WRITING BIOGRAPHY AS A HISTORY OF NETWORKS:
WHY THE STORY OF J.P. MORGAN NEEDS JACOB H. SCHIFF

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This paper on writing biography as a history of networks is based on a longer book project called Gentlemen Bankers: The World of J.P. Morgan, a study of the social and economic networks of J.P. Morgan, the American financier.¹ The Morgan in the title refers to both John Pierpont Morgan Sr., known to his intimates as Pierpont, and his son, J.P. Morgan, Jr., or Jack, who were the senior partners of the House of Morgan, an international merchant bank, between 1894 and 1934. The book focuses on the New York branch of the bank, J.P. Morgan & Co., and traces its transition from a private, unlimited-liability private partnership to a public, limited-liability corporation during the Progressive and interwar periods. As the title suggests, Gentlemen Bankers is not a traditional biography because it looks at the Morgans as part of a larger network of people and places and institutions, and it writes their history from the perspective of those relationships as they changed over time.

Studying a business like private banking from the perspective of networks makes sense for investment bankers given the nature of their business; they rarely worked alone. In the late nineteenth and early twentieth centuries, private bankers like the Morgans were organized as unlimited-liability private partnerships, a form derived from their early history as merchant bankers whose business was dealing in international trade. Unlimited liability meant that the firm’s partners were personally liable for the profits and losses of their firm on every deal, as opposed to limited-liability corporations in which an individual’s losses are limited to the amount of the original investment. Underwriting large capital projects like American railroads thus involved great personal and individual risk, which bankers managed by sharing that risk with others through the organization of syndicates that typically involved many participants. Syndicates were monitored by a community and not by a state legal structure, which either did not exist or did not function efficiently to enforce contracts between parties. Fundamentally, they were based on trust. The monetary amount of a participation and the frequency of that participation indicated the strength of the relationship between the managing bank and the syndicate participant. To a certain extent, ¹ Susie J. Pak, Gentlemen Bankers: The World of J.P. Morgan (Cambridge, Mass., 2013).
they were also reflective of one’s standing in the larger financial community. For the Morgans, who were international bankers, this community was global in scope.

I first discovered the Morgans when I was researching the International Banking Consortium to China (IBC), a multinational group of bankers who acted as private representatives of their respective governments and whose ostensible purpose was to lend money to China for the development of its national railways. In addition to the Morgans, there was one other private American bank in the original IBC agreement, the German Jewish private bank, Kuhn, Loeb & Co. whose senior partner, Jacob Schiff, was the son-in-law of the firm’s founder, Solomon Loeb.² Kuhn, Loeb’s position on the IBC reflected its status as Japan’s foreign bankers, which it earned by underwriting the Japanese war effort to defeat Russia during the Russo-Japanese War, 1904–5. Morgan and Schiff were known to be strong competitors, but because they were united in their support of expanding American and Japanese interests in China, I had originally assumed that their common commitment to empire overcame any differences they had. Over time, it became clear that this was only part of the story.

In a business like private banking, which was and is defined by close, personal interaction, Morgan’s relationship with Jacob Schiff stood out because they had strong working ties but they were socially very separate because of the way in which their world was divided along ethno-religious lines. All of Schiff’s partners were Jewish and of German background and all of Morgan’s partners at this time were native-born American Protestants. They did not live close to each other; they did not socialize outside of work; they were not associated with the same cultural or social organizations; their partners and sons apprenticed at different firms; and their children did not attend the same educational institutions. In theory, these differences did not have to mean that they could not work together, but the reasons for their separation were rooted in the prevailing anti-Semitic sentiment.

of the day, which would have undermined the personal trust necessary for cooperation. If social relations were central to how private bankers like the Morgan and Kuhn, Loeb partners created inter-firm cohesion and developed relationships with associates in other firms and institutions, how, then, did the two firms’ members work together in the context of anti-Semitism?

Schiff’s presence, and that of Kuhn, Loeb, in the Morgans’ economic network make it necessary to question several basic assumptions about private bankers, which would not be as obvious if we were to write the story of either banker or firm independently. One of the assumptions that the book contradicts is the idea that bankers were both homogeneous and collusive, a view that was held, for example, by progressive reformers and the prosecutors of the Congressional “Money Trust” investigation of 1912–13. When we put their differences into relative context with other bankers with whom the Morgans had strong working ties (and with whom they did share social and affective ties), the fact that Morgan and Schiff worked together seems remarkable, given the assumption that elite bankers cooperated on the basis of shared social and ethnic ties. If we assume that social differences just did not disappear or cease to be important, and if we take into account the hostility created by the anti-Semitism of the day, how were Anglo-American and German Jewish American bankers able to trust each other and work together?

Historically, this contradiction has been explained by the idea that their relationship was based on money and economic self-interest. In the book I argue that given other qualitative evidence, including the fact that the bankers themselves said that money was not the primary basis of trust in their community, money could not explain how they were able to work together. It may have been an important incentive, but money alone could not serve as the basis for trust. The idea that money was the primary bond between Morgan and Schiff assumed that they could and did somehow separate the world of business from the broader society around them. But what conditions made this possible? And why or how did these conditions become invisible or taken for granted?

The book argues that the answer lies in the structure of the Morgans’ network and in the way in which the world of business was situated or embedded in the society at large. When studied together and put
into context, economic relationships and social ties often contradict the expectations of how relationships are generally assumed to work. That is because the choices individual historical actors make involve and affect the multiple networks of which they are members even if they themselves treat and see those networks as separate. Focusing on the times and spaces when the partners of the different firms were together, such as in the world downtown in Wall Street where they worked, and when they were not together, such as in the world uptown where they lived, I asked, “Who was there and who was not there?” In the process, one begins to notice other groups, who were already there but who were considered to be far removed from the financial world. In other words, when Anglo-American and German Jewish bankers were not together and when they were together, one group in particular was either present or absent; that group was elite Anglo-American and Jewish women. The book explores in greater detail how the separation between the social and economic spheres of bankers, as represented by the presence or absence of women, made it possible for them to work together.

*Gentlemen Bankers* is an example of how writing biography from the perspective of networks advances our understanding of history because it forces us to recognize that which we might take for granted. In other words, it reveals other people and events that appear in geographically distant and culturally separate spaces but whose presence and absence are relevant to the structure of a network as a whole. The distinction between these spaces is evident not so much in a qualitative change in the individuals themselves — in this case bank partners — but in the nature of the network as seen in the presence or absence of other groups at different times and in different places. One of the points I try to make in the book is that studying history as connections and relationships reminds us that what is not there can often be as important as what is there, and that the way in which evidence is linked together and interpreted is not predetermined.

Studying financial institutions within a larger social and historical context illuminates the important role that culture played in the world of finance even when it does not seem to play a role because of the way in which society and business are kept separate. Writing biography from a network perspective asks us to find the connections between different groups of peoples, who not only saw themselves as entirely separate from each other, but also went to great lengths to make that separation a reality, and therefore, did not leave evidence
of those ties. In practical terms, mapping biographical networks is a challenge precisely for these reasons. We must still find a way to demonstrate the connections empirically even when direct evidence is not there. The book goes into much greater detail about the many different historical sources and datasets that I used to study their networks, but in conclusion, I will briefly illustrate how I translated two archival sources into a network map: the Morgan syndicate books and geographic addresses from the New York City Social Register.

Between 1894 and 1934, J.P. Morgan & Co. created twelve syndicate books, which are very large ledgers with handwritten entries on business deals with additional pages of documents (usually typewritten) bound into each book. In order to translate the books into quantitative information, every deal was put into an Excel file and coded according to the type of client for the deal (e.g., a railroad, a utility company, a manufacturer, etc.), the total amount of money the syndicate was put together to finance, the profit and loss if noted, and the year, among other details. Every single syndicate participant was noted and given a separate Excel file with the name of the deal, the year, and the amount. The Morgan firm’s participation in syndicates initiated by other firms was also recorded. All of this information was then aggregated by five-year intervals.

By mapping these deals over time, one could see that the greater the amount allotted to a particular firm, the more frequently it joined the Morgans’ syndicates, and the more diverse its participations (e.g. by variety of clients), the more important that firm was to the Morgan bank. Thus, the coding process identified the nature of a participant’s position in the network relative to all the other participants and made it possible to answer the following questions: Did a participant only do business with the Morgans for one client? Did the amount of business drop off after a certain time? Did firms that joined syndicates managed by the Morgans reciprocate by inviting them to participate in their own deals? My analysis of the Morgan syndicates found that the Morgans did not cooperate with all the participants equally in terms of frequency or amount. It confirmed that Kuhn, Loeb was an important syndicate participant. But it also revealed that within this world, Kuhn, Loeb & Co. was an important partner with certain limitations: it was important because it was a competitor and not in spite of the fact that it was a competitor. What the Morgan syndicate data shows, therefore, is that the bank did not ignore social separation but accommodated for it.

5 These ledgers are now held by the Pierpont Morgan Library in New York City.
As discussed in the book, the key to understanding the Morgan bank’s relationship and cooperation with Schiff and Kuhn, Loeb lays in recognizing that they were tied to Kuhn, Loeb & Co. by a larger network of financial actors. The fact that this larger network was set in the context of a time and place is apparent in the location of the partners’ homes, another dataset I generated in order to study their relationships. Using geographic data was taken from the Social Register, New York (for the Morgans) and from Census data, passport applications, newspaper articles, and private papers for Kuhn, Loeb partners, I gathered data and created maps for the Morgan and Kuhn, Loeb partners for every five-year period between 1895 and 1940. The addresses were compared to map data from Sanborn Fire Insurance Maps from the late nineteenth and early twentieth centuries. Using information provided by Environmental Data Resources (EDR), which owns the copyright to the Sanborn map data, a latitude/longitude list was created for every address. Then, using a map file provided by the New York City planning department, the locations were uploaded into ArcGIS, a geographic information system program, and visualized on a map of Manhattan.

Though dozens of maps were made, only several made it into the book. These maps offer a relatively accurate picture of where the partners lived in relation to one another in early twentieth-century New York (see Map). Generally speaking, the Morgan firm’s partners tended to live near each other in the neighborhood known as Murray Hill, just south of Grand Central Station. Kuhn, Loeb partners, on the other hand, lived further north, in homes and mansions spaced out along Fifth Avenue and the eastern side of Central Park. Other syndicate participants, such as the First National Bank of New York and National City Bank, were managed by directors who tended to be Anglo-American Protestants and to live closer to the Morgan firm.
partners. Mapping the location of these bankers when they were away from Wall Street underscores the extent to which Morgan and Kuhn, Loeb partners lived separate social lives which, again, had to be understood in the context of the fact that they did work together as the syndicate books demonstrated. It goes without saying that a critical piece is not just to create the picture of the two networks but to analyze them together. Without both, we would only have part of the story, and most importantly, we would risk depriving historical structures of their sense of the processes that made them possible.

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