Co, sent out to a prosperous English family who had settled in the Cape.

Much as Astor appreciated being in partnership with his brother his restlessness and desire to make his own way before too long took him to America. He sailed on the North Carolina from Southampton in November 1783. He was twenty years old and carrying examples of the company's musical instruments. His visit was exploratory to see whether the recently established America, free of the sovereignty of England, was a new republic he could prosper in. His journey began two months after the War of Independence officially ended.

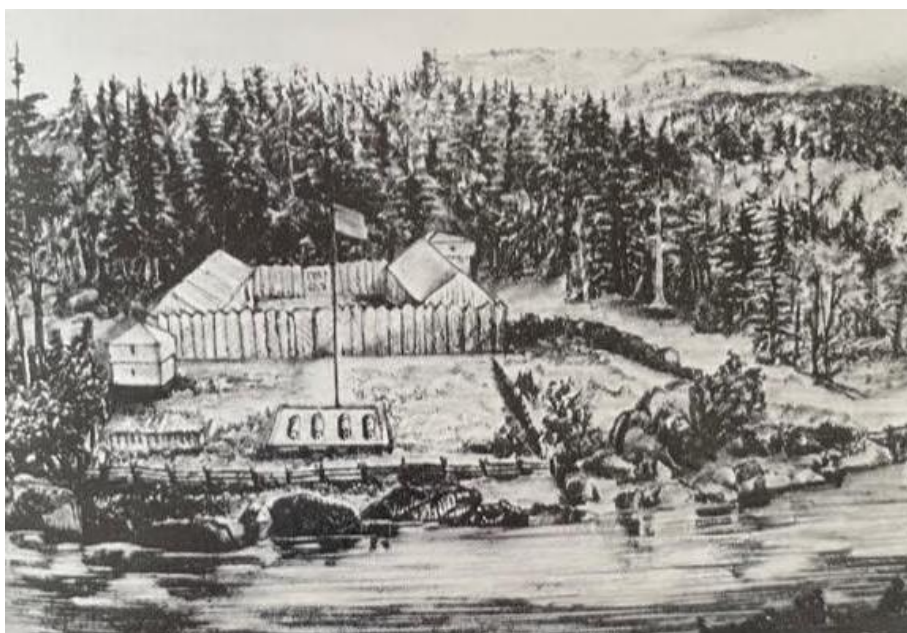
The brothers were partners in the London business from 1778 to 1783, when Astor went to America to sell the musical instruments, so any suggestion that Astor arrived as a penniless youth which some accounts have suggested are romanticising this first visit. The winter crossing was stormy and the journey took five months, pack ice and rough seas made the journey hazardous.

On the ship over to America one account states he had long conversations with a German American fur merchant, Hans Gollow. Another states that members of the Hudson Bay Company were on board and he profited from listening to their conversation about the fur trade. The North Carolina reached Baltimore by the end of January 1784 but did not dock until March 24th because of the ice that trapped the ship in the Chesapeake bay. In Baltimore while looking in a shop window he met Nicholas Tuschudy, a Swiss German immigrant, the latter recognising Astor's German accent invited him into his shop and then home for dinner. He left some of his samples for sale in Baltimore with Tuschudy and took the rest on to New York. He had soon sold them all and began looking for other commercial opportunities.

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## 4. The Fur Trade.



*Fort Astoria on the mouth of the Columbia River. Astor's ill-fated outpost for the gathering of furs from the Pacific Northwest. Established in 1811.*

One of the most profitable commodities then being traded in New York was animal pelts. Margins were high, demand was great and supply plentiful. It was fortuitous that Astor became a fur trader. Astor arrived in America as an energetic young businessman with a small stock of goods and a large ambition. Having contacted his brother Henry, who lived in a very small house he was directed to a friend of his George Dieterich who was a baker, where he stayed, earning his keep by making deliveries for him. He also joined the congregation of the German Reformed Church. He later acted as their treasurer from 1791 to 1797. The preliminary contacts and business relationships were beginning.

Astor continued to sell musical instruments while working part time for or with two fur merchants, Robert Bowne and Hayman Levy to learn the business. In 1784 he invested the profits from the musical instrument sales in furs, which he bought at auction and from retailers. This initial success prompted him to decide to settle in America. He returned to England to collect more musical instruments, having agreed to continue to act as US agent for George's musical instruments but he told him he thought there was more money to be made in trading furs. While back in England he made business contacts, notably Thomas Backhouse and Company.

London was then the centre for the European fur market and Astor had heard that the price of furs was four or five times higher there than in New York. Thomas Backhouse and Company sold furs and supplied tradeable goods such as blankets and trinkets. American Indians preferred the better quality English blankets. The company's New York agent William



Backhouse became a business associate and close friend; indeed, Astor christened his second son William Backhouse Astor.

Astor's arrival in New York coincided with the city's revival after the American Revolutionary War (1775-83), during which the English had occupied the city. New York was becoming the commercial and financial centre for the nation, in 1784 it had even been made the capital, although this was not to last for long, moving to Philadelphia in 1790. Although a series of fires had destroyed almost a quarter of the city's habitable area, the population was increasing: between 1778 and 1786 it doubled in size to 23,000 and by 1790 there were over 31,000 inhabitants.

Meanwhile his profits from the sale of musical instruments were growing and he could afford to set up as a retailer and leave Bowne's employ, then he became a wholesaler and importer and exporter; he was also a commission agent taking on others' stock and selling it. He began his journeys up the Hudson valley and on to Canada and Montreal to buy furs. At first he journeyed into the country trying to make contacts meet trappers and Indians and understand how the business worked. To that end he regularly travelled to Albany where furs were gathered by agents and to Montreal the main hub of the fur business.

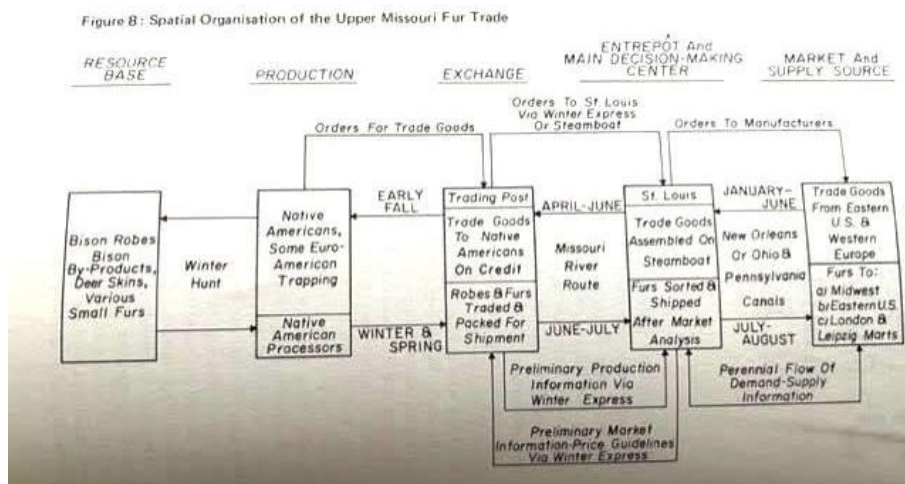


Diagram showing the organisation of the Upper Missouri fur trading system.

For although furs were mainly trapped in America the main players were Canadians who travelled to the fur gathering grounds in canoes across the Great Lakes. The picture which emerges from the evidence which remains and the notes he prepared for Washington Irving's book about his early life in New York, is of a vigorous and enterprising young man making the most of the opportunities, which he either took advantage of or created through his determination to succeed.

Advertisements in the New York Packet show Astor offered musical instruments for sale and stated that he bought and sold furs. Within five

years of settling in New York he had secured enough money and creditworthiness to operate as a fur merchant. In 1788 he signed a contract with Rosseter Hoyle of Montreal to buy \$2,000 worth of furs and peltries.



Map showing the territory of the Indian Nations where Astor's companies obtained furs.

## 5. Marriage.

In September 1785 aged 22 he had married Sarah Todd, a year his senior, in the German Reformed Church. Porter speculates that this church's language would have appealed to Astor and its Calvinism to Sarah Todd's Scottishness. He had boarded at the Todds and Sarah was to Astor irresistibly lovely. She was Scottish and practical and brought a dowry of \$300. Her family connections linked him to three successful sea captains: Adam her brother, Stewart Dean who was married to Sarah's niece and was the master of the second American ship to make the journey to Canton, and John Whetten a nephew of Sarah. These connections were vital to the direction Astor took his business, as they provided him with the trustworthy sea captains who would later take his cargoes to China.

The couple lived with her parents until they moved in 1790 to accommodation over the shop he had bought in Little Dock Street (now Water Street), near the East River wharves. In 1791 he became a mason in the same lodge as a future Governor of New York, De Witt Clinton. Astor progressed through the hierarchy of the Holland Lodge of Masons eventually becoming its Master. Although Freemasonry was regarded in Europe as being opposed to Catholic dogmas and Pope Clement XII published a bull (1738) forbidding Catholics to become members of a secret society, in America the attitude was more ambivalent.

In public secret societies later came to be regarded with suspicion partly because they might be harbouring socialist and revolutionary ideas and partly because they were thought of as being a threat to religion. But when Astor became a Mason they were regarded benignly. Washington had been a mason so had Benjamin Franklin, John Hancock, and Paul Revere. Notable lawyers were also masons such as Chief Justice John Marshall who served from 1801 to 1835 and is widely recognised for his role in establishing the Supreme Court as a coequal (with the legislative and executive) branch of government.

The masons were known for promoting the ideas of the enlightenment, (dignity of man, liberty of the individual, right to worship as you chose) and for providing medical care and free education. These values also chimed with his own. They were not regarded as seditious. De Witt Clinton would be a useful ally throughout Astor's business career in the New York Area. Astor was a natural merchant and his horizons were widening. China was a market ready for furs for felting and furs for wearing, especially the buffalo robes which were prized in the cold winters by the wealthy Chinese merchants to keep warm inside their unheated houses.

## 6. The China Trade.

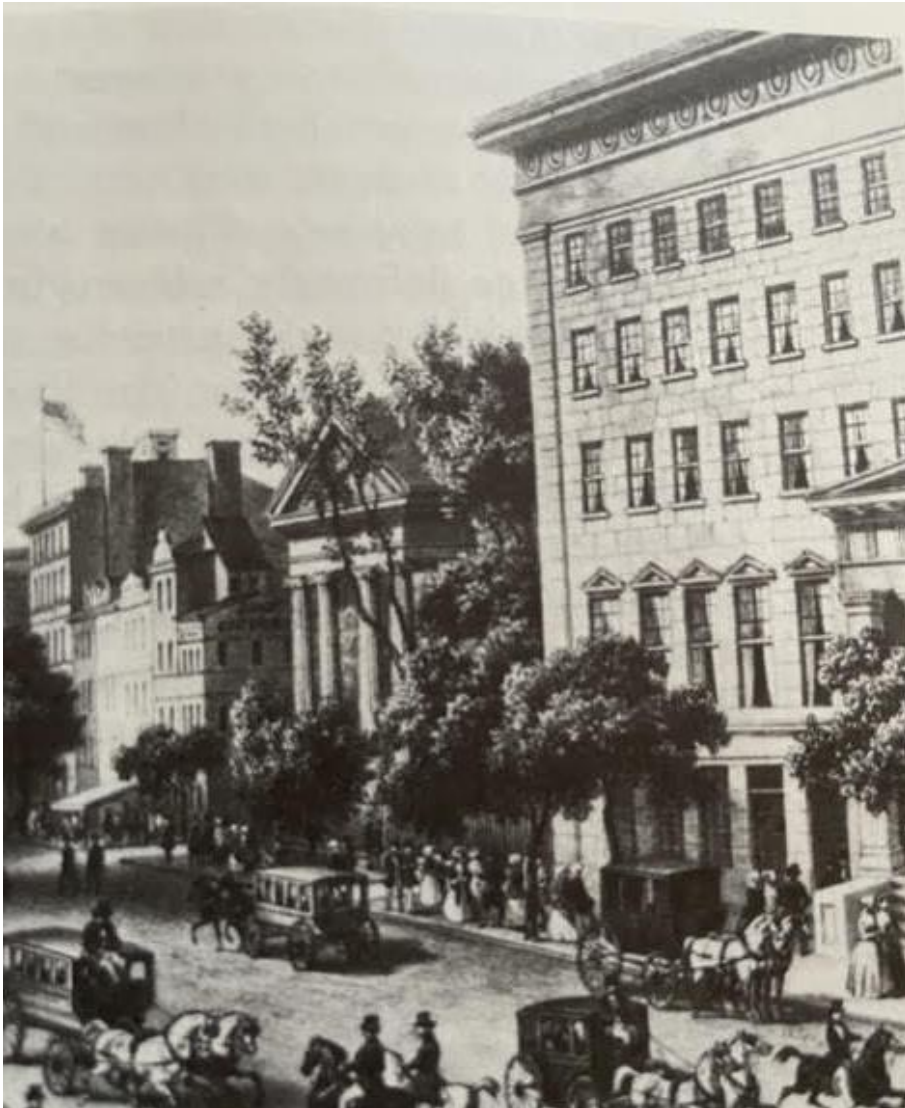
Sarah minded the shop while he began involvement with the Henry family in Montreal and Peter and Gerrit Smith in Old Fort Schuyler in Albany; they became his important colleagues and friends for many years, acting as agents for his fur trading business. He had heard talk of the China trade from Alexander Henry; however the person who demonstrated the viability and profitability of the China trade was William Edgar, who became a well known New York City merchant. Edgar and Henry were business acquaintances and Astor became part of their circle.

Gebhard recalls that he was taken by these merchants to Grand Portage, the fort on the western side of Lake Superior where furs were gathered from the far north west. It is clear that Astor was a networker, getting to know people who could be useful in whatever way, whether as partner, agent or through influence with authorities. When the Canadian North West Company wanted to ship its furs to Canton the obvious route was via New York to avoid British trade restrictions. Astor was a partner in these early China trades from 1792. Although they returned a good profit for Astor, the North West Company was disappointed by its returns. Balance sheets in Canadian public archives show the Company lost £13,484 in 1792, £16,260 in 1793 and £22,824 in 1794. The profitability for the partners reflected the shares from the return cargo: Astor had a larger share of the profits from the teas and silks than the Canadians. Similarly when he later had his own ships, he sent large amounts of specie on his China trades so that his captains could buy more goods.

He began trading his furs with China in the 1790s, using other people's ships and paying commissions. He realised this was a valuable market and he invested in his own ships. Later he would build the Beaver, the first ship built specifically for the China Trade, which was commissioned in 1805. This weighed in at 427 tons and could carry 1,100 tons of cargo. The Beaver was larger than most of the American ships on this trade route but John Jacob followed the East India Company whose ships favoured capacity over speed and saw an advantage in having a large cargo ship. His other ships were not as large, so he could both be speedy if necessary or take his time and load the ship if market circumstances required.

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## 7. The Move into Real Estate.



*Astor House, built 1834-6, his prestigious New York Hotel. The forerunner of the family hotel business that included the Waldorf Astoria and the St. Regis.*

When he saw the market losing its vigour he sold his ships and concentrated on building a company which would be a presence in all the significant fur trading posts in America and through its size and financial strength able to dominate the sector, The American Fur Company. Then later realising that beaver fur as a commodity was losing its appeal and hats were now being made of manufactured products he disengaged with the company and sold it to his managers, who were pleased to be able to buy it as the fur business still had many more years of profitability, especially in the marketing and sale of buffalo robes.

His emphasis then moved to real estate. If this gives the impression that he was serially monothematic in his enterprises this would be misleading. He always had a number of enterprises going on simultaneously. He believed in diversification and employed his capital accordingly. The first real estate



lot he bought in New York was as early as 1789 and between 1800 and 1848 when he died he had invested more than \$2,000,000 in land on Manhattan.



*Manhattan as it became during John Jacob Astor's acquisition of farmland that then was laid out in grid pattern lots.*

When I read Astor's letters and listen for the sound of this man thinking, I hear an accountant. I hear a man who pays close attention to the facts and figures he has before him, who calculates, who estimates risks and thinks in terms of probabilities not possibilities. I base this on the remnants of his vast personal archive of papers, which was destroyed in the early 1870s. Three letter books remain. One covers 1813-15, during America's War of 1812 with Great Britain, when commerce was at a low ebb; the next one covers 1831-38, the period when Astor was retiring from his fur and China trading; the third one spans 1845-48 when William Backhouse Astor (1792-1875) was the signatory for his father.



Ten years later when the Estate office moved to a new premises the rest of Astor's papers except those pertaining to his real estate holdings were burnt. Many letters, however, can be found in the papers of contemporaries with whom he did business, or were partners, such as Ramsay Crooks. There are also plentiful records of the American Fur Company distributed around several Historical Societies of the mid-west. Documentary evidence shows that Astor paid close attention to the value of the goods he traded, what they should be sold for and what his agents were to pay for the goods they bought. He micro-managed and later wrote detailed instructions to his captains to sell furs and sandalwood in Canton and bring back nankeens, silks, teas and china. What is missing is the personal material.

Three years after their marriage Sarah gave birth to Magdalen, named after Astor's mother. Their second child Sarah born in 1790 died, and John Jacob 11 born in 1791 was described as weak minded and it is not known whether this was congenital or a birth defect. He was so carefully and lovingly looked after that he lived for 78 years. All in all Sarah gave birth to eight children, two died at birth and Henry born in 1797 lived for only two years. Their son and heir was William Backhouse, their fourth child who was born in 1792.

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## 8. The English Astors.

The English Astors are descended from William Backhouse's eldest son John Jacob III, the American Astors from his second son also called William Backhouse, whose wife was the celebrated Mrs Astor of New York who presided over New York society in the late C18th and early C19th . It was Mrs Astor's son who went down in the Titanic.

Almost every two years until 1802 Sarah gave birth to a child, the last in 1802 a son who died, and it is known that she was an active partner in Astor's business in the early years. Astor as he prospered sent his children to private academies after they were tutored at home. William Backhouse was sent to Europe to Gottingen where he studied between 1808 and 1815.

In 1789 Astor became an American citizen and this was the year he bought his first property in New York, from his brother Henry. He quickly added four more. And in 1790 he bought his own store in Little Dock street, for £850. This purchase resulted in him being entered into the city directory, where he appears as 'Astor John, furr Trader'. What this tells us is that very early on in his career, he had only been in America for six years, he was doing well and had cash to invest in real estate. To me these early purchases represent not so much the canny foresight of a natural businessman as the expression of a cautious investor who had the opportunity denied someone of his class and background in his country of origin to own land, a real asset, something reserved for the upper classes in the palatinate of his birth. The total cost of these purchases, Porter calculated would have meant that he had been able to put aside a \$1,000 a year for the past six years. No mean feat for a young man who had started as an agent for his brother's musical instruments, who had worked his way up in the world and established a network of business colleagues, bought property and started a family. These early land purchases were treating land as a store of wealth not a tradeable commodity.

Astor's trading business was based initially on the fur trade. In this he was successful as a merchant and agent. Everyone in the late eighteenth and early nineteenth century wore a hat. It was as much a part of every day dress as trousers and shoes. Hats which were not cloth caps, were made of felt, animal skins were used to make this felt. Beaver was a preferred fur for this process.

He gradually acquired a fleet of ships and traded whatever he could sell, sending his ships to India, Europe, South America, the West Indies, but mainly to China to buy gunpowder, lead, and most successful of all trade fur and tea. Then he financed an expedition to the West coast by land and sea after Lewis and Clarke's expedition, to establish a fort on the mouth of the Columbia river from where he hoped he could export the furs from the

lucrative areas of the north west of America. I will describe this venture and its subsequent demise. Following this he determined to build up a national fur company, the American Fur Company (AFC), bringing together all the little enterprises into one powerful vertically integrated company. He succeeded and invested his profits in real estate in Manhattan and this was how he made his second fortune.

In this emerging republican democracy where there were few banks and the country was developing at a pace equivalent to what we have seen in China in recent years, a rich man with cash to hand had access to government, who would turn to their businessmen to underwrite bonds, for instance in the 1812 war. This made his personal success something more than a story of individual business acumen. He became a symbol for the new capitalism and commentators drew on comparisons with Europe to try to understand what was happening in a republic where laissez faire capitalism was unregulated. Astor's fortune preceded the great American industrial fortunes and he was the person around whom the arguments about the relationship and responsibilities of wealth and society first became a matter of public debate. He was also bi-cultural, European by temperament but American by residency.

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## 9. Later Life.



*Inside the Astor Library in the 1860s. John Jacob Astor's principal bequest to New York, it later became the New York Public Library.*

By the time John Jacob Astor died in 1848 he had been a public figure for some years. He had been one of the first businessmen to make a large fortune. He had had close connections with the government. And while he had not drawn attention to himself, his hotel and theatres and known prominence as a New York landlord had made him a figure of public interest.

By the terms of his will he left the bulk of his money to his family in a series of trusts. In this way, he had ensured subsequent generations of Astors would benefit. His will, which was published on the front page of the New York Herald, prompted public discussion about inherited wealth and its underpinning of class divisions.

Jefferson had promoted the image of a society free from past constraints, where less government meant greater freedom for the individual. He argued that progress depended on the individual being free to initiate new enterprises. Central to his proposition was the view that old systems of government had relied on coercion whereas a new order based on universal freedom, natural rights and equal representation would be the making of America. Jefferson's familiar words opening the US Declaration of Independence (1776), "We hold these truths to be self evident...", are the words of a master rhetorician, not a master political thinker.

His explicit claim that the natural order of things was for man to be free and equal in the context of the individual, as the sovereign unit in society is an ideal, but also a recipe for anarchy. It is not reflected in the US Constitution, which provides for two differently elected chambers and a President elected by an electoral college. What Jefferson said was visionary and idealistic but impractical.



*Astor's house at Hell Gate on the East River, where he lived out his retirement.*

In Europe too there was rejection of inherited privilege and France in 1848 was about to crown a citizen King in Louis Philippe. Did America want to go down the route of allowing a few to control the resources of the many? America's emergent republic was working out what it thought about private capital and the making of large fortunes.

Was Astor's will evidence of the expression of Jeffersonian Republicanism? It has felt to me reading the reaction to his success in the context of the founding father's ambitions for the New Republic that when faced with the reality of a self-made millionaire the issues of the few and the many were suddenly brought into sharp focus. Was this evidence of the success of the New Republic or its moral failure that it allowed one to become so much more equal than others?

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## 10. The Enterprise of One Man



*John Jacob Astor in 1815.*

The expectations and assumptions that have trailed Astor's reputation are similarly rhetorical. What the settlers and new generations of immigrants brought from Europe was the fear experienced when rulers and governments were deposed and new governments took over. These changes were often accompanied by corruption and consequential loss of individual freedom. In the new American republic, how could virtue, the pre-eminent human ideal, coexist with commerce and the new science of economics? This was the conundrum that constrained and expressed the underlying anxieties of commentators on Astor's accumulation of wealth. They did not seem to have the language to understand the new commercial system that was taking shape outside the political realm and creating the wealth which the conduct of politics needed. James Parton who wrote a short account of Astor's life in 1865 for instance, prefaces his remarks about Astor by writing:

'This universal desire to accumulate property is right, and necessary to the progress of the human race. Like every other proper and virtuous desire, it may become excessive, and then it is a vice.'

Greeley writing John Jacob's obituary in the *New York Weekly Tribune* suggested that the ownership of land should be restricted to a 1000 acres per individual. He further questioned whether large fortunes accumulated by individuals were in the best interests of society as a whole. At the heart

of this debate was the place of freedom. For Jefferson, new vigour in the economy offered greater freedom to the individual, the freedom to pursue one's own goals, from which a natural and harmonious natural order would follow. Astor's will not only demonstrated that the rich got richer but also that these riches could be inherited by their successors.

Jefferson's republican ideal of an individualistic society that was benevolent and civilised in its behaviour struggled to accommodate the impact of a few individuals controlling a disproportionate amount of the country's wealth. Only in 1854, when the word republican named a political party, did it come to mean that the individual was the instrument of progress. (The founding of the political party was closely connected to the anti-slavery movement.) That view of the individual is hardly recognisable nowadays when associated with the GOP.

The America Astor arrived in was an America still on the cusp of its new found freedom. This was a time when some of the most intelligent, educated and engaged citizens met in a series of constitutional congresses to work out how they thought a constitution needed to be drafted. What were the checks and balances necessary to avoid Presidential dominance or popular tyranny? The founders spoke from principles and assembled not as a representatives of a party but as committed individuals grouping themselves mainly either as federalists or republicans. Federalists were in favour of a strong central government that could override local states interests in the context of the perceived greater good of all. This view came out of the failure of the confederacy which preceded the drafting of the constitution. (The confederacy was the Articles of Confederation which bound the thirteen states together in a military alliance to fight the war of Independence. Its failure was that it did not provide for a strong enough government that could raise revenue and have a leader, a President).

Madison became one of the main exponents of federalism and published one of the most influential Federalist papers in 1787 in which he argued that individual freedoms and rights would be better protected by a large republic rather than by small states. Madison addressed in this essay written under the pen name Publius the issue of what happens when a faction large or small passionately desire something which may violate the rights of other citizens or not be in the best interests of the country as a whole, whether religious, political or military. One of the chief of these he considered was the unequal distribution of property. His advocacy therefore was for a representative democracy rather than direct democracy, the latter leading to the weaker (those without property) being sacrificed to the stronger (those who owned property).

His argument, inclusive of the self-evident fact that stratification in society leads to diversity of opinion and contributes to political life, was for the

control of the effects of these factional interests. Hence his argument for representative democracy which he argued allowed an elected elite from a broad constituency to be the lawmakers supposedly freer from factional interests. Federalism in his argument allowed the big national issues to be decided by this elected elite and local issues to be dealt with at state level. How these are defined continues to be discussed and adjudicated on.

The contrasting Republican position was that Madison's large republic would create a legislature that would never be able to act decisively. The antifederalists made the same arguments as the federalists but to different ends. The antifederalists argued that a large republic would allow the powerful to dominate and the public sacrificed to the many competing points of view. These discussions preceded the emergence of political parties which were viewed by Madison as equivalent to factions promoting their own interests before the greater good of the country by virtue of their partisan nature. It can be argued that the impasses in the legislatures which now make American politics so frustrating derive from the hijacking of these early constitutional concerns structurally expressed in the two houses and the powers of a President, not elected by a popular vote, by the factional party system and its hostages to fortune the lobbyists. Today there are twenty lobbyists to every elected congressman who slip into legislation a paragraph here a paragraph there for their paid employers.

In describing how the new Republic was uncertain how to respond to a successful businessmen I am mindful of the fact that the fur trade and property are two areas which have been subject to misunderstanding. Astor built up his capital through trading in furs. He sized up the market and worked hard to establish himself in it while also developing a vision for integrating many elements of his business enterprise. He read clues and signals accurately to estimate how the market would develop. He was the first to introduce a system of futures in his fur trading. He signed up trappers and traders, advanced them money for next year's harvest, sold on part interests, arranged the marketing, shared the risk of the sea journey. His ships carried gold bullion to purchase goods, principally teas, also nankeens and china, which were stored in bond in New York warehouses, and released onto the market when demand was high, giving US merchants a tax advantage over foreign merchants trading in America.

His business model was eventually superseded by a rendezvous system whereby the trappers and traders met at prearranged rendezvous to make deals on what the trappers had brought. As his knowledge of the business increased he became obsessed with the idea that if he could open up the area west of the Rockies, what is popularly called Oregon Country and establish a base on the mouth of the Columbia River he could create a global trading business. This Western area of America was then not claimed by the USA and had been explored mainly by Canadian trappers

until Lewis and Clarke's expedition arrived at the mouth of the Columbia River in November 1805. This vision which he was later to back with huge sums of money and expend many lives trying to achieve was supported by Jefferson, who shared with Astor the desire to claim these territories for the United States. The west coast emporium he imagined at the mouth of the Columbia would harvest the rich fur area inland to the East and North and South, (Washington State and Oregon), as well as gathering the rich sea otter furs from the Russians in Alaska and then trading them all with China at Canton. His ships returning then via the Cape of Good Hope to New York with teas to sell into the East coast American market and send onwards to Europe, where he would buy trade goods to be brought back for the Indian fur trade.

Astor wanted to make the whole business more efficient by ensuring each transaction was a profit point, so goods imported to America and sold on to traders were to make a profit, as were goods manufactured for the Indian market and furs sold in the appropriate market. The return cargoes were also to be bought favourably and sold at a profit. Every transaction had its margin and every transaction was scrutinised for its contribution to the whole. If the AFC could employ the trappers, make the traders self employed but dependent on the AFC thereby having to buy AFC trade goods, and make them sell furs to the AFC at AFC prices, the trader took the risk, and Astor would be free to market the furs knowing he already had an asset worth several times what he had paid for it.

This gave him the merchant's leeway to adjust prices to market conditions without great risk. He did not want to monopolise the trade because in some areas other enterprises were strong and well established and to take them on would have been too expensive. Instead he drove out independent small traders by discounting his goods in the field until they were unable to compete, then raised his prices to a very profitable level. The theme of his approach in this business was to make strategic alliances. It was successful because of his ability to read markets and change his strategy, whether at a micro level by suiting the fur to the market, or at the macro level as in his decision in 1827 to pull out of the China trade.

In my view part of the difficulty in assessing the role of Astor and pre-industrial businessmen to the development of the new republic derives from the actual business he was in, the fur trade and property. Taking the former the perception of the fur trade has become muddled up with the fate of the Indian nations, and they are distinct. Government policy was hostile to the Indian nations, partly because some of the Nations fought for the British, and partly for ethnocentric reasons. En masse they were often characterised as savages, demons, possessing therefore some quality of otherness which was 'inhuman'. John Quincy Adams stated that 'Indians were destined to extinction' because they were 'essentially inferior to the

Anglo Saxons". Traders and trappers in contrast had good relations with Indian tribes but equally often the reaction of the Indians to the Americans was hostile.

Trappers who lived with the Indians took squaws as wives, and treated them as fellow human beings were characterised as having gone native, implying that they had relinquished their civilised attributes. The Astorian expedition to Oregon relied on Indian interpreters and guides and the fur trade was dependent on Indian trappers. Why then were the Indians treated so badly by the American government both legally (The Indian Removal Act 1830) and militarily, well known examples of the latter being the Trail of Tears (1838) when 16,000 Cherokee were driven from their lands and a quarter of them died on the journey? Looked at anthropologically what we can see happened was that the Indian Nations were subjected to an objectification where they were collectively treated as if they were not altogether human. This was similar to the way the African American slaves were treated constitutionally in the Constitutional Convention of 1787. At this Convention the founders were trying to work out a compromise with the representatives of the states to give up some of the powers they had obtained under the Articles of Confederation. The discussion was about how democratic government should be, should states have primacy over individuals? Madison and Hamilton who represented larger states thought the individual should be served by government.

The compromise agreed was that The House of Representatives would be based on proportional representation (the number of legislators would reflect the number of people in the state) and the Senate would be based on states, with two representatives for each state chosen by state legislators. How then to treat slaves who weren't citizens, and could not vote? Southern states wanted their numbers included so that they would have more representatives, the northern states did not want them counted at all. The compromise was that slaves were treated as if they were not quite human, each slave counted for three fifths of a person.

This way of thinking of people from a different culture as not being quite human has a long history and an Aristotelian ancestry. The civilised man's mind rules his body and his intellect his appetites. Those who were not able to exercise this self control were savages and the gap between a savage and a wild animal was a small one. When coupled with the Jeffersonian view that the West was an open space available for expanding into, not primarily someone else's land settled by different Indian Nations would result in the inevitable displacement of the tribes. This was a form of colonisation and the colonisers religious beliefs held the Indian's collectively to be heathens, not conflicted individuals defending their families and way of life. In some instances as well, the Biblical imprecations to cultivate the land was given

as an example of the unfitness of the equestrian nations to retain their lands. They didn't cultivate it. They were hunters not farmers.

How then to treat the farming Indians? The way this was accommodated was to think that the Indians had the appearance of humans but just below the surface lurking inside were demons. The different tribes pagan rites could easily supply the evidence. There was even an intellectual post hoc justification of this in attempts to characterise the Indians as a separate race with separate lines of descent. This is a form of scapegoating where the Indians are thought of as savages by those who are savaging them. The Massacre of Sand Creek in 1864 was an example of this where peaceful Cheyenne were murdered by an outfit of Colorado Militia, under Colonel John Chivington, 163 Indians were killed of which 110 were women and children.

The way Chivington's soldiers treated the bodies and body parts of the Indians and his statements likening them to vermin reveal the extent of the dehumanisation of his victims. Although this was officially recognised as a crime by the United States Congress Joint Committee on the Conduct of War 1865, Chivington avoided serious consequences and the Cheyenne and Arapaho were gradually deprived of more and more of their ancestral lands. (The rush for gold was behind the accelerated removal of Indian nations in Colorado).

What then did the fur trade contribute to their destruction? The traders brought disease, encouraged the idea that it was acceptable to kill more than you needed and brought alcohol into their communities. All accounts agree Indians as a race metabolised alcohol poorly and had limited self control when it came to alcohol. All the fur enterprises provided liquor for their employees and sold it to the Indians who came to the trading posts, thereby contravening laws prohibiting the transportation of liquor in Indian country. The American Fur Company's defence was that if the other companies allowed liquor sales through their own trading posts then it had to do the same to remain competitive. Federal laws were open to interpretation and the local Indian agent had considerable powers of discretion. The issue often turned on the definition of what was Indian country. The traders regarded it as their right to have liquor and took it with them on their trading missions. The government agent would then try to confiscate it and disputes ensued.

The AFC supported its own traders while warning them not to send liquor out on any missions. Astor had initially campaigned against the sale of liquor but in 1832 he lobbied vigorously to allow liquor to be transported into Indian country, hoping to break the Indians attachment to the powerful Canadian Hudson Bay Company, which had long supplied liquor at its trading posts. A ban on transportation of liquor within the United States



could give the Canadians the advantage. However, the necessary amendments to the legislation then going through Congress, which would have banned transportation, were not secured. But the buffalo herds were not slaughtered by the fur traders and the displacement of the Indian Nations was government policy.

Astor was a tough employer, kind to those who were loyal to him and innovative in his business practices. His first business was essentially a trading one, his second was the canny acquisition of land on Manhattan island. But the nature of his businesses has led to a lessening of the value of the pioneering businessmen of Astor's kind. A problem with making money in a developing economy from land is that it comes to be looked at as exploitative because the land owners wealth increases with the demand for property as the population increases and the country becomes more prosperous. This point of view sees the owner of urban real estate as the villain who grew rich through no skill of his own.

To bolster this argument critics will try to establish evidence that the poor were oppressed by the rich, for instance by foreclosing mortgages. Astor's huge property holdings were not acquired in this way. The extensive property records for New York show that between 1800 and 1819 Astor bought land mainly on Manhattan Island outside the city itself in fee simple (i.e. freehold) to the value of \$700,000. Of 95 conveyances during that period only eight were foreclosures. Of 152 conveyances after 1837, 53 were foreclosures. When he was an active property investor, Astor was the mortgagee in nearly 500 transactions, but only became the owner by foreclosure in 70 instances. Nearly all of those took place after the 1837 panic brought on by the New York banks refusing to accept paper money. This had followed President Andrew Jackson declining to renew the charter for the Second Bank of the United States after a period of high inflation and the withdrawal of Government funds from that bank.

While many were defaulting on their mortgages and trade in the city was at a standstill, Astor had money and took the opportunity to add to his portfolio by buying in the properties where the mortgagee had failed to pay the interest to him. These did not represent a large proportion of his business. Porter examined many of those transactions and concluded, "The records do not justify the common opinion that Astor was utterly ruthless in foreclosing mortgages." His estimation was that :

'It is probably true that part of the profits which Astor reaped for himself from the increase in value of Manhattan Island real estate sprang from the benefits which he had planted for New York City in foreign and domestic trade.'

Apart from recognising that visitors to New York needed hotels and building the swankiest one, which even had bathrooms, he was not a

property developer, but a rentier. Astor was New York's first millionaire and the richest American when he died but his legacy has been lost to the celebrity and interest in his descendants, when what he achieved made everything that is associated with the name Astor possible.

Haeger writing in 1991 said,

His curious reputation, of course, resulted from his position among the first, the richest, and the most powerful of American businessmen. He came to personify nineteenth century business leadership, and he became a favourite subject for both capitalism's apologists and detractors. It is little wonder that Astor has confused modern historians, for both friendly and hostile judgements about him come from highly suspect sources, including the reminiscences of his contemporaries, popular non-fiction biographies and social reform tracts disguised as dispassionate scholarship.

His career has been written about in numerous books. In some accounts he is presented as all that is right about America in others all that is wrong. His ordinary human failings do not stand the scrutiny of those who wish to put him on a pedestal to praise him or to topple and condemn him. His critics castigated him for his persistence (why did he go on making money when he no longer needed it), for promoting and lobbying for his own enterprise, for not being literate, for enriching his family and being insufficiently generous in his public bequests. Peppered throughout these accounts are fabricated stories that portray him as mean and uncouth. Albert Gallatin's son James wrote a much quoted diary, which has now been shown to be spurious and the diary a malicious attack on Astor. Astor clearly made a mistake in offering James Gallatin a business opportunity in his company; and it may be relevant that James had unsuccessfully courted Astor's daughter Eliza.

There is enough evidence to sustain the debate but often not enough to resolve it. Underpinning much of the rhetoric is the writers' own powerful sense of how they would like things to have been; they often construct a narrative around moralistic notions. Other purportedly objective accounts with such titles as *History of Great American Fortunes* by Gustavus Myers also contributed to the negative picture of Astor. Myers has to be taken seriously as a well respected historian with a reputation for dedication and careful use of source material. His book is the most cited reference for many of the hostile versions of Astor.

However, according to J.D Haeger, "...his description of Astor cannot stand as good history, for he deliberately misused evidence, depended on hearsay, and ignored contrary facts and interpretations." While Myers may have uncovered facts his interpretation of them indicate his anti-capitalist position. He wrote, "...the great fortunes are natural, logical outcomes of a system based upon factors the inevitable result of which is the utter

despoilment of the many for the benefit of the few.” Myers came from a poor immigrant background and his early years were oppressive. He was often separated from his family while struggling to earn enough to eat. He claimed in later years that the grievances he held as a result of these early experiences were social not personal, meaning that he rebelled against the capitalist system that he held responsible for the conditions he had suffered.

Myers had little respect for the talent of entrepreneurs and businessmen, seeing them as enriching themselves through the efforts and creativity of others. His analysis of Astor’s American Fur Company (AFC) started from the assumption that Astor wanted to create a monopoly, that he operated outside the law and that his activities destroyed Indian culture. On detailed examination none of his allegations can be substantiated. He also undermined his own arguments by misreading Astor’s accounts, claiming that his profit margin was 1,000% yet ignoring the company’s costs incurred in doing business, buying, selling, transporting, insuring and marketing. The company which did have a monopoly was the Canadian Hudson Bay Company, which would later be challenged by the North West Company, which Astor would have a lot to do with.

Haeger saw Myers’s work as a polemic for progressive social reform rather than an account of the business practices of Astor. Other Astor biographers, such as Arthur Howden Smith writing after the First World War, introduced an ethnocentric argument. He attributed Astor’s ‘character failings’ to his German ancestry and treated as a lack of patriotism his frequent visits to Europe and the international nature of his business, trading with Canadians and the British. In the 1930s K W Porter wrote a history of Astor using primary sources. This two volume biography is full of detail and useful references but, as Haeger says, the author’s reluctance to come to any judgement or to differentiate between gossip and ascertainable facts results in a book that does not rehabilitate Astor so much as reflect the author’s own ambivalence towards his subject.

In creating the AFC Astor sought to establish an American company to counter the influence of the Canadians who dominated the market at the time: three quarters of the furs traded in America came from Canadian companies, principally the North Western Company and the Michilimackinac Company. There were many sub texts to Astor’s wish to establish this company, not least that he might persuade the government to give up its own trading houses which had been established to trade with the Indians and instead link them to his company. The AFC was completely controlled by Astor and his appointees, as Washington Irving wrote, ‘ he, in fact, constituted the company; for, though he had a board of directors, they were merely nominal; the whole business was conducted on his plans, and with his resources’.

In July 1808 Jefferson wrote to the Governor of the Missouri Territory, Meriwether Lewis, that a powerful new company, namely the AFC, had come into existence to secure “exclusive possession” of the commerce in furs and peltries in that area. Its origins were portrayed as patriotic. It was characteristic of Astor’s dealings with government to combine acting, apparently in the national interest, with his own commercial interests. What Jefferson did not know was that Astor intended to dominate fur trade in the south and north west too, as far as the Pacific. He planned to establish trading posts from St Louis to the mouth of the Columbia River. Astor sought to establish a dominant position wherever he operated even though he could never wholly drive out the competition.

AFC operated in an oligopolistic system and never was a monopoly; competition was greater in some areas than in others. For instance at Green Bay in the south west basin of Lake Michigan, only half the registered fur traders worked for the AFC; in the Western Department, long dominated by St Louis firms, the AFC made an agreement with Bernard Pratte and Co. and did not employ any of its people. In the Chicago area, by contrast, the AFC was dominant. It was a national firm and it tried to be the largest so that it could control the markets and supply chain. Often that did not succeed, as for instance in the western expansion of the trade along the Missouri River where William Ashley, and Kenneth McKenzie of the Columbia Fur Company, were the dominant merchants. Here the hostility of the Indian tribes and the difficult terrain lead to the abandonment of fixed trading posts and the use of Indians as trappers.

One reason, put forward by Haeger, for the neglect of Astor’s significance has also been the prevailing view among historians that it was not until the building of the railways that businessmen can be thought of as significant in the opening up of the American continent. With the advent of manufacturing came mass production, mass distribution and the modern corporation which spawned the professional middle class and the separation of ownership from control (robber barons excepted). The fur trade was individualistic and operating in a business climate where the merchants had limited control over markets, transportation, and very little communication with their employees. Agents did the best they could for their clients, as did the sea captains entrusted with cargoes to sell and buy. If however one looks at the way Astor developed his business there is evidence that he was aware of and implemented as best as he was able the changes to the organisation of the fur trade which we later find happening in business corporations.

He studied markets carefully and suited his cargoes to the demand, he appointed managers and agents to whom he gave detailed instructions , and he increasingly worked towards a lateral and vertical integration of his business. He initiated the use of futures contracts in the fur trade and he

used banks, financial instruments, and bought and sold debt. In a climate hostile to banks the government turned to wealthy businessmen to finance government debt, such as war loans. Astor was active in the organisation of the syndicate which financed the war of 1812. With the Philadelphia businessman Stephen Girard he pioneered the practice of loan contracting, by buying the bonds wholesale at a discount and then selling them on retail in America and Europe. Like the modern efficient corporation he was entrepreneurial and receptive to new developments, for instance buying a paddle steamer to replace sail boats for moving cargoes along the Mississippi.

He was finely tuned to margins, kept detailed accounts, and made decisions based on analysis of the returns and the prevailing market conditions. This can be most easily traced by comparing the ships manifest during his China trading years. He lobbied government and sought out influential people to intervene on his behalf. He had a strategy and he implemented it. All these behaviours are indicative of a modern businessman. By including Astor in the company of modern businessmen I am shifting the emphasis from the way corporations and institutions brought about change in society to how evolutionary change in business practice also had an individual expression.

Nevertheless I recognise the futility of a quest for the historically authentic Astor. Once a person has become mythologised the idea of a 'real', the 'true', version of the person will remain even more elusive. What became clear to me in studying him is that as Astor prospered, travelled more, enjoyed his leisure, helped his family and fostered the development of key employees and their children was that he realised that his son William did not have the flair to take on the business he had started and make something more of it. William was a conscientious manager but his father hoped for more. Repeatedly we find him asking Albert Gallatin to join his company, offering him large shareholdings and a good salary. Every time Gallatin declined. His reason was that he did not wish to become a wealthy man as this would undermine his public role as a man of probity. He did however agree to become chairman of Astor's bank the Bank of New York in 1829. Gallatin, a naturalised Swiss, was more comfortable in public service, where he had a reputation for probity, held many different offices including Treasury Secretary for twelve years. He had become a friend of Astor's through the Nicholson family (Gallatin married Commodore Nicholson's daughter Hannah) and the Gallatin and Astor children played together.

This is a story about the enterprise of one man and how he made two fortunes and how they were given away. Along the way the American family splits, some settling in England others staying in America. The American family in the main gave the money away, the English family were hugely philanthropic, supporting hospitals, and universities with

money and time. My great grandfather bought Cliveden and Hever Castle and the English family has divided into the Cliveden Astors and the Hever Astors. The Cliveden Astors owned the Observer and were prominent socially partly because of the entertaining my grandmother Nancy, the first woman to take her seat in parliament, and her husband Waldorf did.

The Hever Astors owned the Times, gave time and money to hospitals and charitable causes and engaged in public life. Both families used their money to alleviate hardship. Eventually taxation and the absence of any member of the family engaging in the management of their American real estate holdings led to the diminution of the family fortune. My great grandfather sold off large areas of New York and the seal on this was set by the decision to sell much of the rest of the real estate in the 1960's when the market was low. In 1942 my grandfather gave Cliveden to the National Trust with the then huge endowment of £250,000, equivalent today of £9.8m. But the life of John Jacob was one of gradual increase in his personal fortune despite setbacks both personal and professional.



*Cliveden House.*

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