

THE MONEY KINGS

The Epic Story of the Jewish Immigrants
Who Transformed Wall Street
and Shaped Modern America

DANIEL SCHULMAN

Best-selling author of SONS OF WICHITA



ALSO BY DANIEL SCHULMAN

Sons of Wichita: How the Koch Brothers Became America's Most Powerful and Private Dynasty

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For Stacey, Wesley, and Reid

and

In memory of Bernard Schulman (1930–2022)

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PREFACE

A Debt

On my thirtieth birthday, my dad and I drove the six miles from his apartment on New York's Upper East Side to Williamsburg, where he grew up until middle school, before his family moved across the borough to Bensonhurst. His old neighborhood was just twenty minutes away, but he measured the distance in decades. "I spent half my life trying to get out of Brooklyn," he joked. "Why go back now?"

We ate lunch at Peter Luger, the iconic steakhouse, situated in the shadow of the Williamsburg Bridge. Founded in 1887, it was once a mecca for local power brokers. This was Dad's first visit. His parents kept a kosher household, and besides, money was tight. Afterward I suggested we try to locate his childhood home, a five-story brick tenement on McKibbin Street, where his family had lived in a two-bedroom apartment on the third floor. He and his two brothers had occupied one small room, their parents the other. My father, the youngest in their family of five, recalled often sleeping on the living room couch to escape the claustrophobic twin bed he shared with his middle brother, Marvin. So many of his most vivid memories were rooted on McKibbin Street: the transcendent aroma of his mother's *gribenes*, the Jewish delicacy of fried onions and chicken skins; the sound of the iceman clomping up the stairs to make his deliveries; the soothing breeze on the rooftop on sweltering summer nights; the sweet sting of a broom handle connecting with a Spaldeen during neighborhood stickball games.

The apartment also conjured bitter recollections—of a short-tempered and abusive father who imposed order with his belt strap and his fists and eventually left their family for a mistress, and of the fear, anger, and uncertainty that followed.

Dad gazed out the window as we passed the boutiques and bars of Bedford Avenue, as if he were studying a Martian landscape. These were not the gritty streets of his Depression-era youth. Finally, we turned on to his old block, a shabby and graffiti-covered one-way street off Bushwick Avenue. The building, we discovered, had been demolished. The area was at once vastly different and surprisingly recognizable. It remained a neighborhood of immigrants, but where Yiddish had once been spoken, now Spanish was.

We parked and walked around, my dad pointing out the landmarks he remembered: P.S. 147, where he attended elementary school; the squat brick library down the street. “We lived almost like we were in Europe,” he remarked, explaining that when he was coming up, each of the surrounding streets might as well have been separate countries. “The Italians were on the next block,” he said, pointing. The Roma “lived in the storefronts.” Jews—his people—resided on McKibbin Street.

The wealthy and assimilated German Jews who lived uptown in Manhattan called his people *Ostjuden*, “eastern Jews.” They were the persecuted and impoverished immigrants from what is today Hungary, Poland, Russia, and Ukraine, who during the late nineteenth and early twentieth centuries spilled off steamships in New York Harbor by the hundreds and scattered to the Lower East Side, Williamsburg, and other Jewish enclaves, packing into tenements like the one on McKibbin.

My grandmother Lena immigrated to New York in the early 1900s from Peremyshlyany, a town in what is today western Ukraine and was then part of the domain of the Austro-Hungarian Empire. She was eight years old and traveled alone, wearing a sign around her neck so an uncle she had never met would recognize her when she disembarked (or so the story goes in my family). My grandfather Elias—Al, everyone called him—also came to New York as a child, departing from the port city of Libau, in present-day Latvia, with his parents and siblings in the fall of 1905, during a spasm of anti-

Jewish violence in the Pale of Settlement, the territory on the western fringe of the Russian Empire where the czar permitted Jews to live.

Lena was a candy dipper for a Manhattan confectioner; Al, a neighborhood tough guy, worked as a chauffeur, salesman, and mover. Through his contacts in the local Democratic Party machine, he eventually landed a patronage job with the Internal Revenue Service.

They lived a world apart from the protagonists of this book, who moved in rarefied circles and resided in palatial Manhattan mansions containing Baroque masterworks worth more than Al and Lena could have hoped to earn in several lifetimes.

Yet their two worlds were inextricably, and at times uncomfortably, tethered, bound by their common religion and by the proud yet sorrowful history of struggle and displacement the Jewish people shared.

My grandparents would have been familiar with Jacob Schiff, the investment banking mogul who bridged both spheres. Perhaps they first heard his name mentioned reverentially by a fellow immigrant who had coal in his furnace, or a job, or had learned English thanks to one of the many social welfare programs supported by “Unser Yankele” (our little Jacob). Or maybe they overheard a Zionist denounce the financier, incensed by Schiff’s contention that establishing a Jewish homeland risked transgressing their American patriotism. But during Al and Lena’s formative years, Schiff was ever present. He was the self-appointed leader of American Jewry, presiding benevolently—if paternalistically—over the immigrant masses. On Wall Street, his only equal was the fearsome John Pierpont Morgan.

Schiff used his fortune unreservedly to ensure a future for the Jews, at a time when their long-term existence seemed very much in doubt. During the prelude to World War I, as conditions in Eastern Europe and Russia worsened and cablegrams reporting massacres and mob violence piled up, Schiff worked to ensure that the United States remained a refuge for immigrants. This was no simple task. The fractious immigration debates of that era were strikingly like those of today. Politicians called for harsh restrictions and stoked fears of disease-carrying foreign criminals invading the United States, degenerating the country’s character, and becoming public

charges. The nation's doors constantly seemed on the verge of slamming closed to immigrants. Eventually—and with tragic consequences—they did shut.

During Schiff's lifetime, he and members of other wealthy German-Jewish banking clans successfully mobilized against efforts to curb Jewish immigration. Between 1890 and 1920, the years Schiff was most active, the Jewish population of the United States swelled from 400,000 to 3.4 million. Jewish philanthropists, with Schiff at their vanguard, founded and sustained a head-spinning network of organizations and social programs, from schools and hospitals to orphanages and job training centers, to assist the new arrivals and speed their acculturation. Banding together (not always harmoniously), Schiff and his fellow communal leaders formed what amounted to the first American-Jewish lobby, forcefully advocating for the rights of Jews abroad and pressing for liberal immigration policies at home.

Al and Lena and their sons, my father and his brothers, owed more to Schiff and his allies than they might have realized. Absent the advocacy and philanthropy undertaken by Schiff and his friends, their American story—and mine—might not have been possible. Millions of American Jews, descendants of the Russian and Eastern European immigrants who sought and found opportunity in the United States at the turn of the century, owe a similar debt.

This is a book about the evolution of modern finance, about Wall Street pioneers who formed towering institutions such as Goldman Sachs, Kuhn Loeb, and Lehman Brothers, and who shaped, to an astonishing degree, the world we live in today. It is also a tale of how immigrants such as Al and Lena arrived in this country and why they thrived.

These seemingly disparate threads overlap, forming part of the same remarkable story.

INTRODUCTION

Salem Fields

September 28, 1920, was supposed to be a joyful day. A Tuesday, it fell during Sukkot, the weeklong Jewish harvest festival that follows Yom Kippur, the somber Day of Atonement. Sukkot was usually a time of revelry and jubilation, singing and feasting. Instead, grief and gloom shrouded New York City.

The weather itself was “unsettled,” according to the forecast, the air sticky with humidity and rain on the way. Judges adjourned their courts that morning, and flags flew at half staff in the financial district. The streets of the Lower East Side, where crowds typically jostled among a labyrinth of pushcarts, were unnervingly serene. Peddlers covered their wares. Merchants locked their shops. Tucked into the windows of closed storefronts, and hanging in the entryways of tenements, settlement houses, and orphanages, were placards, in English and Hebrew, reading, “The East Side mourns the loss of Jacob H. Schiff.”^[1]

The banker and philanthropist, head of the formidable Wall Street house of Kuhn Loeb, had died several days earlier. He was a diminutive man—he claimed five feet six on his passport, though he might have been rounding up generously—but a colossus in finance and Jewish life, whom one New York paper described as “the foremost world-representative of his race.”^[2] During his lifetime, he had dueled with J. P. Morgan for railroad industry dominance, gone toe-to-toe with U.S. presidents over immigration and foreign policy, and warred with an entire empire on behalf of his oppressed religious brethren.

He left the world a vastly different place than it had been when he entered it seventy-three years earlier in Frankfurt am Main.

Perhaps the mourners felt it. They were saying farewell not just to a man but to an age.

Built to accommodate two thousand worshippers, Temple Emanu-El, the hulking Moorish-revival-style synagogue on 43rd Street and Fifth Avenue, was filled to capacity, its polished walnut pews thick with VIPs. The presidents of the Union Pacific and Pennsylvania railroads, a mining tycoon and a precious gems magnate, a former ambassador and a future one, the Civil War general who captured Jefferson Davis, the founder of Sears, the publisher of *The New York Times*—these eminences were just part of the twenty-three-man contingent of honorary pallbearers, which also included one of the most famous New Yorkers of that era, Schiff's Kuhn Loeb partner Otto Kahn, the debonair and mustachioed financier-statesman who was said to have formed part of the inspiration for the Monopoly man.

But the most amazing sight was not to be found inside Emanu-El's cavernous sanctuary; rather, it came into view as Schiff's funeral procession traveled down Fifth Avenue from the banker's mansion near the corner of 78th Street. For block upon block stood thousands of people, many of them poor Jewish immigrants from the East Side, who had come to pay their respects, their heads bowed low as Schiff's flower-laden casket passed.

After the service, crowd members fell in with the funeral cortege, some of New York's lowliest citizens mixing with some of its loftiest. They marched to the Queensborough Bridge, from which Schiff's casket continued to Salem Fields, the sprawling cemetery that the Emanu-El congregation had established on a vast and gently rolling tract that straddled Brooklyn and Queens. Stately mausoleums, some containing stained-glass windows by Louis Comfort Tiffany depicting biblical tableaux, speckled the hillsides. Interred within were some of America's greatest financial minds, men Schiff had known well: Jesse and Joseph Seligman, whose prolific sale of U.S. bonds during the Civil War and afterward helped to sustain and strengthen the fragile nation; Marcus Goldman, a trailblazer in the commercial debt

market; Emanuel and Mayer Lehman, the commodities-trading wunderkinds who helped found the New York Cotton Exchange.

Schiff's majestic tomb, assembled from twenty-ton granite slabs and evoking a Roman temple, overlooked the rest. He was among the last in a line of German-Jewish dynasts—and in many ways the most consequential—who played a pivotal part in America's progression into a financial, and thus global, superpower. Their firms—J. & W. Seligman & Co., Goldman Sachs, Kuhn Loeb, Lehman Brothers—capitalized railroads and transit systems, utilities and industrial giants, cities and nations. They helped give rise to some of the nation's most iconic companies: B.F. Goodrich, General Motors, Kodak, Macy's, Paramount, Polaroid, Sears, Studebaker, U.S. Rubber, Western Union, Westinghouse, Woolworth, and many others. And that was merely one facet of their seismic influence on the twentieth century.

“He was one of the small but powerful group who have made the higher commercial life of New York City what it is today,” one of Schiff's intimates remarked on the day of his funeral. “The future historian of American business and industrial affairs must set forth their careers as dominating an epoch which, with all its faults, had been no less than majestic in its power, its distinction and its forward movement among the ages.”^[3]

—

Wandering the narrow, tidy lanes of Salem Fields, where the founding partners of Goldman Sachs reside a short stroll from the Lehman brothers, and where the Schiff and Seligman clans are entombed several hundred feet from each other, is a humbling, sometimes overpowering experience. Here the through lines of the past converge, the manicured grave sites forming the guideposts to the modern era. The proximity of these titans and their families in death hints at their intimacy in life. They were allies (and occasional rivals) in business, partners in philanthropy, friends, and in some cases in-laws. They worshipped together and celebrated one another's milestones. Each dynasty established a legacy that was exceptional on its own but is

disorienting in scale when the aperture widens to take in their collective impact.

Families such as the Goldmans, Lehmans, Sachses, Schiffs, Seligmans, and Warburgs are said to belong to “our crowd,” members of a close-knit German-Jewish aristocracy in New York dominant during the Gilded Age. That became the ubiquitous descriptor for their social milieu, following the publication of Stephen Birmingham’s dishy best-selling 1967 book of the same name, which colorfully chronicled the interwoven, near-incestuous, and outrageously opulent world of Manhattan’s German-Jewish upper crust. In Birmingham’s telling, their high society paralleled that of the Christian elite, who held them at arm’s length: namely, the “Four Hundred,” Caroline Astor’s roster of New York’s haute monde. “They have referred to themselves as ‘The One Hundred,’ ” Birmingham wrote. “They have been called the ‘Jewish Grand Dukes.’ But most often they have simply called themselves ‘our crowd.’ ”^[4]

Yet it’s not clear that they did refer to themselves this way, which is why I largely avoid this appellation. Birmingham’s own correspondence and other letters concerning his book’s publication raise questions about the origins of this phrase. “I have never heard of these families referring to themselves as ‘the One Hundred,’ or calling themselves ‘our crowd,’ ” Geoffrey Hellman, a *New Yorker* writer and great-grandson of Joseph Seligman, complained to Birmingham’s publisher.^[5] Hellman had been one of Birmingham’s key sources, as was Frances Lehman, granddaughter of Mayer Lehman, who phoned the author after *Our Crowd*’s publication to express similar bewilderment.^[6] In a letter to Hellman, Birmingham defended the title as “satiric” (because there was considerable rivalry within this supposedly cohesive group—essentially, crowds within “our crowd”) and said that he had plucked the name from *Red Damask*, a 1927 novel about a wealthy German-Jewish family in New York, authored by Emanie Sachs, the first wife of Goldman Sachs scion Walter Sachs. The phrase “our crowd,” he noted, was sprinkled throughout the text.^[7] It was a useful literary device, but there is little historical basis to suggest that “our crowd” was anything more than that.

I set out to tell a different tale than Birmingham—less a social history than a financial, political, and philanthropic one—that focuses on a handful of dynasties whose members were particularly close, whose legacies were startlingly profound, and whose lives form an elemental part of the story of how modern America, the modern world, really, came to be. The annals of their firms reveal the nation’s financial evolution, from the rough-and-tumble rise of Wall Street to the ascent of some of the twentieth century’s quintessential companies and industries. Their philanthropy and institution-building are the bedrock on which American-Jewish life is built. Their support for the fine arts, literature, film, and music, and for libraries, museums, and universities, is embedded in the nation’s cultural DNA.

The title of this book comes from the term that newspapers often used to describe Jacob Schiff and his fellow financial heavyweights—as in “Money King on Witness Stand,” when Schiff testified before the New York legislature as it probed the life insurance industry, or “Jacob Schiff the New Money King,” as the headline of one effusive 1903 article declared. It was a label applied not just to Jewish financiers but also to Christian moguls such as J. P. Morgan, John D. Rockefeller, and Edward H. Harriman. This name captured the titanic influence held by a relatively small cadre of investment bankers, industrial titans, and railroad barons, whose power, for a time, rivaled, and in some cases surpassed, that of the U.S. government, especially when it came to the still-unregulated realm of finance. The sobriquet “money king” was in some cases an expression of awe, crystallizing a new American obsession with corporate giants. In other contexts, it was a term of derision—an accusation of inordinate, unelected clout.

Wealth and power, and the myriad ways these German-Jewish dynasties left their mark on the modern world by expending both, are themes that run throughout this book—one that I initially hesitated to write. Like many Jews, I am sensitive to the antisemitic canards that have plagued our people for centuries, those that suggest our underlying traits are greed and avarice, that we control the media and the banking system, that we are party to a global plot to subjugate the planet.

The sudden and visible surge of antisemitism during the Trump era, when I began this project, alarmed me. Did exploring the epoch-shaping legacy of Schiff and his fellow “money kings” inadvertently risk arming bigots with fodder to weave into their conspiracy theories about Jewish bankers? It was these malign actors, I noticed, who seemed most committed to keeping Schiff’s memory alive, for all the wrong reasons, in online ramblings filled with distortions and lies. But Schiff and his German-Jewish contemporaries—men who have been given far less than their historical due, considering their impact—deserve to be known, understood, in some cases celebrated. Their stories illuminate much about the past and present, and that includes the origins of modern antisemitism (and the forces behind it) and the fraudulent mythology, in which these German-Jewish bankers feature prominently, that was used to justify mass murder. Maybe, I concluded, there was no better way to counter the lies than to tell their stories in full.

—

Given the inauspicious beginnings of the patriarchs of New York’s most prominent German-Jewish banking families, it was hard to imagine that they would ever grow notorious enough to be written into conspiracy theories. Most immigrated to the United States in their teens or early twenties, part of a swelling tide of German Jews seeking refuge from the oppressive conditions and discriminatory laws in their homeland. They arrived, after weeks-long voyages in squalid steerage conditions, with little more than their ambitions. Like many Jewish immigrants seeking a foothold in America, they found work as itinerant peddlers and merchants, vocations common back home in Germany, where Jews were prohibited from most other professions. Departing New York, they trundled off into the American heartland—men barely older than boys. Their paths, before long, would deposit them back in Manhattan, this time not as peons but as fledgling masters of finance.

Indeed, some of the world’s greatest financial institutions, companies that would dominate Wall Street and power America’s industrial

transformation, were born out of rickety wooden carts and bulging canvas rucksacks.

PART I

ORIGINS

& BROS.

If Joseph Seligman seemed like a character lifted from the pages of a Horatio Alger novel, there was a good explanation for that. For about eight years spanning the late 1860s to the late '70s, the acclaimed author lived with the Seligman family in their Murray Hill home, where he tutored the banker's five sons and spent many evenings in Joseph's commodious library bantering with him about literature, philosophy, religion, and the latest scientific discoveries. Over the years, Alger soaked up Seligman's astonishing story.

“Horatio Alger had found in Joseph Seligman his prototype of the poor boy who, through courage and hard work, arrives at wealth and fame,” recalled one of Joseph's grandsons. “‘Tattered Tom’ and all those other miraculous heroes that follow the formula of the Alger books...are but other versions of Alger's employer.”^[1]

Joseph's journey to America began like those of many other immigrants of his generation. In July 1837 two horse-drawn carts steered away from the Bavarian farming town of Baiersdorf, beginning the trip that would carry Joseph and eighteen other would-be émigrés to the port city of Bremerhaven, on the North Sea. Joseph was seventeen and traveling alone. Sewn into the lining of his trousers was the equivalent of \$100, which his mother had assiduously cobbled together to give her son a successful start in the United States.