The co-partnership notice was sparse and the display advertisement tucked away on page eleven of the *Wall Street Journal* on 1 January 1929 discreet. In fifteen lines, J.P. Morgan & Co. announced that it had admitted five new partners: Henry S. Morgan (Harry Morgan), Thomas S. Lamont, Henry P. Davison Jr., Thomas Newhall, and Edward Hopkinson Jr. All were becoming partners at J.P. Morgan & Co. New York, Morgan Grenfell & Co. London, and Morgan & Cie. Paris. Collectively these firms were known as the House of Morgan. The *New York Times* was less circumspect. Under the banner “Sons of 3 Partners Enter Morgan Firm,” the paper informed its readers that Morgan partnerships were “the most coveted posts in Wall Street.” “It is doubtful,” the article commented, “if in Wall Street equal responsibility has been placed before on three men all under 31.” There were compensations, *The Times* hastened to add. Wall Street reckoned that Morgan partners earned a minimum of $1,000,000 per annum.

Serious-minded observers pointed to the attractions beyond lucre. *The Nation*, on the occasion of the announcement of Dwight Morrow’s appointment as ambassador to Mexico in 1927, remarked “[h]ardly any post to which the President might appoint him could give Mr. Morrow power comparable to that which he wields as a partner in the greatest international banking firm in the world.” Some years later, the writer-cum-historian of contemporary American society Frederick Lewis Allen echoed that verdict. He asserted that becoming a J.P. Morgan & Co. partner was “as high a prize as a financier could hope for . . . it was a place on the general staff of what the business world considered the headquarters of financial power.” Writing under his adopted name, Lewis Corey, the left-wing intellectual Louis C. Fraima concurred. With

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1 The co-partnership notice can be found in the *Wall Street Journal*, 1 January 1929, p. 11.
3 “From Morgan’s Up,” *The Nation*, vol. 125, no. 3248, 5 October 1927, p. 327.

https://doi.org/10.1017/9781108653602.002 Published online by Cambridge University Press
a pedigree honed by experience in the American Communist Party, Corey penned his 1930 study of the House of Morgan under the auspices of the Brookings Institution. Deeply critical of the Morgan influence on American life, he distilled the essence: The House of Morgan was “the heart of contemporary capitalism.”

The frisson that rippled through Wall Street in the wake of the copartnership notice is thus understandable. The admission of new partners to the leading bank on the Street was a notable event. The reaction of the *New York Times* attested to the saying that men scanned their mail anxiously every morning to see if a letter offering them a place at the Morgan bank had arrived. In some Wall Street haunts, envy and irreverence coupled: Jack Morgan and his partners were referred to as “Jesus Christ and the Twelve Apostles.”

How had J.P. Morgan & Co. reached this eminence by 1929? How was it organized and what kinds of businesses did it undertake? What of its partners during the interwar years? Who were they, what did they do, and what did they believe? Answers to these questions lay the foundations for understanding the bank and its partners in the crisis years between 1929 and 1940. What follows examines the history of the House of Morgan, its business, and its partners before 1929. The contests of the 1930s did not take place in a void. They were struggles in which the Morgan partners, their friends, and their foes were conditioned by the preceding decades. The debates that swirled in the 1930s – on how to respond to the Depression, on how to reshape American capitalism, on how to deal with the looming threat of war – were inflected by the Morgan rise to prominence well before 1929.

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In 1836, when Junius S. Morgan entered into business in a dry goods firm in Hartford, Connecticut, the future eminence of the Morgan firms was remote. Assisted by a bequest from his father, Junius Morgan parlayed his means into a junior partnership with the Boston-based J.M. Beebe in 1851. The firm were traders, financing the flourishing trade between Boston and entrepôts around the world. It was, however, the connection of J.M. Beebe with the London-based merchant bank George Peabody & Co. that proved pivotal. George Peabody, aging, was searching for a dynamic, junior partner. He found Junius Morgan. Junius Morgan moved to London in 1854, bringing his family in tow, including his son,

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Pierpont Morgan. By the time Junius assumed full control of George Peabody & Co. in 1864, renaming it J.S. Morgan & Co. that year, he was established in the City, London’s financial marketplace. Pierpont Morgan, after a three-year apprenticeship in London, returned to the United States in 1857, entering Duncan, Sherman & Co., which at the time was the Peabody bank’s New York correspondent. A short-lived J.P. Morgan & Co. followed, lasting from 1862 to 1864, before Junius Morgan, uneasy at his son’s impulsive risk-taking, insisted on a restructuring, bringing on board a more seasoned banker, Charles H. Dabney. Dabney, Morgan & Co., soldiered on until 1871.\(^7\)

Change arrived with Anthony Drexel. Drexel was the dominant force in Philadelphia banking. His firm, Drexel & Co., had a New York affiliate as well as a Paris house, which from 1868 was styled Drexel, Harjes & Cie., after the managing partner, John H. Harjes. Drexel, who was looking for more effective leadership in New York, had much to offer—a good reputation, a careful hand, and a Paris connection. He also sought stronger links with the City of London. When Drexel, who had done business with Junius Morgan, broached the notion of an arrangement, the latter did not hesitate. The two orchestrated the formation of a new firm in New York, Drexel, Morgan & Co. Pierpont Morgan, who would helm the New York branch, was informed of the plans after the fact.\(^8\) Junius Morgan’s death in 1890 left Pierpont Morgan as the senior partner in J.S. Morgan & Co. in London. Soon thereafter, Anthony Drexel died, and his son opted to withdraw from the business. A reorganization and renaming ensued: Pierpont Morgan established J.P. Morgan & Co. in 1895 as the New York partnership. Drexel & Co. continued in Philadelphia as an associated house, with Edward T. Stotesbury as the new senior partner. From this time on, Philadelphia and New York functioned independently. The Paris house was renamed Morgan, Harjes & Cie.

The demands on Pierpont Morgan as the senior partner in New York and in London were formidable, and he was determined to enlist his son and heir Jack Morgan, teaching him the trade of a private merchant banker. From 1891 to 1898, Jack Morgan served an apprenticeship in Boston and then in New York. Upon his father’s instructions, Jack Morgan was sent to London in 1898 to be a partner in J.S. Morgan & Co. Jack Morgan was not only to act as Pierpont’s lieutenant in London;

\(^7\) Carosso, *The Morgans: Private International Bankers*, is authoritative. To this should be added Chernow, *The House of Morgan*, pp. 3–35.

he was directed to recruit new talent to J.S. Morgan & Co. Edward C. Grenfell was duly brought into J.S. Morgan & Co. from Brown Shipley & Co. in 1900, becoming a partner in 1904. In 1910, J.S. Morgan & Co. was renamed Morgan Grenfell & Co. When Pierpont Morgan died in 1913, Jack Morgan succeeded to the leadership of the House of Morgan.

As the foregoing suggests, the connection between the United States and Britain was at the heart of the Morgan identity. All three of the men, the “Seniors” in Morgan parlance, who led the House of Morgan between 1864 and 1941 – Junius Morgan, Pierpont Morgan, and Jack Morgan – lived and worked in London at some point in their careers. From the time that Junius Morgan embarked for the city in 1854, the Morgan firms were linked indissolubly with Britain. Vincent Carosso, who has carried out the closest study of the Morgan banks, observed that “the House of Morgan, like the Barings, Hambros, and Rothschilds, was and remained, both in spirit and in practice, a nineteenth-century merchant bank.”

More precisely, the model was the nineteenth-century City of London merchant bank. Culturally this meant continuity from father to son of the core values necessary for the merchant bank. The testimonies of Pierpont Morgan in 1912 and of Jack Morgan in 1933 before congressional committees were interchangeable as to what constituted these core values. Both men insisted that trust, character, integrity, and reputation were paramount. There was good reason for merchant bankers to insist on reputation and character. Reputation functioned as a short-cut for assessing risk and overcoming limited information about doing business. Those seeking to borrow always knew more about the state of their business than those lending. This prompted merchant bankers to develop sources of intelligence and to cultivate intimacy with clients that enabled

10 In addition to the works noted thus far, for the early history of the House of Morgan, see Longstreet Hinton, John E. Meyer Jr., and Thomas Rodd, *Some Comments about the Morgan Bank*, New York: Morgan Guaranty Trust Company, 1979, reprinted 1985.
assessments of character to deputize for informational lacunae. It was a practice that the Corner adhered to religiously. As Arthur M. Schlesinger Jr. put it, “No banking house better represented the cult of character than J.P. Morgan” in the interwar years.\(^\text{13}\)

The transmission and inculcation of this ethos were amplified by, and overlapped with, the decades in which the City of London extended and consolidated its sway over international commerce and finance.\(^\text{14}\) The Morgan partners identified the extension of the gold standard with prosperity, with the City of London’s pre-eminence, and with sterling. Gold and sterling were the foundations of the trade, free movement of capital, and labour that the Morgan partners believed in fervently. Nor was this conviction diminished by the relative decline of Britain as an economic power as the nineteenth century drew to a close. As British industrial supremacy ebbed and then was surrendered to the United States and Germany, London’s suzerainty over global commerce and finance was unaffected. The intricate network of accepting houses, bill-brokers, discount houses, jobbers, bankers, and the myriad others that constituted the City was unmatched in its sophistication, making possible the international trade that moved through the medium of the sterling bill of exchange. Powered by international earnings in services and investments, British capital moved abroad in torrential volumes.\(^\text{15}\)

The single largest beneficiary of this capital flood was the United States.\(^\text{16}\) The House of Morgan was one of the conduits through which British capital sluiced, to the advantage of British investors, American companies, and the Morgan partners. Reinforcing London’s importance for J.P. Morgan & Co. was the pre-war sectoral distribution of British capital in the United States. The bulk of British money went into


railroads.\textsuperscript{17} Railroads were especially important to the House of Morgan. It was on the back of railroad investment, railroad consolidation, and contests for the control of the railroads that Pierpont Morgan extended Morgan authority.

The asymmetry born of the Anglo-American relationship and the dominance of the City of London in international finance meant that, within the House of Morgan, Morgan Grenfell was more important than the Paris house.\textsuperscript{18} Morgan & Cie., as it became in 1927 following the death of Herman Harjes in 1926, was not originally a Morgan firm, nor did successive Morgan seniors ever live and work in Paris, though Pierpont Morgan and Jack Morgan were both fluent in French and German. While France was second only to Britain as a capital exporter before 1914, the direction of those flows was very different. French capital was exported predominantly in Europe, most famously to tsarist Russia.\textsuperscript{19} This reality, in conjunction with the fact that American multinationals did not move into the broader European market en masse until after 1918, kept the Paris house firmly behind London in the eyes of the New York partners.\textsuperscript{20} The senior partners in Paris after 1927, Bernard S. Carter and Nelson Dean Jay, were American expatriates.\textsuperscript{21} In contrast, the named partner in London, Edward C. Grenfell, was British and so too were the other resident partners in Morgan Grenfell. Morgan & Cie. had fewer partners, generated less business, and operated on a smaller scale than Morgan Grenfell.\textsuperscript{22} While Dean


\textsuperscript{21} There is little on the history of Morgan & Cie. H.O. Loderhose, \textit{A History of Morgan, Harjes et Cie, 1872–1932}, can be found in The Morgan Library (TML), J.P. Morgan Jr. papers (JPM), Box 116. There is also a history of Morgan & Cie. written by Nelson Dean Jay in the 1960s. A copy is held in the Nelson Dean Jay papers (NDJ) at Knox College (KC). The collection is uncatalogued presently.

Jay and “Bunny” Carter were respected in New York, their voices were not as influential as those emanating from London. When the sterling crisis of 1931 transfixed J.P. Morgan & Co., it did so in part because of the centrality of Britain and London within the world view of the Morgan partners. They struggled to imagine a world in which Britain was off gold; it was alien to their thinking. In contrast, when France abandoned the gold standard in 1936, the reaction of the New York partners was muted. It is true that much had changed in the intervening years, but one thing had remained constant: France was less consequential to J.P. Morgan & Co. than Britain.

What kinds of business did J.P. Morgan & Co. do? Under Pierpont Morgan, the bank had floated stock offerings, orchestrated mergers, and participated in high-profile struggles for control of companies. Among the most famous of these were the New York Central and Pennsylvania railroads in the 1880s, the salvation of General Electric in 1893, the formation of U.S. Steel in 1901, and the fight with Edward H. Harriman over the Northern Pacific railroad that same year. “Morganization” became a well-known term, implying financial control with more than a dash of looting. Pierpont Morgan was, in the eyes of critics, the quintessential robber baron. On two occasions, in 1894–95 and again in the panic of 1907, Pierpont Morgan played a significant role in quelling the financial unrest roiling American financial markets. Pierpont Morgan imparted a tincture to J.P. Morgan & Co. that coloured perceptions of the bank well after his death. Greed, imperiousness, ruthlessness, these were the traits that lived in the American public mind as Pierpont Morgan’s legacy. Yet, after the war, J.P. Morgan & Co. was not Pierpont Morgan’s bank. Directed by Jack Morgan, J.P. Morgan & Co. was less swashbuckling, less rambunctious. Jack Morgan was not inclined to be the promoter. Fortune drew the distinction: in Pierpont Morgan’s day, the bank was a promotion house; under Jack Morgan, it was a banking house. Between 1913 and 1929, J.P. Morgan & Co. offered no common stocks for sale, handling only bonds and preferred stocks. Bonds were not only safer; they constituted a larger market than equities.

Not all changed. J.P. Morgan & Co. was a partnership from 1895 to 1940. This status conferred cherished privacy, though it imposed limitations. Unlike a limited liability corporation, partners were subject to unlimited personal liability. Consequently, the bank operated with high

23 A classic account is Matthew Josephson, The Robber Barons, first published in 1934 and dedicated to Charles and Mary Beard.

24 “Mister Morgan,” Fortune, August 1933, vol. 8, p. 84.
levels of liquidity and did not make a practice of retaining securities that it sold. As a firm, J.P. Morgan & Co. did not engage in short-selling. Similarly, the bank did not engage in stock pools. A separate code governed the partners’ private business. For their own accounts, the partners could do as they wished, subject to applicable law; and, as the Stock Exchange practices hearings in 1933 (often called the Pecora hearings after the lead counsel, Ferdinand Pecora) revealed, some, though not all, partners sold stocks short and participated in pools. The partners understood that they were merchants – in the business of furnishing credit and buying and selling money. As Lamont told Senator James Watson of Indiana in 1931, “our house, you see, is not a bank in itself; it is really a house of merchants.”

While J.P. Morgan & Co. accepted deposits, it was barred from advertising for them. This was not deemed an obstacle. An exchange between Pecora and Jack Morgan in 1933 attested to Morgan confidence:

**MR. PECORA.** Mr. Morgan, is the name of the firm on any outer door of the firm’s office?

**MR. MORGAN.** It is not on the outer door. It is on the inner door.

**MR. PECORA.** Not visible from the street to the passer-by?

**MR. MORGAN.** No. Most of them know the address.

**MR. PECORA.** You do not think the firm suffers any lack of prestige in the banking world because it does not advertise itself to be bankers, do you?

**MR. MORGAN.** It does not seem to.

The minimum deposit to open an account was $7,500. Prospective account holders required an introduction, restricting further those who banked at the Corner. Governments, corporations, and wealthy individuals had funds on deposit with the firm. The interest rate paid on deposits was that paid by the New York Clearing House. Harry Morgan estimated that J.P. Morgan & Co. had approximately 1,500 accounts in the mid-1920s with deposits totalling roughly $500 million. Deposits stood at slightly more than $562 million on 31 December 1927, before

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25 The bank’s liquidity ratios stood at 83 per cent in 1927, 82 per cent in 1928, and 76 per cent in 1929. Baker Library (BL), Thomas W. Lamont papers (TWL), Series V, Box 212, Folder 11.


28 Vincent Carosso interview with Henry (Harry) S. Morgan, 4 December 1975, TML, Carosso Papers (CP), Box 8, Henry S. Morgan (interviews).
declining to $481 million on 31 December 1928. 29 Between 1927 and 1932, thirty-eight corporations kept deposits in excess of $1 million in any year with the bank, with an additional eighty-three companies maintaining more than $100,000 on deposit. Among the companies with more than $1 million on deposit were such well-known firms as General Mills, ITT, Montgomery Ward, and Standard Oil New Jersey. Less is known about governmental and individual deposits, which remain opaque, though it is clear that they were sizeable. Deposits also accrued from the firm’s role as a paying agent for the coupons of various securities as well as its function as a custodian overseeing sinking funds. 30

Contrary to what is often assumed, the J.P. Morgan & Co. of the 1920s was not primarily an investment bank. Rather, it was a general banking house. Though the firm was an underwriter of corporate and governmental bonds, this activity was the smaller part of what the bank did. Setting aside foreign governmental issues, the bank was not a major player in the municipal bond market, offering only a total of $160 million between January 1919 and May 1933. 31 Harry Morgan thought that underwriting in the 1920s represented less than 25 per cent of the firm’s earnings. He reckoned that about half of J.P. Morgan & Co.’s business in the 1920s was general banking and foreign exchange, with the residual half being corporate and governmental finance. 32 Questioned in 1933, Jack Morgan told the Pecora Committee that “straight banking” was the larger part of J.P. Morgan & Co. business. 33 Insofar as its general banking functions went, the bank accepted deposits, issued letters of credit, acted as a transfer agent to handle dividends as well as coupon payments, dealt in foreign exchange when clients requested, and, if asked, oversaw trading on the stock exchange for its clients. The latter was described by Whitney as a “very good bread and butter business.” 34 For some clients, the bank provided investment counsel. As a partnership, the bank could not act as a corporate trustee, and it was not until late in the 1930s that steps were taken to create an analogue to trust functions within the bank. 35 Finally, the bank did not lend money on real estate, a rule that may have reduced

30 Pecora Committee, Part 1, 23 May 1933, pp. 5, 20, 49–52.
32 Vincent Carosso interviews with Harry S. Morgan, 14 May 1974, 4 December 1975, 21 April 1976, TML, CP, Box 8, Henry S. Morgan (interviews). See also a further interview on 9 December 1976 in TML, CP, Box 18, Morgan & Co – Misc. Notes 1920s File 2.
33 Pecora Committee, Part 1, 24 May 1933, p. 106.
34 Ibid., p. 124.
profits in the 1920s but sheltered J.P. Morgan & Co. from plunging real estate values after 1929.

On the corporate finance side, the firm was fastidious in selecting its clients. William A. Mitchell, who joined J.P. Morgan & Co. in 1925, eventually becoming a partner in 1939, recalled in his memoirs that: “[w]e had been tossing people down the front steps for years. Mr. Morgan didn’t really want to be bothered very much with the commercial banking business.”

Legacy business in the railroad sector continued, and in the 1920s J.P. Morgan & Co. began a fateful association with the Van Sweringen brothers of Cleveland, who were amassing a railroad empire. At the Pecora hearings in May 1933, Whitney provided a breakdown by category of Morgan offerings between January 1919 and May 1933 (Table 1.1).

Occasionally, the bank engineered mergers or acquisitions. This was the case with Marland Oil, a leading producer whose rapid expansion and consequent money-losing tendencies fuelled a need for capital. Initially J. P. Morgan & Co. loaned money to Marland, before replacing the founder, E.W. Marland, with Daniel Moran as president in 1928. Subsequently, a complex merger involving Marland, Prudential Refining, and Continental Oil was consummated in 1929, the new company taking the name Continental Oil with Moran at its head. Edward Lamont has pointed out that Marland Oil was the first instance in which J. P. Morgan resorted to a practice later to become notorious – the private placement of stock with wealthy investors, a device which was repeated in 1927 with Johns-Manville Corporation.

More routinely, J.P. Morgan &

<table>
<thead>
<tr>
<th>Table 1.1</th>
<th>Breakdown of Morgan bond and preferred stock offerings between January 1919 and May 1933.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway Company Bonds</td>
<td>$1,845,639,300</td>
</tr>
<tr>
<td>Public Utility Bonds (including holding company)</td>
<td>$1,074,750,000</td>
</tr>
<tr>
<td>Industrial Company Bonds and Preferred Stock</td>
<td>$578,297,900</td>
</tr>
<tr>
<td>Railway Holding Company Bonds</td>
<td>$133,000,000*</td>
</tr>
</tbody>
</table>


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36 I have been unable to locate the Mitchell Memoirs. Vincent Carosso saw a copy and this quotation is from his notes, TML, CP, Box 18, Morgan & Co – Misc. Notes 1920s File 2.

37 Lamont, The Ambassador, p. 252.
Co. issued commercial credits on a considerable scale for its corporate clients. Between 1927 and 1931, these totalled approximately $400 million, funding the export of various American goods, such as fruits, metals, paper, automobiles, and machinery; paying for imports of commodities, like jute, tea, and coffee; and making possible the financing of the storage of American farm products.  

Foreign loans took two forms. One was the provision of short-term credits, an example of which was the one-year $20 million revolving credit for the Bank of Spain in August 1928. This particular line of credit was renewed in 1929 but did not run the full term, as the Bank of Spain opted to cancel it in April 1930. More commonly, J.P. Morgan was a wholesaler of bonds, between 1920 and 1931 totalling slightly more than $1.8 billion, for a range of governments, from the state to the municipal level. Slightly more than half of these loans were made to European countries, with Argentina, Chile, Cuba, Japan, Taiwan, Canada and Australia rounding out the picture. Regardless of their geographic dispersion, the ability of J.P. Morgan & Co. to select the loans that they wanted to make ensured that the repayment record was very good. This was a profitable and prestigious business for the firm, though perhaps less remunerative than was believed at the time. Lamont, testifying to the Senate Finance Committee hearings on foreign securities in December 1931, remarked that any calculation of “net profit” on such transactions was impossible as the bank did not break out its costs on a per loan basis. Jack Morgan, in his formal statement to the Pecora Committee on 9 June 1933, was more definitive, suggesting that on foreign and domestic securities the bank had earned a “limited compensation averaging approximately one half of one percent.” Using this figure, J.P. Morgan & Co. reaped approximately $90 million between 1920 and 1931 on the $1.8 billion of foreign bonds it issued, though it must be emphasized that this is a crude calculation.

J.P. Morgan & Co. was active in the call money market. Call loans were demand loans made on a short-term basis, usually daily and typically

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38 BL, TWL, Series V, Box 211/20 contains an undated report [Possible Preliminary Report] that includes the $400 million figure. Memorandum to TWL, 17 April 1933, BL, TWL, Series V, Box 211/23 lists the categories of commercial credits without the global $400 million figure.


renewable, with the loan being secured by stocks and bonds. The call loan market, as Margaret Myers pointed out long ago, was a “peculiarly American product” that was embedded in the history of the New York money market and distinguished New York from London and Paris where no such market existed. The growth of the call money market, in particular the pumping of funds into speculative investment in the stock market through brokers, was one of the characteristic phenomena of the late 1920s. Call loans were divided into three kinds: loans made by the New York banks for their own account; loans made by the New York banks to non-New York domestic banks; and loans made by the New York banks for the “account of others.” Others might be corporations, whether domestic or foreign, investment trusts, individuals, and foreign banks. Analysis of the share of outstanding call loans in the run-up to the Crash indicates that loans made for others, preponderantly corporations, were chiefly responsible for the surge of money into the stock market. While J.P. Morgan & Co. made call loans, they did not lend money for the account of others, believing it unwise—a policy that was to demonstrate its soundness in October 1929. At the end of 1927, J.P. Morgan & Co. had slightly more than $54 million in call loans outstanding. A year later, the figure had reached nearly $110 million. Brokers’ loans peaked at 2 per cent of total Morgan loans outstanding in 1929. How much profit such activity yielded the firm is unknown, but the interest rate spread in 1929 was rich.

On the eve of 1929, J.P. Morgan & Co. was in an enviable financial position. The day that the co-partnership notice appeared, the company’s net worth was more than $91 million, a considerable jump from the $71 million recorded the year before. The firm was liquid, with more than $259 million available in the form of cash, US government securities, and state and municipal bonds against deposits of slightly more than $481 million. Its principal lines of business were varied and performing well. The bank was not dependent upon any one source of

46 See Appendix 1, Consolidated Statement of Condition of J.P. Morgan & Co.
revenue for its success. Conservatively managed and conservatively run, J.P. Morgan & Co. was flourishing.

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In the late 1920s, between 400 and 500 employees worked at the bank, which was organized into departments: Auditing, Bond, Bond Redemption, Bookkeeping, Collection, Coupon, Dividend, Foreign Exchange, Letter of Credit, Library & Files, Loan, Mail, Paying Teller, Receiving Teller, Securities, Statistical, Stock, Syndicate, Stock Transfer, and Vault. These departments were overseen by long-serving staff members, few of whom have left any trace. Their expertise and loyalty were critical to the smooth functioning of the bank. The partners drew heavily upon the staff to compose letters, conduct research, draft position papers, and proffer sage, informed assessments of frequently highly complex questions. Much of what eventually made its way into the public realm as Morgan opinion was the product of hard-working staff. Leonhard Keyes, the chief clerk from 1913 to 1932, before his appointment as general manager in 1932, supervised the departments. During the Pecora hearings in 1933, Keyes emerged from the obscurity that cloaked J.P. Morgan & Co. staff. Other exceptions were Martin Egan, who assisted Lamont in handling public relations, and his successor, R. Gordon Wasson, who had an idiosyncratic career, culminating in his postwar eminence as a leading mycologist.47 The Morgan partners, as of 31 December 1928, are listed in Table 1.2.

Though nineteen names are listed, the number of active partners was considerably smaller. Stotesbury, Lloyd, Gates, Newhall, and Hopkinson Jr. were Drexel & Co. partners in Philadelphia and played no role in J.P. Morgan & Co. in New York. By 1929, Stotesbury was retired and in 1930 Gates resigned to become President of the University of Pennsylvania. Of the fourteen partners resident in New York, Charles Steele was verging on inactive by 1929. The death of his wife in 1932 was followed by his retirement from the firm in 1934, though he continued to have the largest capital stake in the partnership until his death in 1939. Thomas Cochran experienced health problems beginning in the late 1920s that led to a progressive disengagement from the bank, though he remained a partner until his death in 1936.48 One notable name is absent – Dwight Morrow. Morrow, who had become a partner on 1 July 1914, withdrew

47 Keyes had joined J.P. Morgan & Co. as an office boy in 1903 and was successively chief clerk, general manager, secretary of J.P. Morgan Inc. in 1940, and vice-president in 1941, before retiring in 1951.

48 On Charles Steele, a memorial address by Russell C. Leffingwell may be found in YUL, RCL, Series I, Box 9, Folder 184. Cochran’s health problems dated from at least 1928. Young to Dwight Morrow, 16 March 1928, SLU, ODY, Box 10, Morrow, Dwight M.,
from the firm to become Ambassador to Mexico on 30 September 1927. Morrow’s departure was a loss. Along with Lamont, he was the most diplomatically inclined of the Morgan partners, had excellent contacts in Republican circles, especially through his friendship with Calvin Coolidge, and soon demonstrated an independence from his former partners that discomfited and surprised them. Discounting Steele and Cochran, a dozen men constituted the working J.P. Morgan & Co. partners in 1929.

The partners ran the bank. New partners, such as those made on 31 December 1928, were not required to furnish a capital stake when

Table 1.2 Partners in J.P. Morgan & Co., 31 December 1928.

<table>
<thead>
<tr>
<th>Partner</th>
<th>Date of Entry into Partnership</th>
</tr>
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<tbody>
<tr>
<td>Jack Morgan</td>
<td>31 December 1894</td>
</tr>
<tr>
<td>Edward T. Stotesbury</td>
<td>31 December 1894</td>
</tr>
<tr>
<td>Charles Steele</td>
<td>23 March 1900</td>
</tr>
<tr>
<td>Thomas W. Lamont</td>
<td>31 December 1910</td>
</tr>
<tr>
<td>Horatio G. Lloyd</td>
<td>1 January 1912</td>
</tr>
<tr>
<td>Thomas Cochran</td>
<td>31 December 1916</td>
</tr>
<tr>
<td>Junius S. Morgan</td>
<td>31 December 1919</td>
</tr>
<tr>
<td>George Whitney</td>
<td>31 December 1919</td>
</tr>
<tr>
<td>Thomas S. Gates</td>
<td>31 December 1920</td>
</tr>
<tr>
<td>Russell C. Leffingwell</td>
<td>30 June 1923</td>
</tr>
<tr>
<td>Francis D. Bartow</td>
<td>31 December 1926</td>
</tr>
<tr>
<td>Arthur M. Anderson</td>
<td>31 December 1926</td>
</tr>
<tr>
<td>William Ewing</td>
<td>31 December 1926</td>
</tr>
<tr>
<td>Harold Stanley</td>
<td>31 December 1927</td>
</tr>
<tr>
<td>Henry S. Morgan</td>
<td>31 December 1928</td>
</tr>
<tr>
<td>Thomas S. Lamont</td>
<td>31 December 1928</td>
</tr>
<tr>
<td>Henry P. Davison</td>
<td>31 December 1928</td>
</tr>
<tr>
<td>Thomas Newhall</td>
<td>31 December 1928</td>
</tr>
<tr>
<td>Edward Hopkinson Jr.</td>
<td>31 December 1928</td>
</tr>
</tbody>
</table>

Note: TML, JPM, Box B.6, Folder 5 contains a chronological list of all of the changes in the partnerships of the Morgan firms down to 1939.

Folder 38. Cochran’s health issues related to depression. Thomas W. Lamont to Morgan & Cie, 30 August 1933, TML, Morgan Bank European Papers (MBEP), Box 16, Cables rec’d, 1 June to 31 August 1933.

49 There is a biography by Harold Nicolson, Dwight Morrow, New York: Harcourt, Brace, 1935.
they entered the firm. Their compensation derived from a combination of salary and profit distribution. Salary and profit share were decided by Jack Morgan. In 1931, the individual profit share of partners ranged from slightly less than 1 per cent for the most junior partners to just under 25 per cent for Jack Morgan. Profit distribution was independent of the size of the capital share that an individual partner had in the firm. Through the 1930s, the largest capital shares in the bank were held by Charles Steele and Thomas W. Lamont. Jack Morgan’s capital trailed their totals substantially. The partners met daily, typically in the morning, with all those who were present in New York attending. No minutes were kept. Decisions were made on a consensus basis, requiring agreement on a course of action. Any partner could block any piece of business by registering an objection. One vote against meant that the firm did not pursue the matter. The allocation of work followed a straightforward formula – the partner who had raised the business was charged with shepherding it. Among themselves, the partners accepted each other’s vouchsafe as binding. Questioned in 1938 in the Securities and Exchange Commission hearings into the bankruptcy of Richard Whitney & Co. occasioned by the fraud of Richard Whitney, the brother of George Whitney, the Morgan partner Francis D. Bartow admitted that he had not questioned extending a loan of $500,000 to Richard Whitney & Co. in the summer of 1931. He testified that he had no idea whether Richard Whitney & Co. had ever been audited, but he believed its affairs were sound, because “I had the best authority in the world when his brother (George Whitney) told me” that they were.

Harry Morgan divided the partners into two categories, those who brought new business into the bank and those who ran the bank. To a point this was a reasonable description. Jack Morgan, Lamont, and Cochran (before his illness) were in the first category. Whitney straddled this division, both bringing in new business and running the bank.

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50 TML, CP, Box 17, Morgan & Co. – JPM & Co., Misc. a/cs 1920s contains a table compiled by Carosso, drawn from J.P. Morgan & Co.’s Private Ledger 5, that lists the partnership percentages from 1925 to 1931.


Whitney was the effective head of J.P. Morgan & Co.’s domestic operations after 1929 even if he did not have the title. Bartow fell clearly into Harry Morgan’s second category. He was responsible for the Loan Department and functioned as the arbiter within the bank of the credit quality of loans that were made. As he told the Securities Exchange Commission in 1938, he had been given “direct responsibility for the portfolio of the office, including the Loan Department and the management of the internal organization.”55 To Bartow fell the task of economizing expenditures within the bank as the Depression bit. One partner, Leffingwell, was hors catégorie, neither a generator of new business nor responsible for running the bank. Leffingwell functioned as J.P. Morgan & Co.’s internal economist and lawyer who also supervised financial analyses of potential loans. Ordinarily he did not participate directly in discussions with clients or governments, though he was an important shaper of opinion outside the bank, notably through his friendship with the journalist Walter Lippmann. Harold Stanley was a generalist. Arthur Anderson (railroads and securities) and William Ewing (securities) had specific expertise, but they were not restricted to those areas.56 Men such as Anderson, Bartow, and Ewing were respected on the Street but were not seen as front-rank figures. They were younger and in the 1920s newly minted as partners even if they had years of banking experience behind them.

The policy of bringing sons into the firm was mixed in its success. Writing in The Nation in 1939, Randolph Phillips identified partner recruitment as one factor in what he argued had been the decline of J.P. Morgan & Co., noting that “[t]he policy of making partners of the sons of partners has brought amiable men but no brilliant minds into the firm.”57 Edward Lamont has suggested that nepotism had its advantages, allowing the bank to make further inroads into well-connected circles, while furnishing individuals who could, by virtue of their socio-economic background, represent J.P. Morgan & Co. on corporate boards with aplomb.58 Less charitably, neither Junius S. Morgan III (hereafter Junius Morgan) nor Harry P. Davison nor Thomas S. Lamont were as able as their fathers. Harry Morgan was the most competent of the epigone, but he would leave J.P. Morgan & Co. in 1935 to form Morgan, Stanley, taking with him Harold Stanley, arguably the most talented of the younger partners. Beyond the Corner, Wall Street believed with some justification that J.


Jack Morgan was the undisputed senior (see Figure 1.1). The impression persists that he was an ornamental head, the lesser son of a greater father, who relied upon the talents of his partners. This view has a long pedigree. *The Mirrors of Wall Street* noted in 1933 that “many people had become accustomed to think of [Jack Morgan] as something of a financial nonentity – living on the family name.”\(^{59}\) Nothing could have been further from the truth. As a banker, Jack Morgan knew his craft, having received an excellent training in New York and London. He cared about the prestige, the reputation, and the integrity of the

\(^{59}\) Anonymous, *The Mirrors of Wall Street*, New York: G.P. Putnam’s & Sons, 1933, p. 45. The author was Clinton W. Gilbert, who had earlier found success with *The Mirrors of Washington*. 

Figure 1.1 Jack Morgan on board ship, 1933. Imagno/Hulton Archive/Getty Images.
House of Morgan. 60 B. C. Forbes, the business writer and gadfly, quoted a Wall Street contemporary: “I would trust Jack Morgan behind my back as far as any man living . . . I don’t think any amount of money, which would be a small consideration, or any amount of prestige, which would be a strong consideration, would for a moment tempt him to do what he knew would be unfair or unjust.” A decade later, a jaundiced portrait in the American Mercury conceded that Jack Morgan was deemed trustworthy by Wall Street. 61

Among Jack Morgan’s partners, there was never any question of either his probity or his command. Mitchell, after remarking that he never would have left J.P. Morgan & Co. had Jack Morgan lived, said: “He was a most remarkable person in every respect . . . he didn’t want to be bothered with details at all, but his judgment was unusually good on nearly anything – ethically, particularly. He had the highest ethics.” For Whitney, “he was never given credit, because he was shy, but he kept that bunch of primadonnas working . . . he was the unquestioned boss and there was never any argument about it . . . He wasn’t a buccaneer like his father, but he was a hell of a guy.”62 Jack Morgan’s authority was buttressed by the J.P. Morgan & Co. partnership agreement, which reserved decisions upon all matters governing the partners, such as the distribution of profits, to his discretion. The partnership agreement was so commanding that John Marrinan, an advisor on Pecora’s team investigating J.P. Morgan & Co., advanced the notion that the partners were more akin to employees. 63 Jack Morgan’s power, though real, was not exercised in an authoritarian manner. He preferred to operate consensually, sounding his partners on possible courses of action and relying on their skills and knowledge rather than dictating what should be done.

Jack Morgan was reserved, loath to be in the limelight. A nineteenth-century man, believing in the merits of minimal government interference, and imbued with a hierarchical understanding of the world, he lamented the spread of universal suffrage. 64 Deeply religious, and well

60 Jack Morgan to Edward C. Grenfell, 16 January 1925, Deutsche Bank archives (DB), Morgan Grenfell Papers (MGP), Box 50596220, December 1906 to September 1914 JPM.
62 TML, CP, Box 2, Folder Morgan, J.P. Jr., File 2, Notes from William A. Mitchell, “Memoir”; George Whitney interview, 22 January 1963, CUL, COHC.
63 John Marrinan to Senator Fletcher, Senator Costigan, 27 May 1933, Center for Legislative Archives, RG 46, Sen 73A–F3, Box 133, Partnership Agreement – Confidential Memorandum.
64 Jack Morgan’s reply to Helen Harman Brown, the editor of Reply, an anti-suffrage magazine, 17 February 1914, TML, JPM, Box 104, Folder 314.
versed in the Bible, he was a major benefactor of American Episcopalianism. His political judgments, despite Mitchell’s encomium, were at times sophomoric. Travelling in Italy in 1922, he wrote his classmate Joseph Grew to voice his enthusiasm about the “high-class revolution” fascism represented.\(^{65}\) In fairness to Jack Morgan, as John Diggins has shown, many Americans were enamoured with Benito Mussolini and his Fascists in the 1920s, among them Lamont.\(^{66}\)

At greatest ease in Britain, Jack Morgan gravitated naturally to its class-dominated politics, finding close allies and friends. Not enough attention has been paid to Jack Morgan’s excellent relationships with the City, the Bank of England, the Conservative party, and the Court in the 1920s and 1930s. Ferdinand Kuhn Jr., writing in the New York Times in 1935, recognized this: “There are few Americans whose views carry so much weight in Conservative and business circles here as Mr. Morgan.”\(^{67}\) Throughout the interwar years, Jack Morgan would spend three to four months abroad each year, with a portion of this time, or often all of it, in Britain. While critics might sneer that Jack Morgan still thought that London was the centre of the world, its centrality for J.P. Morgan & Co. was unquestioned. Given that the City of London continued to play a leading role in international finance between 1929 and 1940, the Morgan identification with Britain was understandable.\(^{68}\)

Jack Morgan was the confidant of Montagu Norman, the governor of the Bank of England from 1920 to 1944, and the Conservative Stanley Baldwin, the leading light in British politics between 1924 and 1937. Lord Revelstoke, the head of Barings, thought Jack Morgan “a great, big,
large-hearted, generous man w/o many personal antipathies, with a character that is remarkable for straight-dealing,” a judgment echoed by Sir Charles Addis of the Hong Kong and Shanghai Banking Corporation, who described Jack Morgan as “a great personality and a big man in outlook as well as in bulk.”

Grenfell’s position as a member of the Court of Directors of the Bank of England from 1905 to 1940, his standing as the Tory MP for the City of London from 1922 to 1935, and his subsequent elevation to the peerage as Lord St. Just in 1935 cemented Jack Morgan’s influence in London. In the crisis years of the 1930s, Jack Morgan, not Lamont, was the first point of call for British politicians and bankers.

There is a stark contrast between Jack Morgan’s integration into the financial and political circles in Britain and his lack thereof in the United States. Contemporaries remarked how little known Jack Morgan was on Wall Street. He was a figure of legend rather than of presence to the denizens of the financial community. After Benjamin Strong – the governor of the Federal Reserve Bank of New York (FRBNY), the dominant figure in the post-1918 Federal Reserve system, and a man close to Jack Morgan – died in the fall of 1928, Jack Morgan’s personal tie to the Federal Reserve system was severed. Politically, Jack Morgan had no comparable access to or accord with Calvin Coolidge, Herbert Hoover or Andrew Mellon, let alone Roosevelt, to match his ties in Britain. Republican reflexively in his domestic politics, Jack Morgan became more rigid as he aged. Lacking mental flexibility, he was not well-equipped to navigate the challenges that manifested after 1929. From the mid-1930s, he was less engaged with J.P. Morgan & Co. Nevertheless, all major decisions required his sanction throughout the 1930s.

His partner, Thomas W. Lamont, was a man of a different stamp (see Figure 1.2). Lamont had made his way rapidly from his boyhood in rural New York to Andover and Harvard. He was industrious, bright, ambitious, and charming. After a stint as a journalist, Lamont revitalized

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what became Lamont, Corliss and Company, an advertising firm, before coming to the attention of Henry P. Davison. It was Davison who recruited Lamont to the newly established Bankers Trust and it was Davison who brought Lamont into J.P. Morgan & Co. Widely seen in the interwar years as the real brains within the bank, Lamont, with his fondness for public fora, his love of the social whirl, and his extraordinary facility for making and retaining friends, was the natural spokesman for J. P. Morgan & Co. With his background in the newspaper business, Lamont was attuned to its pulse. Assisted by staff, he devoted astonishing amounts of time and ink to caress, counter, and cultivate reporters and


71 A capsule biography in the British Foreign Office files is typical: “Thomas Lamont is a self-made man and very highly regarded in New York. He is always said to be the brains behind J.P. Morgan and Co.” The National Archives UK, Foreign Office, 371/17588/05265.
newspaper proprietors alike. Lamont’s involvement in founding the Council on Foreign Relations, and in supporting financially its journal *Foreign Affairs*, was an example of this imperative and reflected twin aims: his deep-seated interest in international relations and his desire to ensure that J.P. Morgan & Co. was treated fairly. Reading his correspondence, the depth of Lamont’s feeling for J.P. Morgan & Co. shines through. He was partisan, fiercely proud of J.P. Morgan & Co., and was unwilling or unable to concede that the bank or its partners had ever transgressed.

Lamont, like Jack Morgan, evinced a “lifelong Anglophilia.”72 He travelled regularly to Britain, though his stays were never as extended as Jack Morgan’s. Unlike Morgan, his Anglophilia was qualified. Following his experience at the Paris Peace talks in 1919, Lamont expressed exasperation with the British stance, which he echoed nearly twenty years later in 1936 when he wrote his son Thomas S. Lamont: “With all their delightful qualities, the British are the most go-getting and nationalistic people in the world. They don’t grind their own axe half the time, but

Figure 1.3 Junius S. Morgan, Jack Morgan, Harold Stanley, and Russell C. Leffingwell at the Pecora hearings. Charles Hoff/New York Daily News/Getty Images.

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72 The phrase is Lansing Lamont’s, *A Life in Letters*, New York: Strawtown Press, 1999, and refers to Lamont and his wife Florence Corliss Lamont, p. 64.
24 hours a day.” Asperity aside, Lamont believed in ongoing Anglo-American friendship as axiomatic for global prosperity. He favoured the notion of an Anglo-American alliance in the wake of World War I, as Priscilla Roberts has shown. It was an outlook that married seamlessly with Jack Morgan and the House of Morgan. While Lamont shared Jack Morgan’s affinity for Britain, his politics were less defined. His friends in Britain were more varied, less Conservative and less High Church. In the second half of the 1930s, Lamont found common cause with pro-appeasement circles centred around the Cliveden set.

Though Lamont was a Republican, in the eyes of his son, Corliss Lamont, he was a “liberal conservative.” He voted Democrat in the 1920 presidential election, animated by his anger at Republican footdragging on the issue of the Versailles treaty and membership in the League of Nations. Thereafter his ballot was reliably Republican. Lamont cared more about power and influence and less about ideological identification. This characteristic, coupled with his amiability, allowed Lamont to try to work with Hoover and Roosevelt. Fortune described Lamont in 1939 as someone who “[u]nlike many a rich man . . . has seen too much and known too much to be shocked by the thought of change.” B.C. Forbes, writing in 1930, thought that there were two sides to Lamont – a hard-driving, pragmatic banker that the Street respected but did not love and the private Lamont known to his friends, who was much more sympathetic, generous, and understanding. As Lamont’s New York Times obituary remarked in 1948, “Mr. Lamont was a man who hated to see a friendship come to an end.”

Not all were enamoured. Stuart M. Crocker, a confidant of Owen D. Young, who met Lamont at the Dawes Plan talks in 1924 and saw a great deal of him during the Young Plan negotiations in 1929, was a sceptic, recording in his diary “you have your fingers crossed on him, because he [Lamont] is so damned diplomatic that you never know just where you stand with him.” Crocker much preferred Jack Morgan’s bluntness. The portrait of Lamont sketched in The Mirrors of Wall Street

75 Corliss Lamont interview with Vincent Carosso, TML, CP, Box 8, Folder Thomas W. Lamont.
(1933) was scathing, decrying him as a man driven by a blind admiration for Pierpont Morgan. Much kinder to Jack Morgan, *The Mirrors* was dyspeptic in its assessment of Lamont, dismissing his activities at home and abroad as froth. Frederick Lewis Allen, who conferred with Lamont while he was writing *The Lords of Creation*, told his sister “[I] would like T. W. Lamont if I really trusted him, which I don’t.”

Arthur M. Schlesinger Jr. believed that Lamont had fallen prey to his own rhetoric, swallowing the line that a New Era had arrived in the 1920s. While this may go too far, Lamont’s brilliance was occluded by congenital optimism.

As a banker, Lamont admitted that he was not much of one. Banking was a means to an end. In a 1942 letter, Lamont put it thus, “I have never been greatly interested in banking . . . My interests, as you well know, have long been outside the purely routine channels of banking about which I confessedly don’t know very much.”

Caring most about what banking could accomplish, Lamont spent his time primarily on politics, diplomacy, and international relations. His acknowledged banking deficiencies were amplified by an uncertain grasp of economics. This meant that Lamont relied upon the expert counsel of staff and his partners, in particular Leffingwell and, after 1931, Parker Gilbert, for the economic advice that streamed forth in letters and speeches under his name. Though he sought counsel frequently on economic matters, Lamont did not always take it. His habitual optimism could distort the advice that he received, particularly from Leffingwell whose outlook tended to be more pessimistic.

Leffingwell was Lamont’s closest friend among the partners (see Figure 1.3). He was by training a lawyer, graduating from Columbia Law School in 1902 whereupon he joined Guthrie, Cravath & Henderson. Made a partner in 1907, he was wooed to the US Treasury as Assistant Secretary in 1917. He served first under William Gibbs McAdoo and then from January 1919 under Carter Glass until 1920, when he left to rejoin his old law firm, which was renamed Cravath, Henderson, Leffingwell & de Gersdorff. Three years later he became

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81 Thomas W. Lamont to Paul G. Hoffmann, 18 September 1942, BL, TWL, Series I, Box 20/16. Hoffmann was in the Department of Commerce. The letter was drafted but not sent.

a partner in J.P. Morgan & Co.\textsuperscript{83} In the 1920s, Leffingwell was the paradigm of an orthodox, conservative economic thinker, believing deeply in the gold standard, championing balanced budgets, and disparaging of what he labelled derisively “managed money.” His time at the Treasury married with this perspective to inform his understanding of the months following the Crash in 1929. While at the Treasury, the sharp economic contraction in the United States in 1920–21 was occasioned in part by a Treasury effort to stamp out inflation, which had reached more than 18 per cent in 1918 and stood at nearly 14 per cent in 1919. Under Treasury pressure, interest rates were raised markedly, to 7 per cent.\textsuperscript{84} Whether or not this prescription was responsible for the recovery that ensued in the United States remains a matter of debate. For Leffingwell, the lesson was clear. Reliving this episode years later, in April 1929, he told Glass that he regarded deflationary Treasury policy as laying the foundations for prosperity after 1921. He concluded robustly, “I apologize for nothing. I am very proud of it all.”\textsuperscript{85} Given that Leffingwell’s economic views infused J.P. Morgan & Co., it is not surprising that the initial reaction from the Corner to the Crash in 1929 was a sense of déjà vu. Short-term deflation, while painful, was a necessary medication that would serve as a palliative corrective. Such views were not unique. Famously, Andrew Mellon thought along similar lines.\textsuperscript{86}

Leffingwell was a Democrat amidst a phalanx of Republican Morgan partners. He retained a marked affection and respect for the Democratic Senator Carter Glass, his mentor at the Treasury. Glass, one of the architects of the Federal Reserve system as a congressman, was appointed to the Senate to fill the vacancy left by the death of Virginia’s senior senator in 1920. A senator until 1946, he soon became acknowledged by all, including himself, as the leading expert in the Senate on financial and economic matters. Glass and Leffingwell were close, and while the


\textsuperscript{85} Leffingwell to Carter Glass, 29 April 1929, University of Virginia Library (UV), Carter Glass papers (CG), Series I, Box 14/1929 Banking Correspondence Federal Reserve System.

two men often disagreed, their differences did not affect their friendship. While Glass was an uncertain ally of the New Deal, he proved, as the 1930s wore on, to be reliably hostile to it. More than Glass, Leffingwell was willing to countenance some of what orthodox economists regarded as the New Deal's heresies. As the deflationary grind of the early 1930s milled more finely, Leffingwell began to consider previously unmentionable notions. This shift was to lead him in 1933 to embrace Roosevelt's decision to abandon gold.

Leffingwell’s internationalism was less bred in the bone than either Jack Morgan or Lamont. He did not have their experience of travelling and living abroad. During the discussions in 1929 surrounding what would become the Bank for International Settlements, Leffingwell remarked: “What is an international bank? When people talk about us as international bankers we say we are not, that we are American bankers.”87 This distinction hinted at Leffingwell’s occasional apostasy as tensions mounted internationally after 1929. Leffingwell periodically voiced anti-French sentiments that were never recanted. His views on Britain were also at times conditional, though never strident enough to challenge Jack Morgan and the dominant ethos of the House of Morgan. He was contemptuous of the League of Nations, seeing in it a body of naïve do-gooders whose activities imperilled peace as much as foolish notions of neutrality did.88 At the same time, Leffingwell remained committed to an international trading and financial order free of the obstacles imposed by politics.

Leffingwell was a forceful personality. Those who worked with him at the Carnegie Corporation, on whose board Leffingwell sat for decades, make this apparent. Frederick Osborn, a critic of Leffingwell and J.P. Morgan, described Leffingwell as “a man of magnificent character and very charming personal characteristics. He had strong personal views, he was not easily swayed, and he expressed his views very strongly to the board and took it that they were going to be followed by the board.” James Perkins echoed Osborn: “He could be a warm man, but he could also be a very ruthless man. He was a tough chairman. He ran it.” For Alger Hiss, Leffingwell “was very intellectually impressive. He was an

87 Leffingwell to Lamont, 16 April 1929, YUL, RCL, Series I, Box 4, Folder 94.
88 See his exchange with Walter Lippmann in October 1931 at the time of the Japanese invasion of Manchuria, Lippmann to Leffingwell, 22 October 1931, Leffingwell to Lippmann, 23 October 1931, both YUL, RCL, Series 1, Box 5, Folder 108. On neutrality, see Leffingwell to Lamont, 30 November 1935, YUL, RCL, Series I, Box 4, Folder 96.
extraordinary man.”89 Leffingwell was known for writing copiously and speaking likewise, and for being circumspect in his public statements, yet in private he was frequently immoderate and savage. His correspondence with Lamont was frank – startlingly so – biting, and vituperative in condemnation. Like Lamont and Jack Morgan, Leffingwell was animated by a conviction in the fundamental propriety of J.P. Morgan & Co. and its works. Like them, he believed deeply that American liberal democratic capitalism had benefited from the Morgan touch.

Leffingwell shared with Lamont, and to some degree Jack Morgan, an aversion to the “detail of the banking business.”90 Thus lies a paradox: on the eve of 1929, the three most senior partners – Jack Morgan, Lamont, and Leffingwell – were bankers whose interest in banking was qualified. Fortunately, Whitney was a traditional banker (see Figure 1.2). John T. Flynn, a strident critic of J.P. Morgan & Co., considered Whitney to be the ablest of the Morgan partners, its “organizing brains” and a man who was much brighter than his brother, Richard, a leading figure on the New York Stock Exchange (NYSE).91 Whitney went to Groton and then Harvard where he was a classmate of Franklin D. Roosevelt’s. As Whitney recalled, “I never got on with the President.” From Harvard, he entered Kidder, Peabody, before moving on to Redman & Co. and Markoe, Morgan & Whitney, firms that specialized in retailing securities. In 1915, he was brought into J.P. Morgan & Co. through the influence of his father-in-law, Robert Bacon, who had been a Morgan partner and remained close to Harry P. Davison. Elevated to partner on 31 December 1919, Whitney was concerned primarily, though not exclusively, with selling securities. It was Whitney who oversaw much of the groundwork of organizing syndicates to distribute the bonds that were the staple of J.P. Morgan’s investment work during the 1920s. As he recalled, Whitney had nothing to do with the negotiations that produced the Dawes and later Young Plan loans; what he did was sell the bonds.92 By the late 1920s, because of Cochran’s health problems, Whitney helmed the marketing of securities for J.P. Morgan & Co. Highly regarded on Wall Street, Whitney’s Republicanism was not hidden and his

89 All three men worked with Leffingwell at the Carnegie Corporation. The interviews are in CUL, COHC. Osborn was interviewed in 1967; for the remarks on Leffingwell, pp. 15–16; Perkins was also interviewed in 1967, p. 16; Hiss was interviewed in 1968, see pp. 27–28.
90 TML, CP, Box 2, Folder Morgan, J.P. Jr., File 2, Notes from William A. Mitchell, “Memoir.”
combativeness when quizzed by investigators during the 1930s was marked. Pecora called Whitney the “most mendacious” and “most evasive” of the Morgan partners who appeared before his committee in 1933. Within the bank, the appreciation was quite different. His loyalty to the firm was unquestioned, and his embrace of its culture wholehearted. Whitney was well regarded and deemed sound and capable.

The partners junior to Whitney – Anderson, Bartow, Ewing, Stanley, and the sons Davison, Thomas S. Lamont, and Junius Morgan – have left fewer traces (see Figures 1.4–1.6). John Brooks’ gibe in *Once in Golconda*, his lively 1969 account of Wall Street during the interwar years, that “the partners were extensions of and adornments to J.P. Morgan’s personality,” Anglophile, Republican, *Social Register* Protestants who were “as much a physical as a social type, with a kinship more primitive than social background or like-mindedness,”

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93 TML, CP, Box 6, Folder Ferdinand Pecora.
94 Harry S. Morgan, interviewed by Carosso in the 1970s on multiple occasions, is an outlier.
glistens rather than illuminates. A more recent assessment has been provided by Susie J. Pak. While Pak’s fine study contextualizes the partners and their networks, there remains a challenge in understanding the dynamics of J.P. Morgan & Co. There was debate, discussion, and difference. Yet internal disputes were never conveyed externally, which masked the extent to which the partners disagreed with the policies pursued by Washington, especially during the Hoover administration.

The Morgan rule never to comment publicly reinforced the outward impression of a cautious, sober conservatism typifying the private merchant bank. Discretion was understandable. Sailing to Europe on the SS Olympic in July 1926, Cochran gave an interview to a reporter for the Wall Street Journal in which he touted General Motors’ prospects. The result,

Figure 1.5 Arthur Anderson at the Wheeler Committee hearings, 1936. Harris & Ewing Collection, Library of Congress, Prints & Photographs Division, LC-DIG-hec-21864.

96 Pak, Gentleman Bankers.
as the Journal trumpeted on 3 August in its Market Comment column was, “General Motors in High: Stock rushes upward in sensational fashion on Cochran interview – Whole Market Buoyant.” Brooks, in Once in Golconda, would point to this interview as the catalyst for the subsequent market climb of the late 1920s. While few historians would concur, the reaction to Cochran’s off-hand remarks attested to the solemnity with which the financial community treated Morgan utterances, suggesting how weighty the Corner was in the age of Babbitt.