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A Tall Ship: The Rise of the International Mercantile Marine

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DEDICATION

To Mom, John and Gramma.
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ABSTRACT

Between 1890 and the outbreak of the Great War in 1914, nations on both sides of the Atlantic attempted to gain prestige by building the world’s greatest steamships for their merchant marines. In 1901, the United States entered this competition with the advent of J.P. Morgan’s International Mercantile Marine, which built on the previous work of shipping magnate Clement Griscom. This project will explore why and how Morgan built his monopoly and the implications and repercussions this project had for both Atlantic shipping and U.S. foreign relations. Moving beyond Morgan the man, it also tells the story of the key figures in American politics and business that supported his venture.

To reconstruct this history, this dissertation draws on a wide variety of primary source materials. These include archival materials housed at the, University of Liverpool and the Ismay-Cheape Family Archives. It also draws from published sources, including period newspaper articles, advertising material from the IMM and its constituent lines, and political speeches and documents that supported American shipping.
Although many secondary sources exist on the history of trans-Atlantic liners, much of this literature has been written by enthusiastic amateur historians and antiquarians. This dissertation, by contrast, makes a more scholarly contribution to this field. Influenced by scholarship on the history of U.S. foreign relations and American and global capitalism, this dissertation analyzes the history of the trans-Atlantic ferry from new angles. In the process, it also makes a new contribution to studies of shipping and international politics. While many scholars have examined the link of the race for battleships in the lead up to the First World War, professional historians have largely ignored the role of commercial super ships in this international rivalry. My project begins to correct this oversight.
Chapter 1

Launching the Ship of State

The Origins of a Multinational Corporation

It was a dark and stormy night in the Belgrave Park area of London on April 30, 1907 when Lord William Pirrie, chairman of Harland & Wolff Shipyards welcomed J. Bruce Ismay, president of the International Mercantile Marine and chairman of the White Star Line, into his home. The oppressive fog off the Thames cloaked the evening, adding an air of mystery to the proceedings.¹ Discussion surrounded the Cunard Line’s steamers, Mauretania and Lusitania, and how the International Mercantile Marine could top Cunard’s achievement. Over the course of the evening, Ismay and Pirrie discussed

building liners so large, so luxurious, they would cement the White Star Line, a client company of IMM, as the leading trans-Atlantic shipping firm for years to come. The three new liners would be the last word in comfort and elegance.

Within a few years, this informal dinner conversation would come to represent one of the most important points in the history of North Atlantic shipping and business, a watershed moment that ultimately led to the resurgence of the United States merchant marine. The American merchant navy had virtually ceased to exist, except coastally, during the 1860s. As business and technology changed over roughly 45 years between 1860 and Pirrie’s dinner with Ismay in 1907, the American merchant marine was reimagined and rebuilt as an international conglomerate. Although the combine they built would ultimately fail, the IMM’s rise and fall marked a critical chapter in the history and evolution of the American merchant marine.

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In the late 1800s, the Great Powers of the world acquired a new status symbol: the ocean liner. Designed not only for utility but also as emblems of nationalism, ocean liners carried trade, power, and the flag of their nations around the world. They each represented tremendous investments in time, material, and technology. Crossing the globe in growing numbers, they were increasingly coveted by nations that did not have them. At the same time, they presented nations on the fringes of power with a new means to display their status and wealth and to assert their growing political and
economic strength. The late 19th and early 20th century growth in shipping both reflected, and led to, changing relations between business and government. The massive size of the new super ships required improvements of infrastructure, such as increasing size of docks, constructing new fueling depots, and staffing repair facilities. In some countries, including Great Britain, France and Germany, such needs led to government support in the form of subsidies.

Although the United States lagged behind other nations for much of the 19th century, by the late 1890s many American businessmen had developed a renewed interest in shipping. Eventually, their pressure prompted the U.S. government to lend modest support to American lines as well. However, unlike their European rivals, American industrialists had to pursue alternate, and in many ways, innovative paths to build a new shipping empire. Led by Clement Griscom and then J. P. Morgan, the United States reentered the Atlantic and tried to form an ambitious new transnational monopoly: the International Mercantile Marine. *A Tall Ship* asks how and why did American businessmen take up this challenge what is the significance of their efforts?

IMM was the brainchild of Morgan and built upon Griscom’s earlier successes forming the International Navigation Company. Griscom wanted to build ships that could transport American goods to Europe directly without having to pay foreign

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shippers. He hoped to drive transport costs down so that American products might be more easily introduced in foreign markets, creating demand for American goods. After his attempts to build a domestically-owned firm with native built ships foundered because of the lack of modern shipbuilding capability and outdated laws, Griscom formed the Red Star Line in Belgium, with active support from that nation’s king and government. Building on these successes, Griscom expanded his company through the purchase of British assets.

Beginning in 1900, Griscom’s fortunes took another turn, when he sought and received financial support from J. P. Morgan. For reasons similar to Griscom’s, Morgan had become increasingly interested in a trans-Atlantic monopoly. Between 1900 and 1905, Morgan bought up controlling stock interests in previously established foreign shipping lines. Often Morgan’s purchase price was far above market value, creating an asset valuation problem that would haunt IMM throughout its existence. Most of the companies Morgan bought were based in Great Britain, with a few others headquartered on the continent of Europe. Morgan’s raid of European shipping resulted in the direct intervention of the governments of Great Britain and Germany to maintain the independence of their merchant marines with varying degrees of success. Failure to secure a true monopoly caused intense competition between the British government-backed Cunard Line and Morgan’s IMM, resulting in construction of bigger and more superlative ships, including most famously the R.M.S. Titanic.
Already by the 1910s, however, IMM had begun a slow decline. Loss of the *Titanic*, followed by leadership vacuums at the highest levels of IMM, led to financial losses and instability. Although World War I brought a temporary windfall of profits, those profits came to an end in 1918 when British ships, released from war service, returned to the Atlantic. Additionally, IMM faced competition from the U.S. government as ships confiscated from Germany were released for civilian use under domestic ownership, usurping IMM’s position as the United States’ merchant marine. By the mid-1920s, IMM began selling off its foreign assets, ceasing to be a truly international merchant marine.

The history of the International Mercantile Marine reflects many aspects of the economic, ideological, and foreign policy evolution of the United States during the late 19th and early 20th centuries. First, the way IMM was built, primarily through the purchase of foreign assets, sometimes at far above their actual value, demonstrated the growing power of the American dollar. This was highlighted particularly well, as we shall see in later chapters, in the 1901 purchase of the White Star Line. Second, IMM’s history reflects a change in American naval ideology, a worldview that included commercial as well as military ships. Built on a foundation of the importance of sea power promoted by naval theorist Admiral Alfred T. Mahan, policy makers supported by the American people, began a program of expansion that encouraged a parallel rise in merchant fleet strength. Finally, the rise of IMM illustrates a more ambitious and
engaged foreign policy between the United States and the rest of the world in general, and Europe in particular, during the late 19th and early 20th centuries.

Even though the above scope of analysis is a full one, immigration is conspicuous for its absence. The transport of European immigrants was a major source of income for all the shipping line, and provided an abundant source of labor for American factories. Indeed one of the most lasting affect of IMM may be the cultural impact of the many people its’ ships brought to Ellis Island. However, adding that story to the already complicated and, at times, highly convoluted narrative and analysis of business, corporate espionage and government machinations would easily double the size of this dissertation. Contributing to this are limited time and resources with which to complete the project. For that reason, an analysis of immigration is left for the future.

Through IMM, the United States became more engaged in an interconnected world economy in which nations became strongly interdependent because international trade became even more tied to local market places. The history of IMM, in short, offers valuable perspectives on the history of the United States and its relations with the world.
Context of the Times: Formal and Informal Imperialism and the Place of IMM in U.S.

International Relations

Historians have long noted the rapid changes that reshaped both U.S. and world history during the second half of the 19th century, a process that is now commonly referred to as “globalization.” Discussing the years from 1850—1914, Gary Magee and Andrew Thompson use the term “globalization” to describe a process in which time and space were compressed, accelerating the interdependence of societies and states.3 Much of this process was due to imperial pursuits, in which militaristically strong nations, such as Great Britain and Germany, took control of weaker regions or entire states, such as ports in China or large parts of Africa.4 Others, such as Marc-William Palen, have pointed to a growing belief at the time in free trade, including loosening restrictions on imports and exports between nations. These processes led to more interconnected economies, which in turn increased the pace of globalization. Yet


even as free trade ostensibly increased, its effectiveness relied on imperial power.⁵ For example, the so-called “opening” of China to European and eventually American exports—heralded by many at the time as an example of free trade—was built and maintained with military intervention.⁶

Many historians examining these late 19th and early 20th century shifts focus on the beliefs and ideologies of policy makers. Whether grounded in scientific racism, nationalism, a sense of civilizing mission, or a combination of these factors, it is the ideologies of empire that take center stage in much of the historiography. Of course, Edward Said’s Orientalism is a classic in this field. Briefly stated, Said believed that Orientalism was a way in which imperial nations, specifically in Europe, viewed, and characterized the middle east and Asia. These characterizations, often based on race and perceived cultural backwardness – as compared to European defined technological and societal advancement – supported colonial ideologies.⁷

Since its publication, Said’s analysis has been highly influential and has informed many studies of imperialism, including scholarship on the United States. In the time

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since his book came out, moreover, a number of authors have examined diverse motivations for empire—ideological and otherwise—in the late 19th and early 20th century United States. Walter Nugent, for one, suggests that American expansion, like its European counterpart, was initiated by a search for more resources for both agriculture and industry. However, he argues, the motivations were different, at least in the view of Americans. Americans saw themselves as “beacons to mankind.” In their minds, in other words, American imperialism was desirable because it uplifted those areas brought under American control. Even though Europeans also believed in the so called “white man’s burden” of civilizing what they saw as backwards regions, Americans believed they were more humane in pursuing the same mission. Howard Jones likewise points out that common Americans bought into the civilizing mission of imperialism, reinforced by political and intellectual leaders which led to calls for

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9 Nugent, Habits of Empire, xiii – xvi.
Increased missionary work. More recently, historians like Kristin Hoganson (along with many others) have introduced and explored the theme of cultural imperialism – the practice of changing another nation by introducing goods and services – into the debate. Hoganson, a prime example of this cultural turn, argues that the United States created an informal empire through business expansion, philanthropy and missionary work.

While some historians have focused on how the United States fits into the history of imperialism in the 19th and early 20th centuries, others have worked to expand definitions of empire by considering the categories of formal and informal empire (and their relationship to one another). Originating as far back as the 1940s, and gaining steam with the work of John Gallagher and Ronald Robinson, the concepts of formal and informal empire have been debated by historians for many decades. Writing in 1997, John Darwin defines formal empire as a process that includes “explicit transfer of sovereignty and, usually, the imposition of direct administrative control.” He further defines informal empire as relying “upon the links created by trade, investment or

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diplomacy, often supplemented by unequal treaties and periodic armed intervention to draw new regions into the world systems of an imperial power.”

More recently, Peter Cain and A. G. Hopkins have refined the concept of informal empire, and the associated term “gentlemanly capitalism,” to connect imperialism to financial pursuits that directly or indirectly propelled formal imperial projects. They see the motivation for empire as a means to cement economic security in an uncertain world, especially in connection to events such as the economic depression of the late 19th century. While these discussions have been focused on explaining British imperialism, many of the arguments can and have been applied to American imperial activities as well.

April Merleaux’s *Sugar and Civilization*, for instance, examines the role of corporations in expanding American influence, showing this as an example both formal and informal empire simultaneously. Focusing in on the sugar industry, Merleaux examines how sugar investors used new corporation laws to control United States sugar

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manufacturing through a holding firm in New Jersey. Importantly Merleaux examines the interaction between nation-states and ostensibly private business.\textsuperscript{16} Likewise, Jason Colby’s \textit{Business of Empire} examines the rise of the United Fruit company in the Caribbean. Colby points out that United Fruit became the most power economic entity in the region, becoming an imperial project because of its corporate nature, rather than active support of Washington policies.\textsuperscript{17} Other scholars, including Hoganson, William Leach, and Lizabeth Cohen, have called attention to the links between mass consumerism in the United States and U.S. commercial exploits abroad. Between the purchasing power of common Americans and growth of American business interests, as these and other authors show, informal empire became the primary form of American expansion as consumers sought new products and business sought new markets. The American economy and its ability to shape national and international policy is thus a running theme in the story of American empire. Together, these and other scholars have advanced important new perspectives, helping scholars understand how the United States developed as a global, imperial power.\textsuperscript{18}


\textsuperscript{17} Jason Colby, \textit{The business of Empire: United Fruit, race, and U. S. Expansion in central America} (Ithaca; Cornell University Press, 2011), 3-5.

\textsuperscript{18} For more on the power of the American economy, consumerism, informal and American empire see Julian Go, \textit{American Empire and the Politics of Meaning: Elite Political Cultures in the Philippines and Puerto Rico During U.S. Colonialism}, (Durham: Duke
This newer reading of imperialism, which includes formal and informal empire, is part of a larger historiography with which *A Tall Ship* enters into conversation. Morgan’s IMM stands out as a major project of financial expansion, and it served in many ways as a tool of informal empire. Morgan’s IMM used a structure that is familiar to discussions of economic imperialism: a corporation, in this case based in New Jersey, held controlling interests in firms in several foreign nations. This new combine had to engage in negotiations with heads of state or their representatives to do business. Like other imperial projects, IMM also concentrated economic and political power within the hub of an imperial network.

These similarities between Morgan’s attempted takeover of the Atlantic and more obvious imperial projects have been virtually ignored by historians. Part of the reason this dissertation argues, is the power relationships at play between the parties involved. Unlike smaller countries in the Caribbean or Central America, Great Britain and other nations in Europe had the power to resist formal U.S. imperialism as defined by Darwin, Gallagher, Robinson and others. Morgan simply could not expect U.S. armed forces to support his bid to build an Atlantic monopoly, nor could he expect European nations to be intimidated by political power or industrial imbalances.

However, he could rely on American economic power—the power of the dollar—to create inroads to otherwise impenetrable competing empires. Morgan used his overwhelming financial resources to offer more profit to European shipping owners faster than they could have otherwise realized. Through investments, he was able to bring foreign assets under American control, a process very much in line with Darwin’s definition of informal empire.

At the same time, however, it is equally important to note the differences between IMM and other types of imperial relationships. Political and corporate leaders in Great Britain and Germany worked to limit Morgan’s influence once they realized his plan. Cunard Line, Britain’s last remaining major steamship company after the purchase of White Star Line in 1901, had a financial foundation strong enough to withstand Morgan’s overtures of buy out. Parliamentary intervention gave Cunard’s British stockholders an alternative that no Caribbean, Pacific, or African target of imperialism could ever enjoy. Likewise, personal intervention from Kaiser Wilhelm II and the strength of the German economy maintained the independence of German shipping as well. In the face of this kind of opposition, Morgan and his investors had to accept “no” as an answer to their economic pursuits. This was simply not the case in any other example of formal imperial projects.

Jenifer Van Vleck’s *Empire of the Air* illustrates more clearly how American’s informal empire flourished with regards to transportation technologies; though focused
on the mid-20th century, her work presents a useful model for thinking about IMM’s history. Much like the ocean liners of the 19th and early 20th centuries, airplanes revolutionized travel and business and expanded American influence. The rapid transport and growing omnipresence of American products and culture served to “Americanize” regions all over the world at a faster rate. Unlike the great liners, airplanes created a truly global economy and transfer of ideas because of their ability to touch the most remote locations inaccessible to the sea.

Yet as this dissertation argues, this process did not begin with the “ascendancy of American aviation.” Years before the Wright Brothers ever flew their first test flight, the liners and super lines of IMM and other firms began this process of exchange, by bringing ever increasing amounts of goods and people to new markets and locations often with both positive and negative repercussions. Van Vleck’s observations about the simultaneously creative and destructive nature of air power, moreover, can also be applied to the shipping industry.19 Specifically, although Morgan’s enterprise attempted to create an American-owned and operated merchant marine, it did so at the expense of the European shipping industry. Britain saw a considerable amount of its shipping industry swallowed by the American corporation, eventually leading to parliamentary debates and action over the matter.

In comparison to the ethical and philosophical foundations of empire, the importance of technology and infrastructure highlighted in Van Vleck’s book have received relatively less attention in the historiography. In more recent years, however, scholars have begun to explore these material factors of empire in more detail. Michael Adas, for example, points out that for many Europeans and Americans, technological advancement became the yard stick by which civilizations were measured.20 Likewise, Dwayne Winseck and Robert Pike point out the effects of technological communication improvements that helped insure stable lines of information. Specifically, they examine the proliferation of cable networks that provided telegram service to far off locations, binding together remote locations more closely together into imperial networks.21 Stephen Kern and Vanessa Ogle, meanwhile, show that these new inventions redefined time and space. Prior to the revolutions in communications technology, colonies were not just distant but remote, meaning that communications and reaction to local events could take months or even years. The advent of the telegraph and telephone, however, allowed rapid response with increased material resource support. Telephones brought


instant information; its ring was sudden and demanded instant attention, with fast reactions.\textsuperscript{22} As these scholars show, without the changes in technology, the rapid deployment and responses that made late 19\textsuperscript{th} century imperialism successful on a global scale could not have happened. It was European technological dominance, especially in oceanic transport, that allowed Great Britain, France, and other European powers a head start to begin largescale, worldwide imperialist adventures in the 19\textsuperscript{th} century.

While much of this scholarship is focused on European, specifically British, expansion and empire, a number of scholars have also explored American expansionist endeavors. For many years, historians of U.S. foreign relations argued that the U.S. government maintained an inward-looking policy throughout the 19\textsuperscript{th} century, leading up to the Wars of 1898. Presuming that policymakers at the time followed the course of neutrality and non-engagement that George Washington laid out in his Farewell Address, historians like Samuel Flagg Bemis perpetuated the idea of an “isolationist” 19\textsuperscript{th} century United States.\textsuperscript{23}


In recent decades, however, a new generation of scholars has overturned that line of argument, demonstrating the myriad ways in which the United States was, in fact, connected with the 19th century world, particularly toward the last quarter of the 19th century. Glen Jeansonne points out numerous interactions in diplomacy dating from the administration of Benjamin Harrison.\textsuperscript{24} Howard Jones points to Lincoln’s successful diplomatic strategies to keep Britain and France from recognizing the Confederacy during the 1860s.\textsuperscript{25} Walter Nugent documents a long history of American interaction with other nations dating from 1782 through the present.\textsuperscript{26} Together, these historians and many others have laid bare the myth of 19th century isolationism.\textsuperscript{27} 


\textsuperscript{25} Jones, \textit{Crucible of Power}, xi.


Ship continues this dialog by examining American interaction during the period of supposed isolation from the rest of the world. Indeed, interactions like those of Morgan helped set the foundation of what has been termed the “American Century” of the 1900s and were an early sign of growing economic strength.

**Growing Economic Power: Revolutions in Industrialization and Transportation and the Development of IMM**

During the late 1800s, the United States experienced a second industrial revolution. New products and patented goods flooded the market. Inventors like Thomas Edison and Alexander Graham Bell became household names as their new devices fueled production of new goods and services. At the same time, as both continental expansion and urbanization continued, new cities were built that required infrastructure, housing, household items, food and much more. The explosion of new goods invented in the late 19\(^{th}\) century, such as the phonograph, telephone, and many labor-saving devices, found eager markets across the country and around the world. The money brought in by these products strengthened the American economy so much that it rivaled—and soon surpassed—many of the longest standing industrial powers in Europe.
A major part of this economic expansion came from the railroads, as historian Richard White has shown in his analysis of the growth of American railroads and the evolving business of transportation. As White argues, the expansion of railroads in the mid-19th century changed the nature of business. Railroads allowed new products to be distributed to wider markets, increased profits for businesses while encouraging consumerism, and allowed for further expansion. By the mid-19th century, railroads and related industries received major financial support from investors and were sustained by booming markets created by a large population. American entrepreneurs built railroads and invested heavily in industry, sustained by a booming population, the result of both natural growth and immigration. Indeed, the contribution of the railroads to American economic expansion can hardly be overestimated.

Yet the success of railroads was not only due to private investment and enterprise. Much like successful European shipping lines that received governmental support through subsidies and the renovation and extension of port facilities, railroad owners often received subsidies and government support to expand rail networks, shipping hubs and repair infrastructure. By the late 1860s, thanks in large part to these subsidies, transcontinental railroads connected the East and West coasts. As White notes, the transcontinental railroads existed because of support from the state. "Government subsidized them, secured their rights of way, regulated them, and
protected them.” 28 Once built, the railroads integrated new and existing settlements into the United States economy by exporting local products and importing goods from across the country. 29 With tremendous internal markets, the United States had supported its own economic expansion throughout much of the 19th century, limiting overseas colonial expansion as compared to European powers during the same period. As U.S. territorial expansion culminated in the continental West, the search for new, overseas markets became more important to U.S. entrepreneurs.

In many ways, the history of the railroad industry in the mid-19th century United States mirrored the evolution of the shipping industry later in that century. It also helps explain why Griscom, an investor in railroads and shipping, as well as his successor, J. P. Morgan, believed a merchant marine could be built from scratch: they had done it with railroads earlier. In terms of business, credit rather than capital formed the foundation for railroad construction. As White discusses at length, the use of bond sales to finance the construction of hundred-mile increments of the transcontinental railroad. These bonds were sold to investors who expected to receive dividends based on the operations of the completed railroads. 30 Here again, a remarkable similarity exists throughout.

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29 Ibid.

between American expansion in the Atlantic to the railroads. In preparing to finance the construction of the massive Olympic class liners, Morgan’s IMM offered bonds to the public. While the railroad bonds were made convertible into federal bonds to attract buyers, IMM’s bonds attracted buyers based on the previous history of the constituent shipping lines that Morgan purchased to build his conglomerate.

Another similarity to American railroads included the horizontal and vertical integration that had proved so vital to the railroad expansion. One of Morgan’s key partners in bringing together his combine was Lord William Pirrie, chairman of Harland & Wolff Shipyards. Harland & Wolff’s important role in IMM is frequently ignored. In much of the existing historiography, Harland & Wolff is discussed in relation to the White Star Line, a British shipping company that later became the flagship line of IMM. Roy Anderson’s White Star, Robin Gardiner’s History of the White Star Line and Wilton Oldham’s The Ismay Line examine the White Star Line in depth, but they too tend to stop at a cursory look at the relationship with Harland & Wolff Shipyards. The development of technology, subsidies, the nature of competition and international policy or monopoly is left almost entirely unexplored. This leaves an incomplete picture of the forces that produced the Olympic class ships. A Tall Ship

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rectifies this omission by bringing all these disparate subjects into one dissertation focused on an industry long ignored by historians.

Andrew Porter’s *Victorian Shipping, Business and Imperial Policy* is one of the few books that demonstrates the similarity between shipping and the railroads. In fact, Porter directly connects the growth of Britain’s railroads to maritime expansion; the ability to bring more exports to coastal ports faster supported local manufacturers’ role in international commerce. Porter’s work focuses on the Castle Line, a British firm founded by Donald Currie that primarily served ports along the West African coast. It details the use of subsidies in the growth of the shipping business and how a deft businessman brought that together with a growing market in South Africa that required shipping services. Much like the railroads, the Castle Line’s expansion in South Africa sponsored economic growth by regularly bringing building materials, mail and other resources necessary for expansion. Porter’s book highlights the importance of government subsidies for expansion of the shipping industry. Routinely, Currie built bigger and faster ships to maintain mail subsidies offered by the government. The

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33 Ibid., 41.
subsidies then increased which encouraged the construction of faster ships forming a self-sustaining cycle.\textsuperscript{34}

Subsidies – and more frequently the lack of them – play an important part in the history of IMM. Just as both Porter and White show how generous subsidies insured the survival of growing concerns, \textit{A Tall Ship} demonstrates how the lack of similar subsidies hindered American entry into Atlantic shipping, providing to the existing scholarship a new way of looking at American shipping and the challenges it faced. It also explores the ways that Griscom and Morgan differed from their predecessors in the railroad business, for example by exploring how they dealt with international entities rather than a single federal government.

While it contributes to the historiography of transportation and economic expansion generally, \textit{A Tall Ship}, of course, also contributes to the history of ocean liners more specifically. Existing ocean liner scholars such as John M. Brinnin and John Maxtone-Graham, both authors on the North Atlantic trade, tend to focus on the ships themselves, offering social histories of the people who sailed and worked them.\textsuperscript{35} Stephen Fox’s \textit{Transatlantic} focuses more on business history and technical innovation,

\textsuperscript{34} Porter, \textit{Victorian Shipping}, 61-62,175-177.

examining the influence of Samuel Cunard and others. However, he leaves aside most of the financial machinations that went into the creation of the International Mercantile Marine and its implications on shipping. Steven Ujifusa’s *A Man and His Ship* also briefly touches on business history, but like other authors, his focus lays elsewhere, in this case the construction of the S.S. *United States* of 1951. In working his way to the 1950s, however, Ujifusa discusses the difficulties in funding the Olympic class and the intense international rivalry that existed between shipping. *A Tall Ship* expands on this existing scholarship by describing that competition and examining the extremes to which the shipping companies went to war with each other. The corporate espionage that existed during the formation of IMM has not been detailed in previous accounts either, and adds significantly to the historiography of transnational business.

*A Tall Ship* also connects IMM to studies of the early 20th century origins of globalization. To create his monopoly, Morgan relied on purchasing existing foreign shipping firms and bringing them under American ownership. The lack of infrastructure in the United States to build modern steel ships created a considerable obstacle to Morgan’s project, but it was not insurmountable. Morgan could and did create a self-supporting combine, much like his railroad monopolies thus alleviating a

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need for shipbuilding facilities in the U.S. Once created, Morgan’s monopoly helped bring American products, culture and more to Europe in ever increasing amounts. As consumerism grew, demand for American products grew. The growing American culture and industrial dominance was even noted at the time. The International Mercantile Marine played a role in this process, and A Tall Ship brings its vital history into conversation with existing scholarship.

The Influence of Alfred Mahan on Commercial Affairs: IMM as a Complement to the History of Naval Expansion

While the economic power of the United States grew, Admiral Alfred Mahan promoted the expansion of the country’s nautical power. While primarily known for his military advocacy, Mahan also encouraged the expansion of the merchant marine for the purposes of economic strength and diplomacy. After promoting his ideas for more than a decade, Mahan watched as the Spanish-American War of 1898 erupted, a conflict that seemed to validate many of Mahan’s ideas to both the American people and policy.

38 William T. Stead, The Americanization of the World; The Trend of the Twentieth Century, (London: Horace Merkley, 1902), 1-17. Stead, a British citizen, wrote a book that looked at the achievements of the United States but attempted to suggest it was really a British success because America “was part of the family” of Anglicized nations. Interestingly, Stead’s own statistics pointed to overwhelming influence that would only grow over time. Ironically, Stead lost his life on IMM’s Titanic in 1912.
makers. The swift and overwhelming victory of American forces led to increased popular support for nautical expansion, support that was encouraged by literature, household goods and even games. General press books and other ephemera personalized the conflict for people far away from the theater of war while a market grew for memorabilia related to Admiral George Dewey, commander of American naval forces in the Pacific. A tour of his flagship, U.S.S. *Olympia* which is docked in Philadelphia, provides indications of his personal renown. For instance, where Dewey stood during the battle of Manila Bay is marked by a brass plate. This growing acclaim for naval heroes and events was not lost on policy makers. From President McKinley to congressmen and local clubs were established, and policy began to take shape that supported expansion and set up modest (at least compared to Europe) government support for mercantile shipping growth. However, this was only after a long period of neglect.

A generation prior to the 1870s and '80s, the United States fought a destructive internal war, one of the effects of which was the loss of its merchant marine. The massive war fleet it had built up in the 1860s, once one of the most powerful and technologically advanced in the world, had rusted and rotted in obsolescence by the 1880s. At roughly the same time, Alfred Thayer Mahan (1840-1914) started publishing his ideas on naval power. The world soon took note. Mahan believed that a strong navy and merchant marine were key to a nation's wellbeing. In his best known work, *The
*Influence of Sea Power Upon History*, Mahan argued that nations rise and fall in war and peace based on their strength at sea.\(^{39}\) Yet as historian Jon Sumida points out, merchant marines were just as important to Mahan as naval strength.\(^{40}\) Indeed, according to Mahan, part of the reason Napoleon’s France failed was the inability to effectively use maritime trade to harness support from overseas colonies and trade partners.\(^{41}\) Sumida’s emphasis on Mahan’s ideas on commerce form a foundation for the argument of this dissertation. As primary documentation and secondary sources reveal, it is clear that Mahan’s arguments were not lost on Americans, nor on the leaders of other nations of the world who sought to increase their status in the 1880s and 1890s.\(^{42}\)

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\(^{41}\) Mahan, *The Influence of Sea Power Upon History*, 29-31, 37, 170.

\(^{42}\) In the period examined by this dissertation a plethora of material in support of nautical expansion was produced by political and business sources. Included among these are *Cuba’s Fight for Freedom, 1898*, *The History of North Atlantic Shipping, 1896*, President McKinley’s annual message to Congress, *The International Navigation Company in War and Peace*, both from 1899 and *The American Merchant Marine*, 1902. All these publications discuss the importance of military and commerce shipping as a vital interest of the United States. With the exception of Pres. McKinley’s address all were meant for public consumption and formed a small part of the material available at the time.
As historian Roger Parkinson notes, by 1889 American policy makers began taking the idea of an oceanic navy seriously, turning away from old naval doctrines based primary on coastal defense and commerce raiding. Even before this, in 1885, American naval cadets trained at Glasgow and Greenwich, Royal Navy bases in Great Britain. Parkinson’s arguments are significant because they show a growing interest in international naval affairs prior to the Spanish American War, which is often recognized as the point at which United States naval policy took an international turn. This supports other historians such a Paul Kennedy and Dirk Bönker who analyze the growth, increased professionalism, and innovation of navies around the world during the 1880s and 1890s. While Kennedy concentrates on the British and American navies and the technological changes of the era, Bonker discusses the new professionalism and rivalry of the era, especially concerning the Imperial German Navy and the American Navy, and examines the influence of Mahan on policy makers. Together, this recent scholarship reflects a subtler reading of Mahan that looks deeper than the overt imperialism of establishing bases to spread military power.

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Bonker, Parkinson, and other scholars also focus on the technological changes within the more professionalized, bureaucratized navies of the world. For instance, the ships that fought at Trafalgar in 1805 were not all that different than ships that fought in the Anglo-Dutch War of the 1660s, in terms of construction. However, during the 1870s, '80s, and '90s, technology changed incredibly rapidly in areas such as armor, propulsion, watertight integrity, and more. At the same time, navies benefitted from growth in the bureaucratization of government, which created professional administrations that controlled logistics, personnel, and public relations.45

For all their value, these naval histories largely ignore an element that Mahan believed equally important to a nation’s strength: the existence of a strong merchant marine. While Bönker and Parkinson focus on national navies, their arguments could well be extended to the private shipping sector, and to the new professionalism and competition that redefined it. Like the warships they discuss, merchant ships experienced a rapid evolution of technology in the 1880s and 1890s. Ships evolved radically while, at the same time, the business of shipping transformed into a massive bureaucracy so connected to government that shipping lines almost became government departments themselves. This dissertation adds to those analyses by looking at the merchant marine through a similar lens as military historians have viewed the U.S. Navy.

45 Bönker, Militarism, 187-199.
While Mahan and others, including Assistant Secretary of the Navy Theodore Roosevelt, attempted to renew the U.S. Navy, Clement Griscom, a Pennsylvania businessman, began to build American shipping lines that evolved into an attempt to build a North Atlantic transport monopoly. That led to the construction of massive ships because of intense competition between Morgan’s IMM, Britain’s Cunard and other shipping firms on the European continent. This dissertation brings these events into conversation by tying together the threads of technological development, the evolution of business, and the changing relationships between business and the U.S. government. While my dissertation focuses on the civilian merchant marine, Mahan’s prolific writing created support for expanded maritime participation and provided the initial spark of interest in all things maritime for the American people.

Given their importance to the development of commercial shipping, it is worth returning to Mahan’s own theories and analyzing them in greater detail, exploring the elements of his writings that other scholars have neglected. Although he never found fame as a commander at sea, Mahan reshaped history and foreign relations as a scholar, commentator, theorist, and critic of naval policy. Historians have sometimes depicted Alfred T. Mahan solely as a proponent of imperialism and expansion; Mahan's writings, however, indicate a far more nuanced, internationalist worldview. From the 1880s through the early 1900s, Mahan promoted the use of navies as instruments of foreign policy by nations in general and the United States in particular. Though he modified his
theories considering events such as the Spanish American and Sino-Japanese wars, Mahan emphasized three major themes throughout his lifetime.

First, Mahan enthusiastically promoted external trade. Using examples from history, such as the Southern Confederacy and Napoleon's France, Mahan documented the importance of trade to the survival of a nation at war. Secondly, he wanted to end American both political and economic isolationism. Mahan encouraged more interaction in the wider world. The fact that new technology made distance less of an obstacle was not lost on him. Greater interaction with the world simply could not be avoided as economies became more intermingled. Ignoring this, Mahan recognized, did not change the reality of the situation and encouraged a change in U.S. foreign policy to become more proactive in world events. Finally, he wanted to form alliances with other naval powers to act in concert to deter aggression. The growth of new expansionist nations, particularly Imperial Japan, caused Mahan concern. In Mahan's view, alliances with nations which had similar interests allowed nations to minimize expenditures without losing defensive integrity.

In his *The Influence of Sea Power Upon History*, Mahan described the dominance of French land-based trade and the its failure to take advantage of foreign and sea borne

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trade. "With all her natural gifts,” he wrote, “France wasted away because of want of that lively intercourse between the different parts of her own body and constant exchange with other people, which is known as commerce, internal and external."\(^{48}\)

Mahan was correct. Napoleon instituted his "Continental System," which attempted to prevent British goods entering Europe, but also crippled smaller nations on the continent. As Britain invaded Europe, trade began in Portugal, Spain and other places constricting French continental trade as Britain gained allies and trade partners.\(^{49}\)

Potentially, Mahan warned, this fate could befall the United States should it enter a war.

Mahan did not just apply his ideas to historical events. As a veteran of the United States Navy, he maintained an interest in the Navy and the issues under which its personnel labored. His work appeared in newspapers and magazines across the country. In an article written in 1890, Mahan addressed the need of entering the world market, not only for economic prosperity and growth, but for security. In the same article, which was later published together with others in book form, he suggested that even if the United States did not actively pursue international trade, rivalry from other great powers would eventually bring the United States into conflict with them as foreign powers entered American markets.\(^{50}\)

\(^{48}\) Mahan, The Influence of Sea Power, 198.

\(^{49}\) Kennedy, The Rise and Fall of Great Powers, 135.

\(^{50}\) Mahan, The Interest of America in Sea Power, 5-8.
While stressing the importance of trade and commerce, Mahan did not neglect the importance of defense. Still, trade formed the central foundation of his concern. Throughout his writings, Mahan emphasized the importance of strong international commerce, usually connecting it to national defense. He considered trade beneficial but pointed out that it also brought certain risks. For instance, though he favored the construction of the Panama Canal, its potential greatly worried Mahan. The canal would bring untold trade opportunities, allowing the rapid transport of goods from the Atlantic to Pacific oceans while cutting travel time and costs. At the same time, it would become a strategic resource that European colonial powers might covet to the point of conflict to control it. Mahan suggested that while the United States was isolated by custom and distance, the canal would bring aggressive European powers much closer much more frequently than in the past.51 "In our present state of unpreparedness,” he argued, "a trans-isthmian canal will be a military disaster to the United States and especially to the Pacific coast.”52 In other words, if it was going to be built, such a canal would need to be defended.

While concerned with the future of a Panamanian canal, Mahan also worried about the Sandwich Islands and the entirety of the Pacific coast. The U.S. position in

51 Ibid., 9-10.

52 Ibid., 11.
Hawaii provided a base from which trade and a defensive umbrella in the Pacific Ocean could be expanded. Writing in 1893, Mahan pointed out that Hawaii was the same distance from San Francisco as it was from foreign outposts in the Gilbert, Marshall, Samoan, Society and Marquesas island chains. Their importance, he suggested, could not be overstated.\(^{53}\) The Hawaiian Islands could serve as a trade port, coaling station, naval base, center of alliance-building and more.\(^{54}\) And while these ports could easily be fortified, he observed that the historical precedents of fortified islands not supported by naval fleets being snatched away from the controlling powers by foreign aggressors.\(^{55}\)

The Spanish-American War provided examples of Mahan’s idea in both the civilian and military realms. As historian Thomas Schoonover observes, the war represented a transfer of leadership dominance in Asia at the expense of European powers and even Japan. Further, he notes that this was not an aberration but part of longstanding American policy that promoted interaction around the world, particularly in economics circles and primarily focused on the Pacific.\(^{56}\)

\(^{53}\) Ibid., 17.

\(^{54}\) Ibid., 13-15.

\(^{55}\) Ibid., 20.

While the U.S. government entered the Spanish American War due to economic issues and public pressures over concerns largely independent of rebuilding the navy and merchant marine, the war provided an arena in which U.S. nautical strength could be tested. The war erupted over several fault lines, including American investors who wanted their businesses protected and the American public that became outraged over atrocities committed by the Spanish against Cuban civilians. This was the first war in which the United States faced off with a European power since fighting the British in the War of 1812. One of the important aspects of the Spanish-American War was that it was primarily a war on the seas, much in the form that Alfred Mahan suggested major future wars would be fought. In terms of testing international strength and gaining support at home for nautical expansion, the war came at a fortuitous time for Mahan’s theories.

After war broke out in the spring of 1898, U.S. troops boarded ships in Tampa, San Francisco, or San Diego for transport to Cuba or the Philippines. At the same time, modern American warships fought the Spanish Royal Navy at places such as Manila Bay and Santiago de Cuba. Unlike prior wars, heroes that Americans read about back home had titles like admiral and commodore more often than general or colonel. In the


aftermath of the conflict, popular press books painted heroic pictures of drama on the high seas.\textsuperscript{59} In the weeks and months following the successful war, Alfred Mahan enjoyed even greater renown now that his ideas appeared to have been confirmed. This propelled the people of the United States to support construction of a new and modern navy, as well as adding prestige to the validated Mahan.\textsuperscript{60} In his *Lessons of the War with Spain and Other Articles*, Mahan outlined the experiences of the military in prosecuting the war, and emphasized the validations of his own ideas.\textsuperscript{61} At the same time, policy makers seemed to be taking his lessons to heart.

In an 1899 message to Congress, President William McKinley listed the achievements of the Navy and detailed them as having always "maintained the spirit and high efficiency which have always characterized that service." Additionally, he noted, "The Nation has equal pride in its early and later achievements," and quickly followed up that the "people are interested in the continued preparation and prestige of

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the Navy." Drawing on that support, McKinley discussed "early and later achievements" of the Navy without any specific detail. While exaggerating national interest in the navy prior to this time, he concluded by urging special legislation to fund the enlargement of the navy.⁶²

Around the same time, publications and clubs appeared highlighting American naval triumphs and urging expansion. Henry Beck’s *Cuba’s Fight for Independence and War with Spain*, one of many titles examining the war, was published immediately after the end of hostilities.⁶³ Beck, primarily an author of local histories in the United States, wrote for popular audiences rather than for academics. Even so, his book provided a great deal of information on the military forces involved, especially in comparing and contrasting the abilities of the Spanish and U.S. navies. He gave biographical information on naval commanders from both sides as well as a directory of ships in the fleets. He also listed every ship in the American fleet, giving their complete characteristics and even commanding officers.⁶⁴ The book supported and justified a

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growing navy through its documentation of the importance of the navy in the prosecution of the war.

Beck examined all of the naval battles that occurred during the war in detail. The battle of Santiago de Cuba, for example, was written in very lurid style. Beck began his narrative with the raising of the flag on the *St Louis*’ mast as the crew was drummed to quarters. He followed this with a description of the ship sailing closer and closer to Spanish forts as shelling grows in intensity. Likewise, he trumpeted Admiral Dewey’s actions at manila Bay with words such as "superb," "unrivalled performance," during "one of the most note-worthy battles ever fought in all the world." Additionally, the book was liberally illustrated with both artist renderings and photos of ships and personnel.

It was not only the "great men" and ships that Beck lionized, however. He also chronicled the story of common sailors, further romanticizing the idea of maritime might. Alongside the high-ranking officers whom he profiled, low ranking officers and common sailors also made an appearance. Ensign Worth Bagely, a 26-year-old North Carolina native, became the first American to die in battle during the war. Beck spent two pages outlining Bagely’s life, including his ancestry. By providing examples of

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65 Ibid., 453.

66 Ibid., 423.

67 Ibid., 448-449.
common people serving during the war, Beck connected the reader to the profiled person inviting the reader to imagine themselves in the midst of the battle, thereby becoming a sailor by proxy and a participant in American naval victories.

Beck's book and others like it vividly depicted U.S. Navy exploits during the war, allowing the American people to take part in building a proud naval heritage, at least in terms of showing their popular support. This theme continued with books like *Splendid Deeds of American Heroes on Sea and Land*. Editor Bishop Samuel Fallows and his co-authors chronicle the "glorious naval and military events from Washington to Dewey." Interestingly, the book made naval history its primary focus, emphasizing the increased prestige of American naval exploits. Books like those by Beck and Fallows worked in tandem with the writings of Mahan. While the naval theorist presented doctrine and policy objectives in academic detail, Beck and Fallows offered heroic stories that ignited the imagination with stories of high adventure on the world's oceans. Nautical expansion, in short, potentially appealed to the nautical expert as well as the novice.

While these books proliferated, the Navy League of the United States (formed in 1902 and still in existence today) was established, and its members created their own maritime boosting materials. The Navy League published its own book, *A Short History*

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of the American Navy, in 1907, which detailed the U.S. Navy’s history from the American
Revolution through the present day.\textsuperscript{69} The organization’s express purpose was to "...
acquire and spread before the citizens of the country information as to the condition of
the U.S. Naval forces and ships and to awaken public interest and activity in all matters
tending to aid, improve and develop the efficiency of the Navy." Interestingly, though it
focused on the Navy, the League’s membership demonstrated the connection with
civilian interests. The Navy League boasted J. P. Morgan, creator of the International
Mercantile Marine, as an honorary vice president and his son-in-law, Herbert L.
Satterlee, as councilor at law. Theodore Roosevelt, too, served as an honorary member.\textsuperscript{70}
In a pamphlet published in 1907, the Navy League boasted a membership of 4,500.\textsuperscript{71}
Perhaps due in part to their influence, by the eve of World War I, the Navy Department
frequently answered letters asking about naval preparedness by chambers of
commerce, local clubs and common citizens.\textsuperscript{72}

\textsuperscript{69} John R. Spears, \textit{A Short History of the American Navy}, (New York: Charles Scribner's
Sons, 1907).

\textsuperscript{70} Ibid., iii.

\textsuperscript{71} Anonymous, \textit{Navy League of the United States: What is the Navy League? What is it For?}
Washington, D. C. 1907.

\textsuperscript{72} General Records of the Navy Department, General Correspondence 1897-1915, File
4174 to 4191, Box110, Record Group (hereafter RG) 80, National Archives and Records
Administration (hereafter NARA), Washington DC
Naval affairs and shipping even found their way into popular entertainment. Parker Brothers, founded in 1883, produced no less than five board games based on the war. *The War in Cuba*, (1897) portrayed the Cuban rebellion from Spain. The other four – *The Battle of Manila* (1898), *The Siege of Havana* (1898), *The Blockade Runner* (1899), and *Dewey’s Victory: Never Beaten* (1900) – all allowed players to command ships running missions during the war. Although simplistic – two of the games featured wooden "shells" that could be "fired" at the Spanish fleet – they brought the naval battles of the Spanish American war inside the American home. Advertising showed families around a table playing the games together. Even today, a casual Google search of Spanish American War popular goods will result in a plethora of items, many of which center on the fame and exploits of the Navy. Admiral George Dewey was immensely popular. Aside from envelopes, pictures and other paper ephemera, his likeness appeared on plates, glass jugs, souvenir spoons, butter dishes shaped like battleships, and even candy molds. Likewise, his flagship *Olympia*, enjoyed equal popularity. Even today,


model kits of *Olympia* are available, some with original manufacturing dating from 1959, only three years after the ship became a museum in Philadelphia.\(^{75}\)

Individually, these books, organizations, letters from common Americans, and popular media might not appear all that important. Collectively, however, their varied nature and continued production throughout the late 19\(^{\text{th}}\) and early 20\(^{\text{th}}\) century United States points to a wide spread market based on a growing interest in maritime affairs. As later chapters will show, this enthusiasm continued into the first decade of the 20\(^{\text{th}}\) century, with newspapers and magazines featuring design details of major ocean liners, in places as far from the Atlantic as Salt Lake City and California. The tone of the articles remained positive and supportive of maritime expansion until the *Titanic* disaster of 1912, at which point authors began to question the wisdom of constructing super liners.

As popular enthusiasm for the idea of the Navy grew in the early 20\(^{\text{th}}\) century, the actual course of naval events after the 1898 War with Spain followed much of the path Mahan had suggested. The United States continued to build up its fleet after the war. Between 1900 and 1907 sixteen new battleships joined the fleet.\(^{76}\) At the same time,

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under the leadership of J. P. Morgan, the United States merchant marine grew by huge proportions. Although largely benefiting by buying out British and European shipping lines, American cargo now left American ports on American-owned ships. This helped solidify American power along the lines that Mahan had suggested, especially after the First World War dramatically weakened both the U.K. and Germany. Stated another way, Mahan had called upon the United States to build up its navy and merchant marine, build alliances, and establish coaling stations, and enter foreign markets to increase international trade. Griscom and Morgan attempted to do just this for the civilian side.

Mahan's success as a writer, followed by his apparent validation through the Spanish-American War, led to increased popular support for nautical expansion. Although this support offered a vital cultural enthusiasm for maritime expansion, another factor—the growth and evolution of business in the United States—provided the actual ability to expand American shipping and potentially compete with longstanding maritime power Great Britain, whose shipping lines dominated most of the world's oceans. The history of the American railroad industry, as well of recent histories in American economic and imperial expansion, offers the necessary context for the business aspects of this new interest in commercial shipping.

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This growth came to a grinding halt, however, with the advent of the Great War. The Great War accelerated changes in nearly every aspect of life all around the world, including shipping and who controlled it. Leading up to the war, Britain and Germany had engaged in a naval arms race that strained their economies. Britain’s economy took the worst of it because government policy dictated outbuilding the German navy.\textsuperscript{78} Between 1907 and 1910, Britain built 20 dreadnoughts and battle cruisers.\textsuperscript{79} By 1914, Britain had produced 2.7 million tons worth of warships, built specifically to outpace Germany’s 1.3 million.\textsuperscript{80} Over the course of the war, Great Britain spent over $23 billion in 1913 dollars and mobilized 9.5 million men.\textsuperscript{81} Between 1913 and 1918, British exports declined 59.5\% and re-exports declined by 81.8\% while the British trade deficit quadrupled. At the same time, the British merchant marine lost 9 million tons, including the \textit{Lusitania} and the American owned (but British built and managed) \textit{Britannic}, the largest ship in the world at the time.\textsuperscript{82} Together, these trends created a major opportunity for American shipping.

\textsuperscript{78} Parkinson, \textit{Dreadnought}, 145-146.

\textsuperscript{79} Ibid., 161-166.

\textsuperscript{80} Kennedy, \textit{The Rise and Fall of the Great Powers}, 203.

\textsuperscript{81} Ibid., 274.

With British shipping, including British IMM holdings, tied up in the war effort and German merchant ships interned in ports at home and abroad, a major vacuum needed to be filled. This created a situation in which IMM was in financial disarray yet making such massive profits. Stock holders were lulled into a false sense of security despite a recent fight over restructuring. Likewise, the period from late 1917 through the end of the war saw the former German merchant navy, which had been confiscated by the United States government, turned over to American commercial pursuits. The ramifications of these events hastened the demise of IMM as an international corporation.

This slow spiral played out over the 1920s. Despite cooperating with the Wilson Administration’s war time goals, by 1918 IMM found itself viewed as the pawn of British interests by the U.S. Congress. As a result, Congress left IMM out of postwar spoils such as the *Leviathan*, a massive German liner that IMM had managed during the war, but which it lost to a new American shipping company that had gained the support of the government by 1921. Facing competition from government-supported shipping firms, both domestic and foreign, IMM found itself in a weakening position that eventually forced the sale of foreign assets, beginning with White Star in 1926 and culminating with complete divestment of foreign assets by 1930.

Still, even with this disappointing ending, IMM had played the role Mahan had predicted during war time. It helped keep the lanes of international trade open,
allowing the Allies to maintain the importation of desperately needed resources while
giving American manufacturing access to markets, promoting a healthy economy at
home. It had, in short, navigated the tides of war to the benefit of the Allies only to be
stranded on the reef of post-war politics.

**Dissertation Structure and Conclusion**

*A Tall Ship* traces the formation, rise, and fall of the International Mercantile
Marine, beginning in the 1870s with its immediate predecessor, International
Navigation, through its early expansion to its ultimate failure as an international
business in the 1920s. Along the way it asks and attempts to answer the following
questions: How did American entrepreneurs navigate the challenges of rebuilding the
American merchant marine in an already crowded market? Europeans dominated the
Atlantic from the 1870s and fiercely fought to maintain that control during IMM’s
ascendancy. What steps did Griscom and Morgan take to try to insure success despite
outdated American shipping laws and a Congress that swung from indifferent to
supportive to hostile? How did the race for the world’s largest liner, the loss of
IMM’s *Titanic* and WWI affect IMM and did these events contribute to its eventual
failure?
To create as accurate a narrative and analysis as possible, many sources from the United States and Europe have been consulted. Among the most valuable of these sources are the Ismay-Cheape Family Archives and the Cunard Archives housed at the University of Liverpool in Great Britain. The Ismay-Cheape Family Archives are under the custodianship of Mr. Malcolm Cheape of Great Britain, a direct descendant of J. Bruce Ismay. Not seen outside the family since the 1960s, the Ismay-Cheape Archives contain correspondence, newspaper clippings, diaries and much more relating to the White Star Line from its founding in the 1870s through the departure of Bruce Ismay from IMM in 1913. The Cunard Archives in Liverpool includes correspondence from successive chairmen of Cunard Line and, most importantly, documents the efforts of Cunard leadership to “remain British” when J. P. Morgan attempted to purchase the company in the early 1900s. Both of these sources provide valuable insight into the highest levels of leadership of the businesses and governments involved. Other sources include newspapers from both America and Great Britain, presidential correspondence, transcripts of testimony and debates from Congress and Parliament as well as published and unpublished contemporary writings. Additionally the National Archives in Washington D.C., the Hathi Trust Digital Library, the Woodrow Wilson Papers, shipping industry publications and my own collection of material relating to the great liners, IMM White Star and Cunard were all reviewed providing valuable information.
Because this history is complicated and highly detailed, with an international cast of characters, chapters are divided by major events in the life and expansion of IMM.

Chapter Two tells the story of Clement Griscom and his attempts to build an American shipping firm. Griscom’s project faced a number of challenges, including both antiquated laws and the lack of infrastructure to build American ships. His stymied attempts to establish an American-owned shipping firm led him to do business in Belgium and form the Red Star Line in reaction the hostile business environment in the United States. As his firm became successful, Griscom began lobbying the U.S. government to make changes to laws that hindered his enterprise. By the late 1890s, policy makers created new laws more favorable to shipping businessmen. At the same time, J. P. Morgan also began building his combine. One of his purchases was the well-established and well-respected British firm, the White Star Line. At this point, the dissertation turns to Thomas Ismay and the foundation of his White Star Line to show how the shipping industry was supported in Great Britain and, more broadly, the more supportive environment enjoyed by European trans-Atlantic firms. This chapter examines White Star Line's partnership with Harland & Wolff to explain the competitive edge it had in its entry into the Atlantic shipping industry. The chapter concludes by bringing the two narratives together, tracing how Morgan continued to build his combine and examining the concern he caused in Europe as governments began to take steps to preserve their shipping industry.
Chapter Three focuses on the efforts of the Cunard Steamship Line to remain a British company in the face of Morgan’s continued efforts. The changing relationship between business and government forms a central theme of this chapter, as does the intense competition between major firms. This chapter documents the ways in which the competition between IMM and Cunard brought about the massive and still well-known Olympic class liners and placed in the context of the times. Cunard’s chairman, Lord Inverclyde, engaged in in an extended delay campaign to preserve the independence of his company. Engaging in negotiations with the British government, Inverclyde managed to stave off Morgan, an outcome that would have long term consequences for IMM. Cunard’s new partnership with the British government helped redefine the relationship between business and government, especially international or transnational business. The chapter also traces the high stakes competition between companies for the most advanced superliners in the world which resulted in the Olympic class liner. Finally, it examines the loss of R.M.S. Titanic and its effects on the shipping industry in the context of shipping and what it meant for IMM to the eve of the First World War.

Chapter Four documents how IMM floundered through the First World War following the loss of its most talented leadership in the fallout of the Titanic disaster. While this catastrophe proved incredibly damaging to IMM, the company’s foundational problems – specifically Morgan purchasing shipping assets for far above
their real value – also came back to haunt the combine. The ensuing fights over stock values and restructuring the company forced the combine’s management to spend time quelling investor revolts and took attention away from planning for the future. Despite this, the windfall of profits that IMM earned in these years, due to British and German shipping competition being removed by the war, gave IMM a temporary reprieve. However, as the chapter describes, the United States government eventually became a de facto competitor to IMM when it confiscated a large portion of the German merchant marine upon the United States’ entry into the war. In a relationship akin to that of Cunard and the British government, the U.S. government created a new American merchant marine built with confiscated German ocean liners. By the postwar years, as this chapter shows, this move completely undermined IMM as America’s merchant marine and sped up its decline as yet another competitor back by the direct power of government entered the market. In an act of irony, the U.S. government supported the new venture because of distrust of IMM and its foreign assets in the belief that IMM was the tool of British investors to cripple American shipping. The chapter concludes with IMM’s sale of White Star Line in 1926 and traces its decline in international holdings until they were eliminated altogether.

Chapter Five briefly ties together the loose ends of the narrative by tracing the later lives of the people, companies, and ships involved in IMM, Cunard, and the other participants in shipping from the time period. The chapter concludes with a review of
this dissertation’s central thesis, drawing together the evidence and arguments of the preceding chapters and offering a final set of takeaway points.

The International Mercantile Marine was a monumental effort that ultimately collapsed. Yet despite its eventual failure, IMM deserves to be studied, not least for what it can tell us about the growth of American global power in the early 20th century. Morgan intended for this combine to serve as the new American merchant marine and saw it as a way to introduce American products and American influence into Europe. As a business, it was one of the earliest efforts at a modern transnational company using advances in communications and transportation technology. A deeper understanding of IMM helps give insight on the “American Century” and the modern world.
Chapter 2

Oceanic Majesty

Clement Griscom, J. P. Morgan and the White Star Line

Lounging comfortably in the smoking room of an Atlantic steamer in 1893, J. Pierpont Morgan idly conversed with one of his fellow passengers. The other traveler, well aware of Morgan’s success in gaining control of the railroads along the Atlantic seaboard, asked him what he thought was a trivial question: would it be possible to buy up all the shipping on the Atlantic and form a shipping monopoly? Morgan thought a little, then shifted in his seat. “Ought to be,” he said.\(^3\) While the story may be

apocryphal, it does speak truthfully about how Morgan saw financial challenges. For a man who purchased European castles to obtain one or two pieces of artwork, building an Atlantic monopoly amounted to routine business.

As one of the great "robber-barons" and the richest man in America, Morgan had the means to make nearly anything possible. A few years later, Morgan joined with American shipping businessmen, including Clement Griscom, manager of the largest American shipping concerns at the time, to make that monopoly into a reality. Starting in 1901, Morgan and his associates began the process of mergers, takeovers and stock buyouts that created the largest shipping syndicate in history up to that time.

By the 1890s, J. Pierpont Morgan had earned his reputation as one of the world's greatest businessmen. He accumulated vast holdings in the railroads and oil industries during the 1870s and 1880s. The decision to develop the International Mercantile Marine, however, represented the greatest financial risk of his storied career. Although he had been approached earlier by interested parties to launch a combine, Morgan initially refused such advances. Yet by the late 1890s, Morgan changed his mind.84 He wanted to create a combine in which a major steamer left the port of New York each

day with mail, cargo and passengers for Europe making a significant change from the
shape of the shipping industry until that point.  

Morgan had a great deal of motivation for supporting the International
Mercantile Marine. First was his personal hatred of waste and redundant business
efforts, which he had demonstrated during his days organizing the railroads. In the
late 1890s, several ships left the same port for the same destination once or twice a week
in direct rivalry to each other. Morgan's plan for daily ship departures was designed to
decrease direct competition, offer a more flexible schedule, and reduce rates because
shippers could avoid storage fees while cargos awaited shipment. Daily sailings
decreased the likelihood of spoilage on perishable cargoes that required refunds.
Specific ships could be detailed for specific cargoes as opposed to placing cargo on
whatever ship happened to leave that day, despite its freight capabilities or capacity.  

Second, his newest trust, U.S. Steel, benefited from a foundation of vertical and
horizontal integration. Morgan controlled every step in the production of steel from
mining to railroad transport right up to delivery at the New York docks. At this point,

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Morgan’s control ended and he depended on foreign ships to transport his steel to Europe.\textsuperscript{88} Taking the reins of Atlantic shipping potentially allowed Morgan and his associates to arrange departures that decreased the cost of shipping steel and opened up markets in which the United States otherwise could not compete.

Third, the ideas of Alfred Mahan gained great acceptance among both the public and elite circles during this time period, not least with Morgan. While Mahan wrote at length about military preparedness, the strength of international trade formed a complementary—and no less vital—part of his arguments about sea power.\textsuperscript{89} These theories became part of the public discourse over the 1880s and 1890s as Mahan increasingly wrote for mass audiences. Morgan’s new and increased shipping plans required improvements to port infrastructure that could support both civilian and military needs. Mahan emphasized structural improvements like this in his books and articles. Although Mahan may not have directly or personally influenced Morgan, Mahan’s close relationship with another individual, Assistant Secretary of the Navy Theodore Roosevelt, certainly benefited Morgan. The International Mercantile Marine


stood as one of the very few Morgan monopolies that Roosevelt never targeted, almost certainly thanks to its neat fit with Mahan's ideas.

Together, these three factors led Morgan to decide to pursue IMM in late 1890s. In analyzing these motivational factors, the chapter will first trace the formation of the Clement Griscom's shipping lines up to the founding of J. P. Morgan's International Mercantile Marine and his decision to purchase the White Star Line in 1901. Next, the chapter will travel back in time to 1875 and review the formation of White Star, providing a contrasting example of the relative ease European shipping companies enjoyed compared to the obstacles Griscom faced. Since Griscom's Red Star Line and Thomas Ismay's White Star Line formed within just a few years of each other, 1870 and 1875 respectively, the contrasting examples will demonstrate the difficulties of rebuilding American shipping, painting a more complete picture of international shipping and trans-Atlantic economics at the time.

In existing scholarship, the formation of the International Mercantile Marine (IMM) is often portrayed as merely a step towards the construction of the *Titanic* in 1912 or as part of the history of the White Star Line that owned this ill-fated ship. In some ways, this narrative is accurate. Without the financial backing Morgan provided, White Star would not have been able to build the three massive liners of which *Titanic* was just one member of a larger design class. And yet, the formation of Morgan's Atlantic
combine represented much more than a story of the *Titanic*'s origins. It also has an even longer and richer origin story than historians typically acknowledge.

As an early example of an American-based, multinational conglomerate, IMM has much to tell us about the intersection of international business and politics. Studying its history also shows how American businessmen, including Griscom and Morgan, applied the lessons of horizontal and vertical integration to a transcontinental enterprise that attempted to unite land and waterborne travel. And yet, few authors have examined IMM in this context. While several journal articles have analyzed the events of the merger, they have not considered the history of the IMM in the greater contexts of global capitalism, imperialism, or U.S. foreign relations. Even fewer have looked at Morgan’s quests to add Britain’s Cunard Line and Germany’s Hamburg Amerika Line, which evaded his grasp and ultimately contributed to IMM’s failure.

As this chapter will argue, the International Mercantile Marine provides an early example of economic imperialism in which the United States expanded influence and

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90 Flayhart, *The American Line* (1871 - 1902). While written for general audiences, Flayhart documents Clement Griscom and the part he played in rebuilding the American merchant marine. However, Flayhart stops short with only a modest examination of IMM, White Star, and the reasons for building the Olympic class liners.

power without taking physical territory from other world powers. As many historians have argued in recent years, the geography of U.S. and European empires transformed in important ways during the late 19th and early 20th centuries. With advances in transportation and communication technologies, imperial rule and the projection of power became much easier to accomplish around the world. Additionally, larger empires could be controlled with smaller forces since telegraph and radio communication allowed a rapid response from neighboring forces. Economic imperialism improved on this by reducing the reliance on hard, or military, power. By selling goods in a foreign nation, the exporter (in this case the United States) not only exported products, but the culture attached to those products. As Woodrow Wilson later asserted, this would "...convert them (foreigners) to the principles of America." IMM helped promote this economic imperialism by giving American exports an edge in transport and distribution in the European marketplace with simplified sailing schedules and lower shipping rates.

At the same time, the world economy changed in significant ways. The formerly insular nature of many industries grew as the ability to export increased. With limited

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means to transport products to remote locations, industry could only expand as far as transportation network it had access to allowed, despite growing production power through new machinery and techniques. To make use of this force, however, nations needed markets for their surplus products. Imperial powers, such as Germany, Great Britain, and eventually the United States, did not have to control ports as long as their goods arrived there and flowed into the market place. Ensuring these flows of capital and goods constituted a new sort of imperialism. For those powers that took advantage of the new economic imperialism, economic dominance grew as imported goods displaced native products, increasing imperial power both at home and abroad.⁹⁴

Previous histories of IMM have neglected the issue of economic imperialism. By extending its control of trade through ownership of the steamships with which it was conducted, IMM provided the United States with the commercial foundation that Admiral Alfred Mahan taught was necessary for U.S. defense and economic stability.

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At the time, the British press deduced that Morgan built IMM as a means to distribute products produced by him and "his friends" cheaply, opening England and Germany to American products.⁹⁵ "Mr. Morgan and the group of capitalists for whom he operates are resolved to make the Atlantic and Pacific Oceans American lakes so far as commerce is concerned," declared the Liverpool Daily Mail.⁹⁶ They were only half right. While cheaper exports formed the ultimate goal, the means to get there proved far more alarming, especially for the British.

While it explores these issues of economic imperialism, this chapter also contributes to historiography by introducing issues of cultural imperialism in the discussion of IMM. For centuries Great Britain enjoyed the reputation as "ruler of the waves." Since Elizabethan times and the destruction of the Spanish Armada, England's reputation for oceanic dominance, and for producing superior ships and sailors, had grown. By the late 1800s and early 1900s, it enjoyed recognition as the world's leading nautical power.⁹⁷ With American entrance into the maritime world, however, that longstanding British dominance faced a new threat. In terms of cultural imperialism, since Britain linked its national identity to its nautical heritage, American buyouts of

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⁹⁶ Anonymous, "Mr. Morgan's Shipping Deal," The Liverpool Daily Post, April 30, 1901.

⁹⁷ Mahan, The Influence of Sea Power, 327.
established and prestigious British shipping lines represented both a perceived and real assault on its national identity and development.98 Liverpool or Southampton graced the stern of every British-built and owned ship as the city of registry, proclaiming British sea power in the most distant world ports. From the British point of view, seeing those same ships have Liverpool painted out in favor of New York or Atlantic City would represent a humiliating loss of cultural identity.99 This is especially true considering that the loss would come, as perception would dictate, because British businessmen valued American dollars more than national heritage.100 Even to the present day, Great Britain treasures its maritime heritage. In the time period this dissertation examines, British ships sailed the seas in the hundreds, if not thousands. Watching that massive armada willingly lost to American dollars came as a great shock to the British public, especially after almost 400 years of fierce defense of international dominance.


Clement Griscom and United States Shipping in the Late 1800s

In 1900, even after twenty-five years of efforts to increase American shipping capacity, only 8.2% of American foreign trade left ports on American-owned ships.\textsuperscript{101} American exports for 1900 totaled $885 million ($26,643,241,071 in 2018) and British exports for the same period totaled $1.477 billion ($44.465 billion in 2018), mostly traded on British-built and owned steamers.\textsuperscript{102} A great deal of revenue awaited American investors, such as Morgan, if they tapped into the shipping market and opened European markets to American made goods. Yet to accomplish this goal, Morgan, or one of his contemporaries, first had to rebuild and consolidate the American merchant marine. They would have to do so, moreover, in the face of tremendous opposition from the British merchant marine and the British government, which dated back to the mid-1800s. Additionally, American shipping interests faced higher


construction costs and did not enjoy the subsidies British shippers did. Developing the American merchant marine, in short, would be an uphill battle.

While it is generally believed the idea of an Atlantic combine began and ended with Morgan, he did not take the initial steps towards making this vision a reality. Clement A. Griscom, a young Pennsylvania railroad executive, initiated this process by building up American shipping during the last decades of the 19th century. Born in 1841, Clement Acton Griscom descended from an old Pennsylvania Quaker family. At age 16, he began working for the shipping brokerage of Peter Wright & Sons of Philadelphia. In May 1871, the brokerage bought the initial issue of stock in the International Navigation Company when its charter gained authorization from the Pennsylvania General Assembly. By the time of the charter, Griscom was a partner in Peter Wright & Sons, and he largely controlled operations for International Navigation Company.

In 1872, Griscom, with the support of business associate J. Edgar Thomas of the Pennsylvania Railroad (PRR), decided to organize the International Navigation Company to serve Europe and the United States. Griscom hoped the new service would

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expand anemic American shipping which modestly increased when the American Line, also chartered by the Pennsylvania General Assembly in 1871, inaugurated services from Liverpool to Philadelphia. The Pennsylvania Railroad, which owned controlling interests in their respective stocks, ultimately controlled both the American Line and the International Navigation Company, from their formations in 1870 and ’71. Members of the board of directors of PRR populated the boards of the new shipping concerns but managed by Peter Wright & Sons managed them in day to day operations—or, in other words, by Clement Griscom.  

Griscom intended his new company to provide service from Antwerp, Belgium to Philadelphia, using foreign built ships, crews, and registry. Griscom took this path for several reasons. First, he preferred foreign-built ships for their technological supremacy. Since no major civilian ship construction occurred in the United States after 1865, shipyards did not keep up with technological advances that modern European Atlantic liners featured. Writers and historians documenting the formation of Griscom’s and later Morgan’s syndicates have noted the dominance of Britain’s shipbuilding industry. British built ships tended to include steel hulls featuring subdivision into

105 Ibid., 85-86.

106 Ibid., 64-65.

watertight compartments, while American hulls were typically wooden or iron and lacked many of the modern advances of competing ships.

Second, he hoped to avoid the expense and complications presented by American registry laws. While Griscom wanted American-built and owned ships, U.S. laws prevented Americans from simply buying foreign-built ships to create an American transport line.108 These registry laws dated from as far back as the founding of the country. Statutes passed in December 1792, specifically, stated that for a ship to have American registry it had to be built in the United States, wholly owned by and under the captaincy of American citizens.109 Compounding the problem of creating an American shipping line, a law passed in February 1866 made it impossible for ships that had been previously built in the United States, but "which shall have been licensed or otherwise authorized to sail under a foreign flag, and to have had protection of any

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Merchant Marine: A Presentation of its History and Development to Date With Chapters on Related Subjects, (New York: Banker’s Trust Company, 1920), 14-16. These books point out the dominance of British industry in constructing steel hulled steamers, whereas American builders still specialized in wooden hulled sailing ships.

108 To Promote the Commerce and Increase the Foreign Trade of the United States and to Provide Auxiliary Cruisers, Transports and Seamen for Government Use When Necessary Act of 1900: Hearings on S. 727, Before the Subcommittee on Ships and Shipping, 56th Cong. 149. (1900) (statement of Clement Griscom).

foreign government during the existence of the rebellion," to return to American registry. In other words, those ships whose owners sought foreign registry to avoid astronomical insurance rates caused by Confederate commerce raiders could not return their ships to American registry.

This act essentially punished shipping owners for avoiding ruinous insurance costs and further handicapped the restoration of American shipping over the challenges already existing from the 1792 law. By disallowing American registry, Congress compelled the few remaining American shipping owners to employ cheaper European crews and ships. As an unintended consequence, it fortified British dominance of Atlantic shipping by making establishment of new American firms prohibitively expensive, especially in the face of subsidies, which the United States did not offer but Britain did. Even if American owners could obtain ships, they could not competitively operate them with British companies, who could offer passenger rates at cost and still make a profit off the mail subsidy offered by Great Britain. When Griscom looked to found his Red Star Line, foreign registry offered the simplest and cheapest option to most of his problems.

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110 An Act to Regulate the Registry of Vessels, 1866, 35th Congress (1866).
The monarch of Belgium played a direct part in making all of this possible. In 1872, after determining that Belgium provided the most central location to base logistics in Europe, Griscom went to Antwerp to seek government support. Visiting Brussels, he met with American minister to Belgium, John Sanford, who arranged for a meeting with King Leopold. The king, who had a reputation as a man of business, liked Griscom’s ideas and promised his support for a charter and mail subsidy and that he would "see that Parliament grants you everything you need."\(^\text{112}\)

Shortly after meeting with the king, Griscom contracted with a shipyard for construction of a pair of steamers. The ships, produced in Belgium, were "built especially for this trade; of iron, with double bottoms and in accordance with the strictest regulations of English Lloyds."\(^\text{113}\) Additionally, Griscom’s new ships boasted special adaptations for safety, comfort and speed, with saloon and first-class accommodations in the center of the ship where the least motion was felt.\(^\text{114}\) They followed a fashion set by the British trans-Atlantic shipping and passenger company, the White Star Line, just a year or two before.


\(^{113}\) Ibid.

By 1873, Griscom’s ships were sailing and his International Navigation Company gained assets in Britain, Belgium, and the United States. Yet while Griscom’s Red Star Line grew and flourished, it remained largely a foreign concern. Though the ultimate ownership was American, Red Star’s ships flew Belgian colors, sailed with Belgian crews, and retained Belgian registry. None of this fit Griscom’s overall goal of American-owned and registered shipping. His primary impediment in achieving that goal lay with American registry laws, laws which still stated that to have American registry, the ship had to be built in the United States.\textsuperscript{115} Starting off, Griscom did not have the assets to afford these types of ships.

Over the next ten years, this situation began to change. The Red Star Line, registered as the \textit{Société Anonyme de Navigation Belge-Américaine}, and ultimately managed by International Navigation Company of Philadelphia, built up a prospering business, offering bi-weekly and eventually weekly sailings between Philadelphia and Antwerp. By 1884, the line had expanded to the point that Griscom could finally afford to purchase American-built steamers. By 1886, the company owned twelve steamers totaling over 45,000 tons.\textsuperscript{116} At about the same time, the foundering Inman Line, an established and formerly profitable British line, came to Griscom’s attention. Griscom’s

\textsuperscript{115} Peters, \textit{The Public Statutes}, 287- 299.

subsequent pursuit of the Inman Line, carried out over the next few months in many ways foreshadow Morgan’s later, grander pursuit of European shipping in general.

**Griscom and the Inman Line**

The Inman Line had a glorious history dating to December 11, 1850 when William Inman, a partner in a sailing packet line, began experimenting with chartered iron steamers. He formed the Liverpool, New York and Philadelphia Steamship Company, better known as the Inman Line, directed at serving the immigrant market. Shortly after, he and his wife made a trip across the Atlantic to personally study the needs of his passengers. The company proved a success and by 1870 carried 3,635 first class and 40,635 steerage passengers (the vast majority immigrants), as compared to Cunard Line’s 7,638 and 16,871.117

By 1886, however, the once thriving Inman Line was a dying concern. The death of its founder in 1881 left the line without a determined leader. Business miscalculations, coupled with unsuccessful steamers, led to a debt that exceeded the value of the entire fleet. For example, *City of Rome*, built in 1881, proved disastrous. Built to compete directly with *Arizona* of the Guion Line, *City of Rome*, in fact took two days longer than its rival to travel from Queenstown, Ireland to New York. The return

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voyage took one day longer than Arizona’s time as well. Sent back to the builder for a six-month overhaul, she still proved unsatisfactory and ended up back once again with her builders. In 1866, seeing a clear business opportunity, Griscom bought a considerable sum of the Inman Line’s debt and approached British stockholders with the idea of selling all of their stock to him. On October 18, 1886, the stockholders voted to go into voluntary liquidation and sold out to Griscom. Within weeks of the purchase, the new Inman and International Steamship Company came into being, managed by Richardson, Spence and Company of Liverpool.

British subsidy laws enhanced the appeal of purchasing Inman. The Atlantic mails had been subsidized as far back as the 1830s, providing significant sums to ships that transported British mail across the Atlantic. At the time Griscom purchased Inman, three companies split the lion’s share of the British North Atlantic Subsidy: Cunard, White Star, and Inman. The subsidies allowed the lines to cover expenses associated with the high cost of providing regular service to trans-Atlantic ports. Ships serving the route had to be fast, reliable, and maintained in prime condition to endure the mechanical stresses of routine high-speed crossings. While income from passenger

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118 Flayhart, the American Line, 119-120.

119 Ibid., 120-123.

120 Mails Conveyance Contract, 1839, No. 566, United Kingdom Command Papers.
traffic helped, the subsidy often made the difference between solvency and bankruptcy. With Inman’s part of the subsidy totaling £35,000 ($5,537,660 in 2018), it also proved an attractive selling point for Griscom.121

Acquisition of the Inman Line finally put Griscom in control of an established, respected shipping firm known for owning some of the finest ships on the Atlantic. Inman ships, such as the City of Richmond and City of Montreal, had reputations as some of the most beautiful ships afloat in an age of "floating teakettles." Featuring clipper bows and figureheads, Inman steamers harkened back to the era of sailing ships with their long, low, sleek lines. Griscom decided to build on this reputation with two new twin steamers and catapult the Inman and International Line into position as the leading Atlantic company. He therefore entered negotiations with J & G Thompson Shipbuilding Yard of Clydebank, Scotland. Fortunately for Griscom, a recession had hit, which no doubt gave him an advantage making his deal. Griscom left Scotland with a contract for the largest, fastest, most luxurious ships in the world, at the cost of $1,850,000 ($47,562,789 in 2018) per vessel.122

121 House of Commons Debate, 19 March 1878, vol 283 cc 1633-56 Hansard Parliamentary Debates, 3rd Series; Post Office Mail Contract (America), 1882, Cd. 165

122 Ibid., 126.
Christened in 1888, the first of these two ships, City of New York, delighted many Americans. Described as "huge and beautiful" and "the "Flying Dutchman" of the Atlantic," she garnered extensive praise. Observers raved that she was built on yacht-like lines and appreciated her "enormous engines that develop extraordinary power," reducing the Atlantic crossing to under six days. Her other reported virtues included being "lavishly equipped" with life saving devices including a "superabundance" of lifeboats. The Associated Press further reported that her design included plans for quick conversion into an armed merchant cruiser should the need arise.\textsuperscript{123} She and her sister, City of Paris, proved extremely successful and won the Blue Riband, a coveted award for speed on the Atlantic, for fastest crossing both east and west bound on the Atlantic run in 1889.\textsuperscript{124}

1891 opened new possibilities for American merchant shipping, and for Griscom in particular. In that year, Senator William P. Frye of Maine introduced two subsidy bills for debate. Frye, a proponent of rebuilding and expanding the merchant marine, intended to provide enough incentive to American shipbuilders for the immediate formation of a wholly American company. Unfortunately for Frye, when the bill went


before the House of Representatives, his generous subsidies were reduced by one third. Whereas companies would have earned $6 ($160.43 in 2018) per mile outbound under Frye’s bill, the law that finally passed reduced these subsidies to $4 ($106.95 in 2018). The law thus did not have the effect of stimulating North Atlantic trade (though it did, however, aid American shipping lines in the Pacific, Gulf of Mexico and South Atlantic). As originally written, moreover, the law still mandated that ships must have American registry which required construction in American yards. The same old stumbling block remained.

In 1891, however, the precise type of bill needed to remove this obstacle began to make its way through Congress. The bill, ultimately named "An Act to Encourage American Shipbuilding," held great significance for Griscom financially, because the Parliament of Great Britain cut Inman and International Line out of the mail subsidy when it came up for renewal the year before. The official explanation for the change, according to Parliament, was that with modern technological advances, White Star and Cunard easily met requirements for uninterrupted mail service with two instead of

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125 One way from Liverpool to New York is 3,306 miles. At the higher rate the subsidy would have been worth $515,083 per one way trip in 2017 dollars but $342,733 at the lower rate.

126 An Act to Provide for Ocean Mail Service Between the United States and Foreign Ports, and to Promote Commerce, U.S. Statutes at Large 26 (1891): 830-832. Fuller citation
three sailings a week. Unofficially, as Griscom understood it and explained during a subsequent Congressional hearing, the British government did "not feel that a company owned entirely by American capital should receive mail pay from the British Government, and so we were not considered when the new contracts for two sailings per week were concluded."\textsuperscript{127} Griscom’s suspicions of national rivalry seem grounded, since Inman and International owned the largest, fastest, strongest built ships in the world at the time in the \textit{City of Paris} and \textit{City of New York}, ships specifically designed to provide reliable cargo and mail service between Great Britain and North America. British officials clearly only wanted to subsidize ships that brought prestige to their own flag. The British made their message clear: If Americans intended to enter Atlantic shipping they needed someone else’s subsidy.

Inman’s control of such prestigious ships may have raised concern in Parliament, but they positively influenced Congress’s decision to change U.S. policies on the matter. The resulting "Act to Encourage American Shipbuilding" passed on May 10, 1892. It allowed ships, "of not less than eight thousand tons, and capable of speed not less than twenty knots per hour," to have American registry despite construction in a foreign yard. The legislation required the shipping company to have American owners, and "have built or have contract to build, in American shipyards, steamships of an

\\textsuperscript{127} Ibid.
aggregate tonnage of not less in amount than that of the steamships so admitted to registry.\textsuperscript{128} Not coincidentally the City of New York and City of Paris weighed in at 10,802 and 10,795 tons respectively, not only meeting but surpassing the tonnage requirement of the law.\textsuperscript{129} They also surpassed the speed requirement with record crossings at 20.1 and 20.7 knots.\textsuperscript{130} The act finally gave Griscom what he had long desired: American registry for his American-owned ships, without the need for convoluted ownerships and multiple boards in multiple nations.

A follow-up bill paved the way for further expansion. Hotly debated in both houses of Congress, the Free Admission to American Registry of Ships Built in Foreign Countries Act ultimately passed and became law in 1893.\textsuperscript{131} Those opposed to the bill based their arguments on protecting the shipbuilding industry. The Minority Report on the bill stated that, "The course proposed in this bill is wholly opposed to American interests and American spirit. It proposes still further blight upon American enterprise

\textsuperscript{128} An Act to Encourage American Shipbuilding Act of 1892. Full cite


\textsuperscript{130} Gibbs, \textit{Passenger Liners of the Western Ocean}, 104.

and American industry.” The Minority suggested that by buying ships, the shipbuilding industry in the United States would stagnate to the point that even naval construction might depend upon European shipyards. Proponents pointed out that, “Lines that are essentially American lines are sailing the ocean under the British and other foreign flags. Ninety percent of the stock of some of these foreign lines is owned by citizens of the United States.” Without mentioning Griscom’s firm by name, the Majority Report described the condition of the Red Star Line almost exactly.

The importance of the 1891, 1892 and 1893 laws cannot be overemphasized. They marked a turning point in the quest to rebuild American shipping on the Atlantic and encouraged J. P. Morgan’s later actions to build on Griscom's achievements. American entrepreneurs now enjoyed more equal footing with their European competitors. Even so, British subsidies still far exceeded what the U.S. federal government authorized. The P&O Steamship Company, another British firm on the Atlantic, received an annual subsidy of £330,000 in 1899 (roughly $54,277,809 in 2018). By contrast, Griscom testified in 1898 that the annual subsidy income of his line amounted to just $750,000

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132 Ibid.

133 Ibid.

yearly ($21,797,283 in 2018, 2.5 times less than its British rival).\textsuperscript{135} The subsidy may not have resolved the disparities between European and American competition, but they nevertheless served to facilitate Inman’s competition with European rivals.

Transfer to American registry prompted celebration, not just within the Inman and International Line but in the new home port of New York. The \textit{New York} arrived in harbor first after passage of the bill and garnered the more lavish of ceremonies to mark her transition to American registry. The event occurred on George Washington’s birthday, 1893, in front of thousands who braved harsh weather conditions to line the sea wall at the battery to view the spectacle hailed as nationally important. President Benjamin Harrison himself raised the colors on the \textit{New York}’s sternpost as guns from the cruiser \textit{Chicago} and Castle William thundered in salute. Harrison had also prepared remarks. He began by saying, "I have felt both as a citizen and as president, the mortification that every American must feel that examines into the standing of the United States in the merchant marine of the world." He went on to praise the design of the \textit{New York} and express excited anticipation that it was a "precursor of many others that are to float this flag."\textsuperscript{136} The arrival of the \textit{Paris} a few short days later prompted

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\textsuperscript{135} Statement of Clement Griscom, in \textit{To Promote the Commerce and Increase the Foreign Trade of the United States and to Provide Auxiliary Cruisers, Transports and Seamen for Government Use When Necessary Act of 1900}: \textit{Hearings on S. 727, Before the Subcommittee on Ships and Shipping}, 56th Cong. 149. (1900).

\textsuperscript{136} Ibid., 11-12.
\end{flushleft}
similar festivities, although this time Griscom’s thirteen-year-old daughter, Frances, raised the colors. The event enjoyed even more of a triumphant air as the supremacy of Griscom’s ships became clear. The Paris had not only overtaken the newer White Star Liner Teutonic, which had left Liverpool thirty-five minutes earlier, but had beaten her British rival to New York by three hours. This despite the fact that the newer and larger Teutonic and her twin sister Majestic were designed with speed in mind.

Transfer to American registry also brought a number of changes for the company. Inman and International Line ceased operations under that name. In a nod to their new role in American shipping, they were re-christened as the American Line. The newly branded American Line promptly contracted with Cramp and Sons Ship and Engine Building Company of Philadelphia to build two additional ships: the St. Paul and St. Louis, each of 11,600 tons and capable of at least 20 knots speed. The two new steamers entered the water in 1894 and 1895. President and Mrs. Cleveland attended the launching, with the First Lady breaking the christening bottle on the bow of the St. Louis. The steamers were so large that they required new piers in the North River to


accommodate them. Described as "thoroughly American in design as well as
collection," an author claimed that a trained sailor "would recognize them as Yankee
vessels a dozen miles away." They "have a straight bow... the long, fine Yankee sheer,
the graceful stern, the wholesome freeboard... all salient characteristics of the modern
seagoing steam merchantmen of the United States." They had two clean masts, free of
yard arms while "foreign craft were still dragging about the cumbersome square yards
and canvas." While never Blue Riband winners, they met and surpassed the
conditions set by the 1892 law.

The construction of the new American Line ships, however, had come at great
cost. In 1900 Thomas Clyde, of the Clyde Steamship Company, testifying before
Congress, noted that St. Paul and St Louis "cost more than twenty-five percent more
than they would have cost abroad." Another ship, he noted further, had cost more than
fifty percent. In his own testimony, Griscom noted that the cost differential both in
construction and operation made further ships of the St Louis and New York types, let


142 Statement of Thomas Clyde, in To Promote the Commerce and Increase the Foreign Trade
of the United States and to Provide Auxiliary Cruisers, Transports and Seamen for Government
Use When Necessary Act of 1900: Hearings on S. 727, Before the Subcommittee on Ships and
Shipping, 56th Cong. 149. (1900).
alone improved or enlarged versions, prohibitive at best, unless Congress increased federal subsidies.  

Fortunately for Griscom, Congress was in the mood to support the expansion of the merchant navy, due to contemporary geopolitical concerns. In April 1898, the United States had entered Cuba’s revolution against Spain, transforming that conflict into the Spanish-American War. Unlike previous U.S. wars, a substantial part of it raged at sea. Much as Alfred Mahan had predicted, the American Merchant marine played a major role in this conflict, both in the actual fighting and in support roles. *St. Louis, St. Paul, New York,* and *Paris* all became armed merchant cruiser auxiliaries of the United States Navy. To mark this change in status, *Paris* served as *Yale* and *New York* as *Harvard* for the duration of the conflict.  

The war records of the American Line ships validate much of what Mahan predicted about the use and value of merchant ships in war time. *Harvard* and *Yale* proved useful to the U.S. Navy over and over as fast scouts for the fleet and as flanking forces during battle. Their cargo and passenger capacity allowed them to ferry entire brigades of soldiers to the front lines and they even proved capable of taking and defeating smaller but purposely built Spanish warships. *St Louis* took part in cutting an

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143 Ibid, Statement of Clement Griscom.

underwater cable, hobbling communications with Spanish commanders in Cuba with Spain, and disabling the Spanish destroyer *Terror*. She also served as the prison for captured Spanish officers, including Admiral Pascual Cervera, Spanish commander at the battle of Santiago de Cuba.\textsuperscript{145}

An account of the cable-cutting adventure of the *St. Louis*, provided by an unnamed soldier, offers a more detailed example of these varied exploits. The mission began on the moonless night of May 15 at the entrance of Santiago Harbor. The operation took several days, making it even more harrowing. By 7:00 a.m. on May 17, *St. Louis* engaged the forts protecting the cable as her crew grappled with the cable 500 fathoms below. The guns of Morro Castle opened fire followed by a shore battery after noon, to which the *St. Louis* redirected her own guns, ultimately silencing Morro Castle after an extended exchange of fire. During the battle, the ship’s crew grappled the cable, hauled it up, cut it and released the ends back into the sea.\textsuperscript{146}

\begin{footnotes}
\item[146] Anonymous, "Cut the Cable at Santiago, Officer of the St. Louis Tells of Exciting Experience." Washington D.C. *Evening Star*, May 28, 1898.
\end{footnotes}
In cutting the cable connecting Santiago de Cuba and Jamaica, the crew of the St. Louis assured an isolated command in Cuba that could not alert supporting forces in the area to the daily needs of army or navy logistics or the rapidly changing threats posed by the American army and navy. While it is conceivable that other ships could have performed these functions, it would have slowed American operations because of the limited number of warships available to engage in these secondary, but vital, operations. This kind of operation enjoyed growing significance as communications technology improved.

During the Spanish-American War, the ships of Griscom’s American Line had thus performed exactly as Mahan had predicted they would in his The Influence of Sea Power upon History, in several key respects. First, while the American navy had enjoyed a revival in the form of new construction in the years leading up to the war with Spain, it did not possess nearly enough ships to perform all the roles needed. Troop ships, and cruisers in particular, required supplemental vessels. American Line ships provided these supplements, making them vital as troop transports, supply ships and more.

The speed of the American Line ships made them further invaluable for communications purposes, a second point Mahan had suggested. By scouting out enemy forces, American Line ships allowed commanders to prepare for and outmaneuver Spanish commanders in days before wireless communications. In prior wars, news from the front often arrived months after the actual events, constraining and
sometimes even eliminating reactive moves by an opposing power. Communications cables allowed rapid reactions which often saw smaller military forces prepare for and even defeat larger powers. Controlling communications, with the aid of the American Line steamers and other auxiliary consorts, gave the United States a tactical and strategic advantage without sacrificing offensive units in primary operations. Conversely, Spain’s relative lack of large merchant auxiliaries prohibited rapid resupply, communications or any other logistical support, exactly as Mahan predicted.

Additionally, at no point during the war was American trade seriously threatened, a third issue Mahan had discussed. Mahan’s writings emphasized this particular concern in potential future conflicts, citing lack of external trade as a major factor in the defeat of Napoleon’s France. Although the United States’ internal trade was quite strong, and although the war ended up being short in duration, the means to protect American commerce had been put in place, even if not to the extant Mahan would have liked. Thus, in terms of quality, communications and trade, the value of American Line ships in the Spanish-American war validated Mahan and maritime expansion to the nation.

Aside from validating Mahan, these events also provided heroic tales that the American people at home latched onto and formed a basis for support of later expansion of the merchant marine. Tales like the St. Louis cable story, the capture of the Spanish collier *Restormal* by the *St. Paul*, or the arrival of Gen. Duffield’s 1,300-man
brigade aboard the Yale surfaced regularly in the press all across the United States during the war. Such stories of heroic deeds no doubt influenced the public support encouraging congressional action. They also renewed and bolstered prewar efforts to revive the merchant marine, justifying their expense to both the American public and Congress.¹⁴⁷

And indeed, within a year of the close of the war, Congressional debates opened with the object of expanding subsidies, much to Griscom’s delight. At this point, however, Griscom's successes still appeared small compared to British dominance of the Atlantic. A concerted effort by British shipping owners to quell the upstart American expansion might well have ended Griscom’s efforts, but British shippers chose to ignore Griscom. Even as late as 1901, after J.P. Morgan entered the picture, leading British shipping magnates, such as Lord Inverclyde, chairman of Cunard Line, refused to fully acknowledge the threat. However, Morgan's now direct participation set the stage for dramatic changes, whether the British were ready for them or not.

Enter Morgan

Until 1900, J.P. Morgan had restricted his participation in Griscom's enterprise to that of an interested observer. While he assisted in finance, he did not directly advise or intervene in day to day operations or even major decisions. That changed with the

¹⁴⁷ Lee and Wheeler, Cuba’s Struggle, 271.
opportunities presented by potential new acquisitions. Morgan brought a new aggression to the renewal of the American merchant marine. Well known as the richest man in the world, Morgan had a reputation of sparing no expense when it came to the things he wanted. He now turned that "never take no for an answer" attitude and vigor to the project of an international Atlantic combine and injected the determination and financial foundation that could make an international conglomerate possible.

By 1899, Griscom was in a position to refinance his debts and begin new construction. At the same time, the Leyland Line of Great Britain announced plans to acquire the Atlantic Transport Company of Baltimore, Maryland. If Leyland Line gained control of Atlantic Transport, Griscom’s position on the Atlantic and his scheme to build an American shipping empire would be seriously threatened. Griscom intended to add Atlantic Transport to his own holdings, fortifying his position by consolidating with a successful freight service. Had it fallen into British hands it might have serious consequences for American shipping. Congressional hearings opened that year to discuss subsidies and potential increases to rates. If American concerns

148 Strouse, Morgan, 457.

149 To Promote the Commerce and Increase the Foreign Trade of the United States and to Provide Auxiliary Cruisers, Transports and Seamen for Government Use When Necessary Act of 1900: Hearings on S. 727, Before the Subcommittee on Ships and Shipping, 56th Cong. 149.
proved vulnerable to British takeover, why should Congress support them with
American tax dollars?

This perceived danger to United States interests may have been the final push
that prompted Morgan's grand entry into the Atlantic, for at first, that prospect seemed
unlikely. In July 1900, when he was initially approached by British financiers to help
with the creation of an Atlantic combine, most likely formed on the merger of Leyland
and Atlantic Transport, Morgan replied that he did not care to engage in the shipping
business.\footnote{Strouse, Morgan, 458.} Without the kind of financial backing Morgan could provide, Leyland's
purchase of Atlantic Transport came to a halt. By December of 1900, however, Morgan
had not only changed his mind, but had started creating his own combine.\footnote{Ibid.}

The fact that Congress began debating increased subsidies no doubt made direct
involvement more appealing for Morgan. For years Griscom had built his shipping lines
without the benefit of American subsidies, making it harder to build a truly American
line. With potential subsidies coming available, the likelihood of success for an Atlantic
combine increased substantially, making profitability of investment a stronger
possibility.

\footnote{Strouse, Morgan, 458.}

\footnote{Ibid.}
Morgan financed the merger of International Navigation Company with the Atlantic Transport Company and provided the money for the construction of more new ships. At that early stage, he stayed mostly passive in company operations. Then, in 1901—no doubt adding insult to the injuries caused by his refusal to back the British attempt at a merger—Morgan bought out the Leyland Line, adding it to the syndicate.\textsuperscript{152} With that purchase, Morgan went from financier to co-owner of the syndicate. Atlantic Transport, International Navigation and J. P. Morgan & Company equally divided the stock of Leyland Line between themselves.\textsuperscript{153}

The British press published widely on the terms of the buyout, and very little of the reporting showed any support. The \textit{Liverpool Daily Post} characterized the Leyland buyout as "A Blow to British Shipping."\textsuperscript{154} Another editorial called the trust socialism, referring to Morgan as a despot.\textsuperscript{155} The hostility to Morgan grew such that one editorial


\textsuperscript{153} Strouse, \textit{Morgan}, 458.

\textsuperscript{154} Anonymous, "The Great Shipping Deal," \textit{The Liverpool Post}, April 30, 1901. Box D42/Ca/9, Cunard Papers, University of Liverpool Archives.

felt the need to discuss and ultimately refute "All manner of occult explanation of his rise to unexampled power, of his business methods, of his plans and prospects is offered to what the politicians call "a confiding and generous public."" A certain amount of alarm was understandable; Leyland Line operated hulls totaling roughly 300,000 tons and enjoyed a reputation among the best of British shippers.  

Trying to allay concerns, Walter Glynn, managing director of Leyland Line, noted in an interview with the Liverpool Daily Post that operations of the line would continue without any changes. He also clarified that while Morgan was not buying the fleet, per se, he was buying a large amount of stock held by ordinary stockholders. J.R. Ellerman, owner of Leyland Line, got Morgan to agree to pay £14 10s ($2,253 in 2018) per share. Ellerman alone held 71,000 shares, which all went to Morgan. According to the same report, the remaining holders of the outstanding stock, valued at Morgan’s buyout price totaling £1,750,000 ($276,780.18 in 2018) intended to sell. This

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157 Anonymous, "The Great Shipping Deal," The Liverpool Post, April 30, 1901. Box D42/Ca/9, Cunard Papers, University of Liverpool Archives.

158 Ibid.

159 Anonymous, "Pierpont Morgan and the Leyland Line," The Liverpool Post, May 6, 1901. Box D42/Ca/9, Cunard Papers, University of Liverpool Archives.
represented a considerable profit because a Frederick Leyland & Company balance sheet from December 1900, provided to a general meeting in May 1901, showed those same stocks issued at £10 ($1,598.07 in 2018).\textsuperscript{160}

The tremendous amounts of money at play should have raised more alarm in British shipping circles concerning their own future independence. However, George Burns, second Baron Inverclyde and chairman of Cunard Line, seemed unbothered. "I cannot say I am at all surprised at the Leyland deal," he noted. "I had expected something of that sort would happen before long between some of the American Millionaires and one of our big Shipping companies on this side, although I did not know which." Inverclyde went on to blame the government because, "they do not apparently fully recognize how necessary it is to support our Mercantile Marine against the encroachment of other countries."\textsuperscript{161}

One of his associates, David Jardine, wrote Inverclyde reminding him that Ellerman of Leyland Line had made overtures to buy out Cunard a short time before through an intermediary named Bellow.\textsuperscript{162} The next day Jardine wrote again, remarking

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\textsuperscript{160} Frederick Leyland & Company (1900) Limited, May 3, 1901. Ibid.
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\textsuperscript{161} Lord Inverclyde to Sir William B. Forwood, May 1, 1901. Ibid.
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\textsuperscript{162} David Jardine to Lord Inverclyde, May 1, 1901. Ibid.
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that the board of directors of Cunard were "terribly exercised about this affair of Morgan's" and wanted to know what overtures, if any, had been made.\footnote{David Jardine to Lord Inverclyde May 2, 1901. Ibid.}

Inverclyde's response displayed a remarkable lack of concern. "I do not see that there is anything so very greatly to worry about in connection with the Leyland deal...," he said. And as for Bellow, "Personally, I think Bellow is, and always has been, a perfect nuisance and I desire to have nothing to do with him, directly or indirectly under any circumstances." He went on to state that overtures at buyout had been soundly rejected by his late father, John Burns, first Baron Inverclyde, and the cause for concern remained minimal, at least for Cunard.\footnote{Lord Inverclyde to David Jardine, May 3, 1901. Ibid.} However, this statement came before Morgan's purchase of Cunard's most direct rival, the White Star Line.

With the means for cargo transport firmly in hand, the time had come to find a flagship passenger line for the great Atlantic combine, to be called the International Mercantile Marine when officially formed later in 1902. Morgan chose his personal favorite: White Star Line. It had the international prestige his other shipping lines lacked. White Star enjoyed a reputation as a luxury steamship line. Its liners garnered praise for their design and comfort, and in less than thirty years since the lines’
founding, earned a reputation rivaled only by Cunard Line. White Star would be the jewel in the crown of Morgan's International Mercantile Marine.

**The White Star Line**

This history of the White Star Line provides an interesting counter to the problems Clement Griscom had in forming his Atlantic shipping lines. Thomas Ismay, the founder of the White Star, began his foray into Atlantic shipping just a couple years before Griscom formed his Red Star Line, while the White Star Line began service on the Atlantic at roughly the same time as its American competitor. In Britain, however, the advanced shipbuilding industry and generous subsidy laws made starting a new firm far easier. In contrast to Griscom, who had to deal with laws that seemed designed to prohibit American-owned shipping concerns, Ismay's problems centered on standing out from established lines and attracting cliental rather than the initial formation of the line or even finding investors. He found that unique quality in the comfort his ships gave to passengers. While other lines offered speed alone, his provided speed tempered by comfort and luxury on innovative and attractive steamers. This soon made White Star the primary luxury steamship line on the Atlantic and, ultimately, a highly desirable addition to Morgan's IMM.

The ease with which Ismay formed his business contrasts dramatically with the hurdles Griscom had to overcome. Comparing and contrasting these two concurrent
ventures, therefore, demonstrates the relative imports the governments of the United States and Great Britain placed on shipping. For instance, Great Britain’s generous subsidies pointed to strong support of shipping for national interest purposes. On the other hand, the American Congressional reticence to support shipping through subsidies was indicative of the dominate laissez faire philosophy of governance relative to oceanic transport businesses. In other words, unlike Great Britain, if American businessmen planned on rebuilding American shipping, they would do it on their own, with their own money.

The story of Griscom’s rival began in 1867, when a young Thomas Ismay purchased the name, goodwill, and house flag of the bankrupted White Star Line. Ismay, just thirty years old at the time, already enjoyed success at the head of T.H. Ismay and Company, which managed trading ships sailing to ports in Mexico and the West Indies. After purchasing the White Star name, he expanded his business by adding Melbourne, Australia to the company’s ports of call. He soon operated a successful line of mail packets serving Australia.165

As a result of these successes, during an informal game of billiards between two Liverpool businessmen in 1869, an investor named Gustave Schwabe approached Ismay about the possibility of founding steamship line on the Atlantic. Schwabe, a shipping

165 Anderson, White Star, 40.
magnate in his own right, already held shares in the Bibby Line, a small but growing, British firm. Schwabe’s nephew Gustav Wolff, a cofounder of Harland & Wolff Shipyards, provided both incentive and opportunity to offer Ismay a very unique proposition. Schwabe told Ismay that he was looking for new shipping investments. He promised Ismay financial backing for the formation of a new steamship line on the condition that Harland & Wolff build all the new company’s ships. Ismay agreed and formed the Oceanic Steam Navigation Company with shareholders that included Gustav Schwabe, Edward J. Harland and Gustav Wolff, adding steam to his already successful sailing packet line.

The new White Star Line and Harland & Wolff enjoyed a unique relationship. Harland & Wolff agreed never to build ships for any company in direct competition with White Star. In return, White Star agreed to never use any other shipbuilder. In fact, White Star never bothered with a traditional “contract” at all, but instead made a general agreement with Harland & Wolff regarding the price of the ships they built. The relationship, as Thomas Ismay’s son J. Bruce Ismay observed, meant that “They have carte blanche to build the ship and put everything of the very best into that ship, and

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166 Oldham, *The Ismay Line*, 41-42.


after they have spent all the money they can on her, they add on their commission to the gross cost of the ship, which we pay them. We have never built a ship by contract.” The commission in the original agreement between Thomas Ismay and Messrs. Harland & Wolff was a four percent profit on the cost of each ship. This relationship gave Harland & Wolff a reliable income stream which allowed the shipyard to continue expansions and investments over time.

These unique arrangements between White Star and Harland & Wolff allowed shipyard engineers far more latitude than many of their competitors. Other lines had to be more cost-conscious or had to labor under less cozy relationships with the builders of their ships. White Star, however, benefitted from experimentation in design and layout that Harland & Wolff pursued. In addition to building the basic bones of the ship, Harland & Wolff fitted out the vessel, meaning that they decorated and furnished the liners they built. All shipyards fitted out ships as part of construction, but in their unique partnership White Star again enjoyed better results than others, such as their main competitor, Cunard. Besides getting the best product possible from Harland & Wolff, White Star also got a ship that had the finest interior design, furnishings, and

\[169\] Testimony of J. Bruce Ismay, President, International Mercantile Marine, in Senate Resolution 283 of 1912: *Titanic Disaster: Hearings Before A Subcommittee of the Committee on Commerce United States Senate, 62nd Cong. (1912)*

decoration money could buy, rather than sub-contracting with additional costs. Additionally, Harland & Wolff usually carried out repairs and upgrades. This insured minimal time in refit as the shipbuilder was already intimately familiar with the ship they were modifying. In many instances, the same yard crew that built the vessel carried out modifications. As White Star ships changed over time from the original design specifications, Harland & Wolff could conduct maintenance more quickly.  

This contrasted with the common practice of other shipping lines. Most others used multiple builders for multiple ships, even of the same class. For example, Cunard’s three-ship Abyssinia class of 1870 took shape with two different builders, resulting in different fuel requirements, speeds, and one sister, Parthia, which was smaller than the other two. White Star, on the other hand, benefited from one design team and one yard, often using the same basic engine design. This standardized fuel requirements and made support logistics less complicated. The only major drawback of White Star’s relationship with Harland & Wolff, however, lay in that ships could only be built one,  

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or sometimes two, at a time. Thus, it took longer for White Star to bring their steamers online.

Despite this issue, the White Star Line clearly towered over its rivals. White Star's first steamer, *Oceanic*, had several features that set her apart from all other ships on the Atlantic at that time. One observer exclaimed she looked “more like an imperial yacht than a steamer.”¹⁷³ Edward Harland, who personally designed most of the ship, identified one key reason for *Oceanic*’s success: “Another feature of novelty in these vessels,” he noted "consisted in placing the first-class accommodation amidships, with the third-class aft and forward." Prior to this change, all liners had placed their cabins in or near the stern of the ship where vibration and smells from the engine room, as well as the cork-screw motion of the ship in heavy seas, were most severe. The inclusion of “These and other arrangements,” Harland recognized, "greatly promoted the comfort and convenience of the cabin passengers, while those in the steerage found great improvements in convenience, sanitation, and accommodation... In short, for the first time perhaps, ocean voyaging, even in the North Atlantic, was made not only less tedious and dreadful to all, but was even rendered enjoyable and even delightful to many.”¹⁷⁴


At 420 feet long and 40 feet wide, *Oceanic’s* more streamlined hull, one of the first taking advantage of the new science of hydrodynamics, also allowed for higher speeds and lower fuel consumption than its competitors.\(^{175}\) The hull had a length to width ratio of 10:1 instead of the more traditional 8:1.\(^ {176}\) This meant *Oceanic* was ten times as long as she was wide. The traditional ratio of 8:1 created a much bulkier hull. The slimmer hull allowed the water to flow more swiftly with less resistance. Lower water resistance put less pressure on the engines to gather and maintain speed and decreased fuel requirements.

Together, these features—improved accommodations and faster speeds at less cost—helped seal *Oceanic’s* success. *Oceanic* arrived at Liverpool on February 26, 1871 and opened to the press and public for inspection. Although nearly empty on her maiden voyage, carrying only 64 passengers (out of a potential 166 1\(^{st}\) class and 1,000 steerage), accounts still described her as a success. In New York, she again opened to the public and 50,000 curious people saw the first of the new breed. The competing Cunard Line, though serving more passengers (300 passengers on R.M.S. *Calabria*), which sailed in direct competition to *Oceanic* on her maiden voyage) and representing a more established company, could no longer rely on simple speed and reliability to claim

\(^{175}\) Ibid.

\(^{176}\) Anderson, *White Star*, 44.
dominance. Nor could any other line continue to offer only the basic requirements of speed, regularity, and safety. White Star’s arrival on the Atlantic signaled a new kind of ship, something of higher caliber that made the trans-Atlantic crossing more comfortable and enjoyable as opposed to a necessary drudgery.

In quick succession, Oceanic’s three sisters—Atlantic, Baltic, and Republic—followed her onto the world stage, appearing in the later months of 1871. Together, these four ships helped set the terms by which the contest for dominance on the Atlantic were fought until the eve of World War I. White Star had thus introduced greater comfort and a high level of passenger service to set itself apart from other, more established lines. From here on, something had to stand out to attract passengers, something more than just a basic mode of transportation.

At the same time as White Star and Harland & Wolff were making waves in the Atlantic, investment and expansion opportunities for Ismay began opening up in the Pacific. In 1874, ambitious railroad barons of the American West formed the Occidental and Oriental Steam Ship Company (familiarly known as O&O) in a bid to control shipping from Asia into U.S. Pacific ports and then into their own railroad networks in the continental United States. From the date of its incorporation, O&O enjoyed a relationship with White Star, chartering ships from White Star to sail on Pacific routes.

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The ships that White Star provided for the San Francisco - Yokohama route included the finest and most advanced on the Pacific. In addition to providing these ships, which retained White Star names and livery, White Star employed the officers required to run them, although the O&O furnished the crews.\textsuperscript{178} O&O chartered White Star’s \textit{Oceanic} in 1876 with the \textit{Gaelic} and \textit{Belgie} to help fulfill mail contracts.\textsuperscript{179} The O&O experiment expanded with ports of call including Kobe, Nagasaki, Shanghai and Honolulu.\textsuperscript{180} White Star-owned ships, designed and built by Harland & Wolff, served O&O successfully on the Pacific, providing added experience for White Star’s officers and Harland & Wolff’s engineers.

In 1880, White Star entered into an arrangement with Shaw, Savill and Albion Line (SSA) on much the same terms as with O&O. White Star provided ships and entire crews, this time on runs to New Zealand, while SSA managed schedules and local logistics. Ships built for this trade included the \textit{Ionic}, \textit{Doric}, and the appropriately named \textit{Zealandic}, under a business relationship that lasted into the 1930s.\textsuperscript{181}


\textsuperscript{180} Haws, \textit{Merchant Fleets: White Star Line}, 35 - 36.

\textsuperscript{181} Ibid., 22, 63 - 64, 78.
These charters provided several advantages to White Star. First, they allowed older Atlantic liners to find new and profitable lives on secondary trade routes. Without these life-extending charters, older ships would have been sold off because of rapidly changing technology. Often these ships sold at a loss while still relatively new. The chartering company also gained a competitive advantage. The former Atlantic liners retained the luxurious fittings usually reserved for the more prestigious North Atlantic route. Other lines simply did not meet the same standards and could not garner as much of the customer base. As a side benefit, White Star boasted a world-wide fleet, with the publicity boost of having ships that sailed all over the world. Finally, the charters provided an additional stable revenue stream that allowed White Star more freedom for expenditures on its primary Atlantic trade routes. Thus, it could pay higher stock dividends and set up a financial reserve. By the mid-1880s White Star and Harland & Wolff enjoyed world-wide recognition and a stable financial base, despite the often harsh trading conditions on the North Atlantic.

As White Star expanded, so did Harland & Wolff. With the certain income stream provided by the profit agreement with Ismay’s line, Harland & Wolff enjoyed more freedom to expand their Belfast holdings. Harland & Wolff routinely bought major new pieces of equipment such as lattice work cranes, expanded their yards for building larger slips, and bought out smaller companies to increase their own abilities. An example is the 1878 purchase of Alexander McLaine & Sons for £7,000 ($1,104,959 in
2018), which allowed Harland & Wolff to build their own engines instead of sub-contracting.\textsuperscript{182} The 1880s brought a downturn in ship building due to the proliferation of firms and the way failing shipping lines were leaving the market. The income from White Star made the downturn less severe for Harland & Wolff, however, and assured their survival while other shipyards closed. Additionally, the reputation they had built with White Star’s now world-famous ships helped bring in new contracts that less well-known firms would not have been able to secure.

At an 1885 meeting of shareholders aboard the \textit{Adriatic}, built in 1872, Edward Harland remarked on how well White Star’s older ships competed with newer, larger and faster ships, “with their splendid load of nothing in them and producing less than that as a dividend to their shareholders.”\textsuperscript{183} Congratulating Ismay, Harland no doubt took satisfaction in knowing his shipyards constructed the high-quality steamers on which White Star built its reputation. Indeed, having revolutionized the Atlantic passenger trade and expanded interests the world over, Thomas Ismay was content to pursue a “rest-and-be-thankful policy” during most of the later 1880s.\textsuperscript{184} At that same shareholder’s meeting, Ismay’s business acumen also garnered Harland’s praise. T. H.

\textsuperscript{182} McCluskie, \textit{Titanic and her Sisters}, 35.

\textsuperscript{183} Anderson, \textit{White Star}, 77.

\textsuperscript{184} Ibid.
Jackson, who chaired the meeting, pointed to Ismay’s "cool judgment" of not being led into costly new steamers, predicting that "when he (Ismay) thinks the time has come to build larger and faster boats we, as shareholders, shall be in safe hands." Jackson’s speech proved prophetic. By the 1880s newer vessels, especially from archrival Cunard, finally attained the standards of comfort and luxury White Star had inaugurated. To maintain the position as the leading trans-Atlantic firm, White Star needed newer ships and increased financial means to build them.

At the same time, White Star had proven such a formidable competitor that John Burns, first Baron Inverclyde and chairman of Cunard Line, entered into direct communication with Thomas Ismay over matters of competition and how to divide the limited trade on the Atlantic. In 1885, diminishing trade with the United States prompted Inverclyde to talk face to face with Ismay about their line’s competition. Not coincidentally, Griscom’s Red Star Line enjoyed increasing success in this period. While not directly mentioned, this no doubt partially prompted Inverclyde and Ismay’s dialog.

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185 Copies of Correspondence Respecting Subvention of Merchant Steamers for State Purposes, 1887, C. 5006 United Kingdom Command Papers.

186 Thomas Ismay to John Burns, Feb. 3, 1885, Cheape-Ismay Family Archives, United Kingdom.
From Ismay’s point of view, the problem stemmed from Cunard’s introduction of extra ships on the New York trade. Ismay believed they should first make "the sailings on Tuesday, Thursday and Saturday sailings from Liverpool as efficient as possible to the Postal authorities, Passengers, and Shippers." To do this, Ismay stated he would willingly work with Inverclyde on scheduling sailings. However, he added,...your steamers alone would accommodate twice the number of saloon passengers that are likely to be crossing," making sailings from his and other companies "inadequate to remunerate them for the extra steamers employed."\textsuperscript{187}

Replying that he did "not share the views which you express," Inverclyde doubted Cunard’s ability to earn enough to pay for the extra sailings Ismay decried. Arguing that he must use the ships he had to shorten the rotation between sailings and best serve his stockholders, Inverclyde claimed that the decision came "purely from a mechanical point of view," not one of direct competition. He went on to say, however, that "As to the White Star Line building more powerful steamers, I have not a word to say - simply because it does not concern me - nor would it weigh with me in the conduct of affairs relating to the Cunard Company."\textsuperscript{188} Yet clearly White Star did concern Inverclyde, as evidenced by the very fact that he had initiated negotiations for

\textsuperscript{187} Ibid.

\textsuperscript{188} John Burns to Thomas Ismay, Feb. 4, 1885, Cheape-Ismay Family Archives.
decreasing competition of the Atlantic trade. His concern was hardly surprising. In a few short years, Ismay’s White Star had proven such a formidable competitor Ismay said he could out-build his rival if terms for co-existence could not be found. Although communications continued to be open between John Burns and Thomas Ismay, they more and more took on a no-nonsense, business only tone.\(^{189}\)

As the 1880s gave way to the 1890s, increased international rivalry for imperial colonies added another dimension to the Atlantic shipping scene. The 1885 war scare over Russia’s seizure of Afghan territory near the Oxus River and the British Admiralty’s consequent use of liners as auxiliaries presented Ismay with an idea.\(^{190}\) In the past, the Royal Navy, like others around the world, had used merchant ships as auxiliaries to increase patrols of the sea lanes.\(^{191}\) This often led to disaster. Most of the merchant ships were not built to withstand combat duties or even the sailing requirements of a navy vessel. Ismay planned to build ships to admiralty specifications under their supervision, in exchange for an annual subsidy. The ships would be built in

\(^{189}\) This change of tone was evident, for instance, in a November, 1885 letter from Burns suggesting a united front between Cunard, White Star, and Inman Lines for mail contract renegotiations with the government. John Burns to Thomas Ismay, November 25, 1885, Ibid.

\(^{190}\) Copies of Correspondence Respecting Subvention of Merchant Steamers for State Purposes, 1887, Cd. 5006,

\(^{191}\) Anderson, White Star, 78.
such a way as to minimize the time needed to convert them into a new breed of ship
called the armed merchant cruiser.¹⁹²

Ismay had already found favor with the Admiralty by offering the entirety of
the White Star fleet to the government in case of war with Russia in 1885. In 1886, Ismay
entered into correspondence with Arthur Forwood, Parliamentary Secretary to the
Admiralty. In these letters, Ismay negotiated the terms under which his ships would be
available for government use and the terms under which "one or two vessels of high
speed" might be built specifically for use as armed merchant cruisers. For each ship
chartered, the parent company was to receive 15s per gross ton annually for five years.
The resulting Teutonic eventually weighted in at 9,984 tons. Her yearly subsidy totaled
£7,488 ($16,003,543 dollars in 2018. After two years of service to White Star, the ships
would be available for purchase by the Admiralty at cost. The contract covered other
provisions, such as how many members of the crew had to be Royal Navy Reserve and
how much the subsidy would increase if White Star lost the mail contract. Should White
Star be required to sell any ship to the Navy, they (White Star) were allowed to "remove
from the Ships or Ship, the plated ware, cutlery, crystal, earthenware, blankets,
counterpanes, and linens, which articles shall not be considered part of the equipment

¹⁹² Copies of Correspondence Respecting Subvention of Merchant Steamers for State
Purposes, 1887, Cd. 5006
of the ship." Furthermore, preparation of the ship for naval service and restoration for peacetime service would be paid for by the Admiralty.\(^{193}\)

Ismay's new idea gained quick acceptance and Edward Harland immediately began drawing up acceptable plans for a pair of ships.\(^{194}\) *Teutonic* and *Majestic*, launched in 1889 and 1890, were the results. The ships were built for speed and quick conversion to auxiliary cruisers, with hidden gun mounts and structural support built into the design so as not to interfere with their primary role as passenger liners. The twins could be armed with twelve Armstrong 26 pounders, with a range of 200 yards, and eight machine guns.\(^{195}\) Proclaimed the best designed ship the Admiralty had yet seen, *Teutonic* was finished in time for conversion to an armed merchant cruiser and presented at the Spithead Naval Review of 1889.\(^{196}\)

White Star's *Teutonic* and *Majestic* also introduced several other major innovations in the construction of the ocean liner. Naval vessels faced greater sailing stresses than their commercial counterparts. They tended to sail at maximum speeds for

\(^{193}\) Ibid

\(^{194}\) Oldham, *The Ismay Line*, 105 – 106


\(^{196}\) Ibid.
longer periods of time and received less frequent stays in dry dock for maintenance and repair. The new ships were built accordingly. And because they were expected to be fast, Harland & Wolff designers installed the most powerful engines possible. This allowed White Star to finance the costs of competing for the Blue Riband with government subsidies instead of company profits. By doing so, they avoided some of the costs other lines incurred in maintaining speed records.

At the 1889 naval review at Spithead, Britain in honor of Kaiser Wilhelm II of Germany’s state visit, Teutonic played guest to members of the British royal family. Kaiser Wilhelm also paid the liner a visit, marveling, "We must have some of these," marking Germany’s entry in the race for the greatest ocean liner. The elegance of the Teutonic and Majestic marked a new standard in luxury and comfort. White Star found that their new twins attracted passengers because of comfort alone.

As had become typical, the White Star-Harland & Wolff cost-plus relationship resulted in superior ships. Meanwhile, the British government’s subsidy was based on size, speed and usefulness of the liner to the admiralty. Building the largest, fastest

197 Ibid.


199 Copies of Correspondence Respecting Subvention of Merchant Steamers for State Purposes, 1887, Cd. 5006
liner possible became particularly important to the interests of both White Star and Harland & Wolff. Although the cost of building larger and faster ships increased significantly for White Star, especially given the military standards now included, larger ships also brought larger subsidies to the company. White Star, meanwhile, could count on a new income stream that promoted the best upkeep possible. As a final display of shrewd business sense, White Star could benefit from the publicity it received from presenting itself as a patriotic company. *Teutonic* arrived at the naval review of 1889 fitted out as an armed merchant cruiser for that reason.²⁰⁰

However, White Star had its eye on more than just government service. White Star also took advantage of increased import-export business by building liners expressly for cargo and livestock service. During the 1890s, as it asserted dominance over the British share of the Atlantic market, the company also expanded into the development of cargo liners. Harland & Wolff provided such ships as the *Nomadic* and *Tauric* of 1891 and *Naronic* of 1892. These ships were specially designed for the exclusive transport of livestock, with minimal accommodation. They were designed principally for ranchers to oversee their stock, not for general passengers. These were shortly followed by the "Jubilee" class of 1899. These five ships took advantage of lessons

learned on the Australian run and Shaw, Savill, and Albion charter routes. They carried as many as 100,000 beef carcasses in refrigerated cargo holds. Here again, Harland & Wolff provided White Star with the best possible ship with new technologies, specifically in the refrigeration plants.

Queen Victoria’s naval review at Spithead, near Hampshire, in June 1897 provided another chance at innovation for Harland & Wolff engineers. Even though the assembled might of Her Majesty’s navy and mercantile marine lined the harbor, the hit of the show was the uninvited, privately-built and owned Turbinia. The first turbine powered ship in the world, it raced through the lines of anchored ships at 32 knots. Although Royal Navy launches attempted to catch the intruder, Turbinia effortlessly left them wallowing in her wake.

Inventor Charles Parsons, observers later learned, had privately designed the ship. His invention, the turbine, was able to use steam that usually got wasted through exhaust. This made steam engines more efficient and powerful and lowered the consumption of coal. This innovation in steam engines not only made the power plants more efficient, but far more economical and allowed higher speeds than ever.

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202 Ibid.
Most ships of the era had one or two screws. Now, a third screw could be added using the left-over steam in a low-pressure turbine. The development made for more fuel efficient, faster ships that cost the same, if not less, than earlier vessels.

Both merchants and naval leaders immediately looked into using turbines on their ships. White Star built major ships to test the new style of engines. *Magantic* and *Laurentic* of 1909, for example, were identical ships except for the difference in their engines. One ship was powered with triple expansion engines and a turbine geared to three screws, while the other ship had older style quadruple expansion engines geared to two screws. Testing found that the ship with turbines, *Laurentic*, was faster and more economical than her twin sister. This despite the fact that *Laurentic*’s hull was dirty and *Megantic*’s had been recently cleaned and painted, decreasing water resistance. The information got tucked neatly away for the Olympic class, already in the earliest design phases at Harland & Wolff.

In the meantime, White Star’s leaders decided to continue the advancement of the Atlantic liner in the direction that had already brought them such accolades.

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203 "Giant Liner’s Engines."

204 Anonymous, "Propelling of Giant Liner."
Having found a partial recipe for success in the Teutonic and Majestic, the company decided to go all in on the idea that comfortable crossings were the preferred mode for the sea faring public with the Oceanic of 1899. When White Star ordered its next ship from Harland & Wolff, it emphasized this new strategy, leaving speed laurels, extra maintenance, and higher fuel costs to Cunard and other lines.205

R.M.S. Oceanic, representative of this new focus on comfort and luxury, gained note for several reasons. First was her size. At 705 feet long and 17,274 tons, she earned the title "largest ship in the world."206 She was the first ship to exceed the length of the Great Eastern built forty years before, yet was lighter in tonnage. Her interiors were lavish in the extreme. The Ismays spent a great deal of time with consultants to make sure the designs were perfect for the new company flagship.207 Passenger accommodation stood at 410 1st class, 200 2nd and 1,000 3rd.208 While immigrant passengers remained the dominant share of profit (311,715 people divided among the

205 Anderson, White Star, 82-87.


207 Ibid.

Atlantic lines in 1899), cargo also accounted for a significant share of the profits.\textsuperscript{209} In 1899, the total value of American exports exceeded $1,478,050,000 ($45,033,334,246 in 2018 dollars).\textsuperscript{210} \textit{Oceanic}’s expanded hold areas allowed increased cargo capabilities, not to mention profit, for White Star. This potential for profit was not lost on the management of the other lines trading on the Atlantic. Immigration to the United States was generally a one-way trip, meaning ships usually sailed home with a nearly empty 3rd class. By including large and fully loaded cargo holds, shipping lines could guarantee profit in both directions.

The \textit{Oceanic} represented the pinnacle of White Star’s achievements but also represented tragedy for the Ismays. Thomas Ismay died not long after \textit{Oceanic}’s completion. With his death the chairmanship of White Star passed into the hands of his son, J. Bruce Ismay. The younger Ismay came to power just as Griscom’s and Morgan’s associates began working on their International Mercantile Marine Project. Interestingly, on May 7, 1901, Ismay replied to a letter from the second lord Inverclyde addressing concerns about the growing threat of an American take over. “I cannot at present see how our interests will be influenced by the amalgamation,” he wrote, “but


\textsuperscript{210} Bureau of Foreign Commerce, Department of State, \textit{Commercial Relations of the United States with Foreign Countries During the Year 1900}, (Washington, D.C.:, 1901), 50.
feel sure The Americans have made Their mind to have a larger share of the Atlantic trade.”211 Ismay could not have been more correct with his prediction. Within a year of that letter, White Star became part of the amalgamation.

**Conclusion**

The late 19th century proved fertile, if challenging, territory for the rebirth of the American merchant marine. Clement Griscom took steps to build on and expand new business opportunities, aided by modern communications technology and changes in business. Although these efforts faced challenges in the form of antiquated and over protective registry laws, they nevertheless slowly changed in the face of economic opportunity provided by new communications and travel technology that made international conglomerate business possible, practical and potentially highly profitable. Between the economic opportunities and the growing acceptance of Mahan's naval theories Griscom's endeavor enjoyed a favorable atmosphere that did not exist previously. The story of White Star's founding and early growth, by contrast, provide an interesting counter narrative of national policy in a country with a history far more positively disposed to shipping. That these stories eventually converge helps illustrate the changing nature of business at the time.

211 J Bruce Ismay to Lord Inverclyde, May 7, 1901. Box D42/Ca/9, Cunard Papers, University of Liverpool Archives.
To circumvent the obstacles in his path, Griscom used new developments in technology to take advantage of more friendly business environments, most notably in founding the Red Star Line in Belgium. By offering sailings supported by the Pennsylvania Railroad and choosing a centralized location in Europe as a base, Griscom offered shippers low rates and an excellent distribution point. These benefits were particularly advantageous for J. P. Morgan’s U. S. Steel. Morgan’s involvement as an early investor in Griscom’s International Navigation Company allowed Morgan to see the potential for a larger Atlantic monopoly. While this occurred, Alfred Mahan was building an ideological base among politicians and the public that supported nautical expansion and an expanded merchant marine. After languishing for some time, the American merchant marine soon experienced a renaissance as a result of these collective factors.

At the same time, across the Atlantic, the founding and growth of Thomas Ismay’s White Star Line demonstrated the potential of sympathetic interests acting in concert, even in the face of a crowded business with long established rivals. Like Morgan’s integrated business interests, White Star and Harland & Wolff Shipbuilders supported one another through their early struggles and built a foundation for future expansion. When Ismay threatened John Burns with a shipbuilding race in 1885, Burns knew his Cunard Line would lose. While Burns had to negotiate with shipbuilders for new terms on each ship he built, Ismay could rely on the relationship with Harland &
Wolff to build the best ships at the lowest prices. Additionally, Burns’ ships, even when they were the same class on paper, often differed wildly from one another in reality, while White Star ships were more uniform designs, easing White Star’s logistical needs. The structure of the partnership between White Star and Harland & Wolff, with its efficiency and foundational strength, no doubt enhanced the line’s standing as Morgan’s favorite Atlantic transport. When the time came to choose a flagship line, what better line for Morgan to select? The next chapter will explore the implications of this choice on both sides of the Atlantic and for the future of international shipping.
Chapter 3

Olympic Dreams, Titanic Troubles and Gigantic Responses

The White Star Buyout, Cunard’s Escape and the Olympic Class Liners

After stunning the shipping world with the purchase of Leyland Line, J. P. Morgan and his International Mercantile Marine became the greatest threat that British shipping had ever faced outside of war. The question looming in British shipping circles centered on what Morgan’s next acquisition would be. The answer did not take long to discover.

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White Star Line, with its new, superlative steamers made an obvious target, especially considering the recent death of its founder and the ascension to leadership of next generation family members. While J. Bruce Ismay, son of the line’s founder, wanted to continue family stewardship for White Star, other, older members of company leadership looked forward to retirement.\textsuperscript{213} That William Pirrie, chairman of Harland & Wolff, emerged as Morgan’s primary ally in negotiating with the Ismays no doubt made them more willing to listen to Morgan’s buyout offers. When Morgan’s negotiations with the Ismays reached a successful conclusion, the controversy of the Leyland purchase looked like a festive occasion by comparison.

For Morgan’s monopoly to work effectively, however, he had to control all major shipping firms on the North Atlantic that served American ports. To have this control, Morgan concluded, he also needed to acquire the Cunard Line. Yet in contrast to his successful acquisition of the White Star Line, Morgan’s pursuit of Cunard proved a far more complicated affair. In large part, this was due to the intervention of the British government through loans and subsidies that allowed Cunard to remain independent, renew its fleet and construct two of the most successful liners ever built to that time. The desire to compete with Cunard’s new liners, in turn, prompted IMM’s leaders to produce still bigger and more superlative ships under the auspices of White Star Line.

Having worked so hard to build an international conglomerate, Morgan—and perhaps equally, J. Bruce Ismay and Lord William Pirrie of Harland & Wolff—would not let Cunard have the greatest liners in the world without a contest.

IMM’s position may have seemed secure in the early 1900s, but in little more than a decade, all of this—the elusive pursuit of Cunard, the increased competition with that firm, and the consequent shipbuilding program—would lead to IMM’s ultimate downfall. In the short term, White Star’s new building program brought improved financial stability, thanks to increased stock sales and public relations gains as the new ships gained press coverage around the world. In the long term, however, the loss of two out of three of the new ships would bring on public relations nightmares and contribute to the loss of talent in leadership at the highest levels of IMM. Specifically, the sinking of Titanic caused a significant loss of confidence among the public in massive liners. The fact that J. Bruce Ismay survived the Titanic disaster, moreover, made him undesirable as president of IMM from a public relations standpoint, even though he had provided excellent leadership that stabilized IMM during his tenure.\footnote{Frances Wilson, \textit{How to Survive the Titanic or The Sinking of J. Bruce Ismay}, (New York: Harper Collins), 2011. Although published for general audiences, Wilson book documents Ismay’s post-Titanic life. Not a historian, Wilson is an Oxford educated literature expert. The book examines the social and business communities' excommunication of Ismay and its effects on him and his family.}

Complicating matters further, J. P. Morgan’s death in 1913, not only removed the
driving force of IMM but further decreased public trust in its leadership as previously unknown or secondary figures took over leadership positions. In the wake of theseruptures, the third ship in the Olympic class, Gigantic (hastily renamed Britannic) never even entered commercial service; instead, it served as a hospital ship in World War I, until sunk by a mine near the Greek island of Kea in 1915. Together, these events proved serious blows to what had become a shaky organization.

Although all of these factors contributed to IMM’s decline, one additional issue—the escape of Cunard Line from IMM—arguably played an even greater part in the company’s ultimate demise. Without Cunard, Morgan never held complete control of all the major shipping entering or leaving New York. Although Morgan later made arrangements that allowed IMM to at least co-exist with the shippers on the European continent, such as the French Line, Hamburg-Amerika Line and the German Norddeutscher Lloyd (NDL), Cunard remained completely British. This was significant from both symbolic and economic points of view. Symbolically, the oldest trans-Atlantic shipping firm, established in the 1830s, remained British. Economically, Cunard gained the backing of the British Empire for its coming competition with IMM.

Despite the important role that each of the forgoing factors played in IMM’s 20th century decline, historians have largely failed to analyze their significance to the IMM’s story. As mentioned in the introduction, most historians have proven more concerned with the Olympic class ships in their own right. Scholars tend to explain the
creation of the Olympic class as a vanity project for J. Bruce Ismay in reply to Cunard’s
$Lusitania$ and $Mauretania$, if they connect them to previous events or successive super-
liners at all.\footnote{Brinnin, *The Sway of the Grand Saloon*, 362. Oldham, *The Ismay Line*, 167. McCluskie, et al. *Titanic and Her Sisters*, 56. While the first two books don’t mention competition or Cunard at all, McCluskie, the last archivist of Harland & Wolff Shipyards, characterizes the Olympic class as more of a personal project for Ismay to regain lost prestige for White Star. While, this last interpretation may be true to an extent, it does not take into account the greater context of Morgan’s IMM project.}

They also fail to consider the leadership vacuum caused by the devastating losses of Ismay and Morgan to the long-term health of IMM and the public relations ramifications that resulted. All of these events played a role in the history of IMM in particular and the North Atlantic in general.\footnote{Robin Gardener’s *White Star*, a highly detailed if strongly opinionated, history of focuses only on White Star. IMM plays only a minor role, despite its domination of White Star’s Later history. Likewise, Wilton Oldham’s *The Ismay Line*, and Roy Anderson’s *White Star Line*, focus on the Ismay family and detailed histories of White Star and its ships. Only M. J. Fields "The International Mercantile Marine - An Ill-conceived Trust" and Thomas Navin and Maria Sears "A Study in Merger: Formation of the International Mercantile Marine" (see bibliography for more detail) have detailed discussions of IMM, but they stop short of the examining the impact of the Olympic class on the combine. For a more detailed discussion of the historiography of White Star and IMM, please see the introduction.}

Considering the historical context, much of this is not surprising. The loss of *Titanic* occurred just two short years before the outbreak of World War I. *Britannic’s* sinking happened as part of the greater horrors of the Gallipoli campaigns, with what could be considered trivial loss of life (34 total) compared to the context of the theater of war let alone the entire war.\footnote{Haws, *White Star Line*, 75.}
same time, the difficulties IMM faced in the boardroom got eclipsed by a nation alternately studiously avoiding and then preparing for war. With this international maelstrom of cataclysmic events, it is hardly surprising that relatively mundane business history has been largely ignored. This chapter will not only examine that history, but also bring it into the context of the world events that surrounded them.

Writing on shipping during this period is dominated by the construction of warships and the dreadnought arms race. This is understandable because of the stunning proliferation of dreadnought battleships prior to World War I. For example, Argentina, Brazil, and Chile, nicknamed the "ABC Countries" took part in the naval race resulting in the near ruin of their economies. The climax came when Brazilian policy makers attempted to build the largest, most power dreadnought in the western

218 Bonker's Militerism and Parkinson's Dreadnought are just that latest in a long line. Robert K. Massie's Dreadnought and Castles of Steel published in 1991 and 2004 respectively, provide a detailed examination of the naval policy as well as royal family intrigue among the houses of Europe. H. P. Willmont's two volume The Last Century in Naval Power excludes the importance of the merchant marine entirely. Paul Kennedy's The Rise of Anglo-German Antagonism: 1860-1914 (1980) only mentions the merchant marine in passing. From the American perspective, Michael Besh's A Navy Second to None: The History of U.S. Naval Training in World War I (2002) is strictly about the navy's preparations for war. Only Jeffrey Safford's Wilsonian Maritime Diplomacy 1913-1921(1978) discusses the growth of the U.S. shipping industry but only during the Wilson administration. The foundational work of Clement Griscom and even J. P. Morgan is nearly ignored, mentioned only as incidentals before the main event of Wilson's policies.
hemisphere. Named *Rio de Janeiro*, the warship measured 671 feet and carried seven turrets mounting a total of fourteen 12 inch guns. By July 1912, the Brazilians realized they could not afford the ship and began looking for buyers. The Ottoman Empire purchased the ship while still being built, renaming her *Sultan Osman I*. The intervention of Winston Churchill as First Lord of the Admiralty prevented her delivery and she ended up in the Royal Navy as *Agincourt* after the Ottoman's friendly relations to Germany were revealed. The Ottoman's *Reshadieh* became the Royal Navy's *Erin* for the same reason. Likewise, Chile's *Almirante Latorre*, and *Almirante Cochrane* became Britain's *Canada* and *Eagle* because of Chilean financial problems.²¹⁹ The drama and technological achievements that surrounded the dreadnought race make for fascinating reading and certainly draw attention because of their direct relation to the causes of WWI.

In an effort to fill this gap in the historiography, this chapter will examine events between 1901 and 1912, including the buyout of White Star, the escape of Cunard, and the idea, planning, construction and reception of the Olympic class. It will consider the Olympic class in detail, with a focus not solely on ships, but instead on those ships as symbols, analyzing what they meant at the time and what competing lines were prompted to do in response. The ships enjoyed status as technological marvels. Each

ship featured new innovations from swimming pools, electric lights and communications devices, elevators and safety controls to what today seems like a basic service such as individual restrooms and bathing facilities for cabins. All of these enhancements blazed new trails in comfort during trans-ocean travel.

Additionally, the ability to build these ships reinforced an industrial elite separating nations by capacity and levels of craftsmanship during an age of international empire. A sign of Germany’s emergence as a world power stemmed not only from its industrial might, but its newfound ability to ship those goods on native built ships that equaled or exceeded Britain's most advanced designs. Likewise, even the names of these ships conjured images of national strength, industrial might, and both current and long past imperial glory. Roman provinces such as Mauretania and Lusitania, were represented by British ships that were olympic, titanic and even gigantic in scale. The Germans honored emperors (Imperator) or the nation itself (Vaterland). Looking at the ships and the business and politics that surrounded them helps give insight into the popular psyche of the era.

This chapter brings all of the issues into conversation with the more dominant events of the time period to establish a more complete picture of how commercialism influenced the age of empire and general society on both sides of the Atlantic. Historians who examine this period have documented the maritime naval race for dreadnought supremacy during the era. They have also studied the technological race
for advance land and air forces. However, the race for dominance in civilian maritime
circles and how it fed into this intense nationalist competition has largely been ignored.
The liners themselves encourage this perception. While viewing the grandeur of
Titanic’s first class reception room or Mauretania’s skylights, or the comfort of
Vaterland’s lounge, it’s hard to see these ships as statements of nationalist supremacy.
One is easily diverted to admiring the artisanship of stained glass windows, hand
carved woodwork, ornate paintings and comfortable looking club chairs that filled all
the great liners. Nonetheless, these ships served a role in claiming nationalistic
dominance just as much as they served as modes of travel, goods transportation, and
recreation. This struggle is illustrated particularly well by Morgan’s attempt to gain
control of Cunard and the events the followed which led directly to the inception of the
Olympic class liners.

**1902 and Full Speed Ahead**

White Star’s Cedric sailed on her maiden voyage in 1902. Her new design,
balancing cargo and passenger into a highly profitable combination on both legs of the
Atlantic route, may have helped set White Star above Cunard on Morgan’s list of future
acquisitions. The new ship had a cargo capacity of 17,000 tons and a service speed of 19
knots using 280 tons of coal per day. It also soon set the company record for carrying
passengers at 2,957 during one trip in 1904. In the minds of the White Star’s leaders, Cedric had achieved the optimum cargo-passenger-fuel ratio. Its success prompted them to build three sisters—Celtic, Baltic, and Adriatic—over the next four years. Each was slightly longer and heavier than the one before it and each held the record of world’s largest liner.

As compared to White Star’s Britannic of 1874, Cedric represented the tremendous changes in shipping technology that had occurred over the past quarter century. Britannic and her identical sister, Germanic, debuted as Blue Riband racers, each gaining the speed award. Both originally had auxiliary sails coupled with a single screw. Cedric, like Britannic, had her passenger accommodations in the center of the ship, with ends reserved for cargo. The newer ship, however, showed the increased hull volume that allowed for significantly more cargo capacity. Additionally, by 1901, multiple propellers joined the many designs allowing steamers to dispense with sail altogether, another factor that allowed dramatic growth. No longer hindered by having to remain small enough for the wind to propel it, ships could grow to enormous

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221 Ibid, 55-59.
proportions. Cedric thus demonstrated the continuity and the changes in liner design and technology that had occurred in the past 28 years. 

The four new ships, built between 1901 and 1907, allowed White Star to gain more experience with cargo-passenger ships while building its reputation for comfortable transportation. Harland & Wolff, meanwhile, honed designs that coupled reliable engine plants, moderate speed and hull forms that emphasized comfort at sea with increased internal volume. The process had been a long one. White Star and Harland & Wolff’s business partnership had been beneficial for both parties and provided them with a great deal of practical experience in a short amount of time. By establishing solid business foundations, the companies were in position for bigger things.

The means to finance larger and larger ships, however, faced several hurdles. At this point, the technical expertise already existed with Harland & Wolff to build the Olympic class, but the financial means, not to mention the motivation, did not—at least not yet. White Star could not count on the admiralty subsidy for armed merchant

222 Age, however, did not completely eliminate utility. Under other names for different owners, Britannic’s twin Germanic, built in 1874, soldiered on until 1950, before sailing to the scrap yard at nearly seventy-five years old, a testament to the quality of Harland & Wolff’s construction. In that time she served the Dominion Line, sailing to Canada and found her way to the Mediterranean, spending her last years as a store ship and floating hotel in Constantinople. See Anderson, White Star, 60; Frank O. Braynard, and William H. Miller, Fifty Famous Liners 3, (New York: W. W. Norton & Company, 1988), 16 - 17.
cruisers because they no longer built the fastest ships, though the mail subsidy remained intact. The company was profitable, but that did not give them enough cash on hand and the company never took loans for new construction. The company’s profitability, sales of stock, and revenue from government subsidies had always been sufficient to cover business expenses and reasonable expansion. As ships got bigger, those expenses multiplied. Longer, heavier ships required stronger engines which needed greater amounts of fuel. Increased passenger space had to be furnished, equipped to fill passenger’s needs, victualled and maintained, which required increased staff. This exponential increase in ships’ size corresponded to an exponential increase in business expenses. Potentially, these expenses could be more easily handled as part of an international combine.

Morgan’s initial overtures for purchase of White Star occurred at this time with the first newspaper rumors appearing in October 1901. Reports said that once Morgan’s current tour of the Pacific ended, he intended to go to Liverpool to complete negotiations, which were to be started by his representative, Clinton Dawkins. Both J. Bruce Ismay and John Lee, American-Canadian manager of White Star, denied the report. According to stories in the Mail and Express, even Dawkins claimed ignorance saying, "If there are any negotiations pending for the control of the White Star Line I do not know of them. Mr. Ismay denied the reports when he was here. If there had been any change I have not been informed of it. I do not think there is anything in these new
statements.” The paper also observed that White Star’s capital stood at £750,000 ($11,866,905 in 2018) in 750 shares of £1,000 each. Making purchase of a controlling interest even more difficult was that most of it belonged to the Ismay family. Rumors continued in the press through October and into December, despite repeated denials by Ismay. One paper even quoted Ismay as saying "Mr. Morgan hasn’t money enough to buy the White Star Line.”

On October 21, 1901, Lord Inverclyde's associate, David Jardine, received word from Vernon Brown, a shipping agent in New York, that he had gotten a call from a Mr. Schwabb of North German Lloyd (NDL). Schwabb had confided to him that not only White Star, but also Cunard, had been bought by Morgan’s syndicate. While Brown thought the rumors were incorrect, he noted that Ismay had consistently denied being in negotiations with Morgan. "Mr. Ismay could very likely truthfully say that he had had no interview or negotiations whatever with Mr. Morgan, but I do not think he has ever been asked to affirm or deny whether or not he has had any negotiations with

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223 Anonymous, "To Buy White Star," The Mail and Express, October 14, 1901. Box D42/Ca/10, Cunard Papers, University of Liverpool Archives.


other parties,” Brown explained. “I have good reason to believe that various interviews were held at the Waldorf-Astoria Hotel between Mr. Ismay and Messers. Griscom and Barker,” he continued, “both of which gentlemen were also at the Waldorf the evening before Mr. Ismay sailed for home.” It is worth noting that Ismay arrived in New York in September 1901 aboard the new Celtic, accompanied by William Pirrie of Harland & Wolff. While his arrival was mentioned in the press at the time, the recent assassination of President McKinley overshadowed news of potential meetings between Ismay and Morgan. One of Morgan’s allies in the negotiations to purchase White Star Line was William Pirrie, first viscount Pirrie, chairman of Harland & Wolff, who counted Atlantic Transport, an earlier Morgan purchase, as a client of his shipyard. Lord Pirrie became Morgan’s primary negotiator with White Star stockholders, no doubt giving Morgan’s overtures a friendlier face.

By November, Jardine had a stream of intelligence coming in from Vernon Brown regarding negotiations between Morgan, Ismay, and others. Brown seemed to

226 Vernon Brown to David Jardine, October 21, 1901. Box D42/Ca/10, Cunard Papers, University of Liverpool Archives.


have contacts close to the negotiations. On November 15th, he reported that the
Hamburg-Amerika line had been approached and that Albert Ballin, chairman of the
line, visited London to flatly refuse the sale. Likewise NDL, the other leading German
line, refused to consider any offer. Brown believed this to be German national policy. "I
have reason to believe [Kaiser Wilhelm himself] has personally expressed his
displeasure of the scheme," he commented.229 Brown also believed that negotiations
were ongoing with White Star, though he had very little solid information. In what
seemed a backhanded way, even to Cunard leadership, pressure decreased on Cunard.
"The fact that no overtures have been made to the Cunard Company so far as I know
would seem to indicate that they are no longer considered so important a factor in the
trade as formerly."230 Inverclyde seemed to feel that Cunard was so insignificant that it
was not worth Morgan's pursuit.

Inverclyde had plenty of reasons to make this assumption. From the point of
view of potential outside investors, such as Morgan, the entire Cunard fleet consisted of
obsolete and aging ships. To be competitive with Morgan's combine—or as Inverclyde
seemed to believe, to be considered worth adding to the combine—Cunard needed a

229 Vernon Brown to David Jardine, November 15, 1901. Box D42/Ca/10, Cunard Papers,
University of Liverpool Archives.

230 Ibid.
major fleet renewal program. This was out of the question, however, for an independent company with limited funds and a shaky future. Brown wrote about this topic a few times noting that "we cannot afford to sit still and see our business drift away from us, and yet the very discouraging outlook for shipping for the next year or two at any rate, coupled with the uncertainty of the fate of the Ship Subsidy Bill cannot but cause serious doubts and anxiety in the minds of yourself and associates as to the policy to be pursued." Besides making Cunard unattractive for outside investment, the state of the fleet appeared to make it a minimal threat in commercial competition.

Just a few days later, in November 1901, Brown had more news to share: a friend of his, whom he did not name, but who was apparently was "close to Mr. Morgan and other members of the Syndicate (and who I have suspicions may be a member himself)" told Jardine that during Ismay and Pirrie's recent visit to New York, Ismay had named terms for the buyout of White Star. Brown's associate, however, believed that the large figures named by Ismay made a sale improbable "without modifications." At the same time, Dominion Line, a shipping company primarily serving Canada, came to an agreement with Morgan through Pirrie, whom the Dominion board of directors had authorized to negotiate for them. The importance of the acquisition by Morgan of the

231 Vernon Brown to David Jardine, October 25, 1901. Box D42/Ca/10, Cunard Papers, University of Liverpool Archives.

232 Vernon Brown to David Jardine, November 19, 1901. Ibid.
Dominion Line lay in that the company served ports as far south as New Orleans and as far north into Canada as Montreal, with direct service to Europe. Although Dominion did offer some passenger service, the fleet’s more significant virtue was that it provided substantial cargo transport capacity.\(^{233}\) This gave Morgan's export import shipping lines a greater share of the market as well as serving a wider variety ports making the combine’s services more available to shippers.

Interestingly, this friend had asked Brown about possible Cunard negotiations, which he avoided. Brown warned Jardine, however, that he might be approached by syndicate representatives in the near future, even noting that some syndicate representatives had recently departed for England on Cunard ships. He also cautioned against "naming any price or even admit[ting] that a proposition might be entertained."\(^{234}\) Brown gave sound advice. Naming a price tended to only encourage Morgan; it suggested that a deal could be made and only details need be negotiated.

The newspapers seemed to bear out Brown's assessment. One report stated, "The White Star people were informally asked to name a figure at which they would sell, but that figure proved so far beyond the ideas of the proposed purchasers that the subject was not pursued further." The report continued that “the contention that of the White

\(^{233}\) Haws, *Merchant Fleets in Profile 2*, 138-141.

\(^{234}\) Ibid.
Star people that no negotiations whatever had been entered into is, therefore, technically correct." A New York paper quoted Ismay as saying, "The White Star Line is not for sale." Yet that interview happened in January 1902, when Ismay arrived in New York with Lord Pirrie, Henry Wilding, and a pair of maritime lawyers. Another paper illustrated the lengths to which Morgan interests went to secure infrastructure to support the shipping trust. Documenting a "land grab" to build a railroad to service the waterfront, the paper explained, "English and American capitalists, worth hundreds of millions of dollars, are backing this scheme." After noting that $60 million had already been earmarked for the project, the paper hinted, "Others are ready to furnish all the money necessary to push the project to completion." Added together, all this pointed to Morgan's willingness to spend whatever it took to accomplish his goals—including getting Ismay and the White Star Line leadership to visit New York to at least hear Morgan out.


Relief from Brown’s report, if any, proved short lived because on January 17, 1902, Brown wrote that "Messrs. Ismay, Graves, Pirrie, Wilding and Dickenson" had departed Liverpool on _Celtic_ for New York. "This indeed looks like business and would make it seem probable that some sort of an arrangement is likely to be reached."\(^{238}\) A few days later, Brown wrote again with detailed information, which later proved highly accurate. Ismay and Pirrie, Brown believed, were authorized to negotiate on behalf of White Star and Dominion Lines, respectively. Morgan, Brown thought, intended to take all the shares he and his syndicate had acquired and place them in a parent company, along the same lines of Morgan’s Northern Securities.\(^{239}\) Northern Securities held control of the Burlington, Union Pacific, Southern Pacific, Northern Pacific, and Great Northern railroads stock, effectively creating a massive land based transport monopoly (although the justice department later sued and broke up the monopoly under the Sherman Antitrust Act, this was not finalized until 1904). In 1902, Morgan's intentions seemed clear.

Brown assumed that Morgan planned to build an Atlantic monopoly exactly like Northern Securities. In doing so, Morgan would control land- and sea-based shipping from the Pacific coast all the way to Europe. Brown still thought Ismay intended to

\(^{238}\) Vernon Brown to Lord Inverclyde, January 17, 1902. Ibid.

\(^{239}\) Vernon Brown to Lord Inverclyde, January 21, 1902. Ibid.
name a value for White Star far beyond a reasonable exchange of stocks options in Morgan’s syndicate. However, he thought a cash price might be indicated to which Morgan would agree. Concerning Morgan’s resolve to see his project completed, Brown wrote, "...I assume he has gone so far in this matter that he will strain a point to accomplish his ends rather than abandon the project."\(^{240}\)

Ominously, Brown noted that if White Star made a deal, Cunard would be the only independent company on the Liverpool trade. Brown offered to act in negotiations, but he thought that Morgan’s friends might have something more subtle in mind. Brown knew that some associated with the syndicate already held Cunard stock and could discreetly get more, perhaps enough to gain control of the company without having to go through a buyout. In fact, John H. McFadden, a Mr. Dempster, "and others who are acting in harmony" supposedly owned one-third of Cunard stock, and Brown believed they "had been in communication with some member of the Syndicate."\(^{241}\)

Although rumors remained inconclusive regarding Morgan’s intentions toward Cunard, the German lines seemed to have come to an arrangement. While they avoided being subsumed into the syndicate, they did reach an agreement with regards to rates as long as they respected rates for British ports. However, Brown noted that Albert

\(^{240}\) Ibid.

\(^{241}\) Ibid.
Ballin of Hamburg-Amerika and Director Wiegard of the board of NDL were expected to arrive in New York shortly. Experience suggested that when a shipping line’s leadership traveled to New York, a buyout announcement soon followed. Concern grew that the German lines may still be in play for acquisition. Coyness on the part of White Star leadership only served to compound rumors.

Even at this late date, Ismay, Pirrie and others flatly denied impending buyouts. The group that arrived in January 1902 included Ismay, Pirrie, and White Star board member W. S. Graves; Henry Wilding, English agent of Griscom’s International Navigation and chairman of Leyland Line; and maritime lawyers Ralph Neville and John Dickerson. All claimed ignorance. Ismay stated to reporters, "I wish to say positively that the White Star Line is not for sale. There is not money enough in the possession of any American capitalist or combination of American capitalists to buy it."

When asked the significance of so many important men of the steamship business arriving together, Ismay replied, "Our coming as members of one party is purely a coincidence." This convenient story got further embellishment in other papers, with ever more ridiculous claims. No doubt Inverclyde fumed while reading Vernon

242 Ibid.


Brown’s reports side by side with the newspaper accounts, including Brown’s most recent letter, which stated that the Ismay party had several meetings with Griscom and his representatives, including a partner of Morgan’s named Steele.\(^{245}\)

Finally, on February 5, 1902, Lord Inverclyde received news from Brown in a coded telegram: "Contradict Syndicate Acquired Cloakedly Clepsommia All Services Clepsommia Party Acosmia Oceanic Bashful Cacophonie With Clickers Clewlines."\(^{246}\) Inverclyde wrote back saying he translated the code to say, “Contradict syndicate acquired Dominion White Star Line all services. White Star party sail from here Oceanic referring to our letter of (blank) working agreement established between Hamburg American Packet Co. and North German Lloyd.” Evidently, the code proved opaque even to Inverclyde, who wasn’t certain what letters Brown referred to and lacked clarity on what the coded message meant.\(^{247}\) Inverclyde replied, "Even with all your letters before me, the whole thing remains somewhat of a mystery, because what did the distinguished party connected with the White Star company go to New York for?"\(^{248}\)

\(^{245}\) Brown to Inverclyde February 4, 1902., Ibid.

\(^{246}\) Brown to Inverclyde February 5, 1902., Ibid.

\(^{247}\) Inverclyde to Brown February 7, 1902., Ibid.

\(^{248}\) Ibid.
The word "contradict" confused him, even though it later turned out to be part of the code.

In a follow up letter, also on February 5, Brown finally broke the news to Inverclyde: White Star and Dominion Line had both been acquired and that shortly an American parent company would indeed be formed along the lines of Northern Securities. Although each line would continue to manage its own day-to-day operations, Morgan and "his friends" now owned a controlling stock interest and the parent company would have an American board of directors.\(^2^4^9\) As for the coded telegram, Brown clarified that "our letter" referred to the letters of the February 5th and 7th and that the rumors they contained were correct.\(^2^5^0\) The confusing word "contradict" had meant that the telegram was intended for Inverclyde only.

Brown's information proved mostly accurate, although it did not include some side issues about which his associates could not have known. For instance, in February 1902, as an incentive to Lord Pirrie, Morgan offered an agreement to Harland & Wolff, which stated that “all orders for new vessels and for heavy repairs, or alterations that require to be done at a shipyard in the United Kingdom of Great Britain and Ireland, including reboilering, re-engining [sic] and suchlike” would be given to Harland &

\(^2^4^9\) Brown to Inverclyde February 5, 1902., Ibid.

\(^2^5^0\) Brown to Inverclyde February 17, 1902., Ibid.
This move gave the firm not only the lucrative repair and maintenance work for hundreds of ships, but also the majority of the new construction contracts. The influx of business assured Harland & Wolff’s financial status for as long as Morgan’s trust existed. It also further reinforced their ability to upgrade and expand the shipyards as new technologies became available. As for the specifics of the deal with White Star, Morgan offered the shareholders a payment of $32 million ($940,967,441 in 2018). Interestingly, Brown had guessed that this figure would be between $40 and $45 million. Of that sum, 25% would be in cash and 75% in preferred stock of the International Mercantile Marine, worth 37.5% of the total stock of the syndicate.

The negotiations for White Star demonstrate the length to Morgan would go for his objective. To purchase what he envisioned as his flagship line, Morgan offered vast sums of stock, cash, and other benefits for a highly profitable and widely respected


252 Strouse, Morgan, 465.

253 Brown to Inverclyde February 6, 1902. Box D42/Ca/10, Cunard Papers, University of Liverpool Archives

Atlantic steamship firm. Cunard Line did not enjoy the stature of White Star during this period, giving Inverclyde reason for concern. If Morgan should make offers to Cunard Line stock holders, what reason would they have, aside from patriotism, to keep Cunard British? They were men of business after all, and Morgan seemed to have the money to make a Cunard buy out very good business.

At this point, the deal for White Star had just one more step: formal approval from the Ismay family. At first, the Ismays resisted the offer. Margaret Ismay, the widow of company founder Thomas Ismay, stood strongly against the buyout for sentimental reasons. In the end, however, she accepted Morgan’s terms, though not without some sadness. As she recorded in her diary in mid-May 1902, “The Annual Meeting of the Oceanic Steam Navigation Company, and the last one I fear, as it has passed into the hands of others. It is a great wrench being 'His' life’s work…” Earlier in the month she expressed similar feelings, adding that she believed Bruce Ismay, the company chairman and her son, had done the best he could in the negotiations.\footnote{Oldham, \textit{The Ismay Line}, 141} With the sale, White Star went from a family-owned business to just one part of a vast international concern.
J.P. Morgan’s 1902 purchase of White Star sent shockwaves through the British shipping industry and the British government, causing even more consternation than the earlier purchase of Leyland Line. White Star, along with Cunard, stood as the great symbols of British international commerce. Not only had the largest British cargo carriers fallen into American hands, but so had many passenger lines. This was especially distressing in the case of White Star since its most recent ships combined large cargo and passenger capabilities, making them perfect for use as military transports. Without the cargo and troop capacity these ships represented, many Britons recognized, Britain’s position in the event of war could become very precarious indeed.

In Parliament, the president of the Board of Trade, Gerald Balfour, and the Secretary to the Admiralty, Hugh Arnold-Forster faced questions as concern now grew for the future of Cunard.256 The topic became a recurring one in Parliament. On May 1, Sir James Woodhouse made a lengthy floor speech asking questions about the syndicate and what it meant to British shipping. He also expressed concern of another registry bill being enacted by the American Congress, which would allow ships under Morgan’s control to gain American registry. Another member of Parliament, Gibson Bowles, observed that 350 ships representing over 2,000,000 tons sailed under Morgan’s control.

256 House of Commons Debate 25 April 1902 vol 106 cc1322-4; HC Deb 12 May 1902 vol 107 cc1350-3.
Although Balfour and other government leaders tried to calm the members of Commons, questions became heated before ending for the day. On May 12, recriminations resumed as three members of Commons took Balfour to task, grilling him on whether the Syndicate could take over Cunard as well. Concern for Cunard continued as Lord Charles Bearesford asked pointedly if any contract or agreement existed allowing the syndicate to buy out Cunard. Again, Balfour answered no.

Cunard’s continued independence would, in time, come back to haunt the International Mercantile Marine. In the first years of the 20th century, however, British fears were definitely stoked as Morgan's syndicate, having just purchased White Star, turned its attention to actively and rather openly pursuing Cunard.

**Cunard’s Evasive Action**

As Morgan turned his attention to Cunard, many Britons began to fret. If Cunard were bought out, they recognized, Britain, the "ruler of the waves," would lose all of its most prestigious merchant ships and many navy auxiliary vessels. Concern now grew,

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257 HC Deb 01 May 1902 vol 107 cc458-94.

258 HC Deb 15 May 1902 vol 107 cc1350-3.

259 HC Deb 15 May 1902 vol 108 cc375.

among British politicians and citizenry, for the future of the line. The results of the sideshow playing out with Cunard provided the prompting to build the Olympic class.

Between 1901 and 1902 Morgan made repeated buyout offers to Cunard Line, each of which its chairman, Inverclyde, rebuffed. Inverclyde hoped that as concern grew in Parliament that the Empire was losing its merchant fleet, government officials’ understanding of the importance of Cunard would grow, allowing him to use it as leverage to encourage government intervention.

Hindering Lord Inverclyde’s efforts, however, was the fact that Cunard possessed an aging, deteriorating fleet. In 1902, the company's newest vessels were Campania and Lucania, both built in 1893. The rival White Star fleet, by contrast, included Oceanic (1899) and Celtic (1901), and planned to add more within the next couple years. Each of the White Star ships had taken the title of largest ship in the world, gaining headlines for White Star and IMM. Cunard’s most recent run at the headlines, conversely, proved far less positive. During a recent voyage, the Etruria, of 1884 vintage, broke her sole propeller shaft. She lay dead in the water until a cargo steamer came along and towed her to the Azores. Even more humiliating, Etruria once
held the Blue Riband and the freighter that towed her to safety belonged to Morgan’s syndicate.261 Even the German lines outshined Cunard’s best.

As Cunard’s ships slipped into obsolescence, the German NDL and Hamburg-Amerika lines built new liners designed for speed. From 1897 until 1907, when Cunard’s new Lusitania brought the Atlantic Blue Riband home, the prestigious award for speed belonged to the Germans. One ship after another—beginning with Kaiser Wilhelm der Grosse, and followed by Deutschland, Kronprinz Wilhelm and finally Kaiser Wilhelm II—held the Riband with increasing records.262 The ships themselves also created a fashion trend that dominated the Atlantic for decades: they inaugurated the four-funneled liner. The German ships featured superior speed and aesthetic aspects that drained business not already absorbed by the Morgan syndicate. The names of each ship, painted on the hulls of such massive industrial marvels, proclaimed imperial German triumph and tarnished British shipping all the more by comparison. With the American Morgan buying up British shipping on one side of the Atlantic and the Germans’ rapidly growing continental dominance on the other, Cunard stood alone as the last major standard-bearer of British maritime commerce.


While this situation was in many ways an embarrassment, it also created an opportunity for Inverclyde. His strategy of remaining independent relied on playing the British government against the Morgan Syndicate. Writing to friends, he encouraged questions about the deal between White Star and the Morgan syndicate to be asked in Parliament.\(^{263}\) In at least one case, this plan backfired. Lord Selborne of the House of Lords questioned the actions of the Cunard board of directors, asking if they had taken steps to prevent sell out by stock holders and if not, why not. Inverclyde wrote Selborne personally to explain there was nothing he could do in that regard. "I cannot prevent Trustees or ordinary shareholders from selling," he noted, "& if such an offer as I indicated is made I am bound to bring it before them and I think a large number would accept it."\(^ {264}\) Despite this early critique, however, Inverclyde's machinations soon seemed to have a more positive effect. Lord Selborne happened to be First Lord of the Admiralty, a position he held through 1905. On March 13, 1902, he invited Inverclyde to meet with him at the Admiralty in person, to discuss the future of the Cunard fleet.\(^ {265}\)

Shrewdly, Inverclyde used this meeting to press his advantage. Writing to Selborne a few days later, he explained he saw no choice but to sell the fleet, noting that

\(^{263}\) Inverclyde to Vernon Brown, March 13, 1902; Arnold D. Forster to Inverclyde March 11, 1902. Box D42/Ca/14, Cunard Papers, University of Liverpool Archives.

\(^{264}\) Inverclyde to Selborne March 12, 1902., Ibid.

\(^{265}\) Selborne to Inverclyde March 13, 1902., Ibid.
"The Company have been approached by outsiders with proposals." If followed up, he noted, these proposals “would lead to the transfer of control of the Company's property on very profitable terms, and in giving up the right to entertain offers for the sale of the ships, the Directors would be relinquishing the possibility of making a very advantageous arrangement." Inverclyde added that he could not see renting out the fleet because it would "destroy entirely the company's regular business." Concluding his letter, Inverclyde explained that conditions on the Atlantic had changed to such an extent that free and open business competition would soon end, meaning that "trade will be regulated to a great extent by influences which are not British and which may be used to deter this Company." If Selborne wanted Cunard to stay British, in other words, he would have to find a way to help Cunard stay competitive and profitable on the Atlantic trade despite its competition with a massive monopoly.

Fortunately, Inverclyde had a suggestion for Selborne: help Cunard build new ships. As Inverclyde well appreciated, the Admiralty’s greatest concern was becoming involved in a war only to find that Morgan’s syndicate denied the use of formerly British-owned ships to Britain. Worse yet, what would happen should those ships be employed as a bunch of "Alabamas?" asked a newspaper article, referring to the

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266 Inverclyde to Selborne March 12, 1902., Ibid.
Confederate cruiser that destroyed so much of the Union merchant fleet in the 1860s.\textsuperscript{267} The clear solution, according to Inverclyde, would be an arrangement in which Cunard built new ships to the Admiralty’s specifications, a win-win situation for both parties. As Inverclyde contended, "The Cunard Company do not, any more than the Admiralty, like to see their ships surpassed in power and speed, and would be glad to endeavor to alter this if they were assured of adequate support."\textsuperscript{268}

Selborne offered a lukewarm response, suggesting that new ship construction created a separate issue, one he did not care to mix with agreements covering the Royal Navy’s use of Cunard’s existing ships in war time.\textsuperscript{269} However, Inverclyde insisted that the issues did connect. The entire future of the company, he stressed, rested upon building ships with an obligation to the Admiralty. If the company were free from any Admiralty obligations, it would not only change the direction of construction but future ownership of the fleet.\textsuperscript{270} In a follow-up letter to Selborne, Inverclyde issued an even more direct and dire warning. "If they [the purchasers of the fleet] had the controlling power," he cautioned, “it would be very difficult to prevent their using it to the

\textsuperscript{267} Newspaper clipping page 12 of D42/Ca/14, Ibid.

\textsuperscript{268} Inverclyde to Selborne March 12, 1902. Ibid.

\textsuperscript{269} Selborne to Inverclyde March 22, 1902. Ibid.

\textsuperscript{270} Inverclyde to Selborne March 25, 1902. Ibid.
prejudice of this country if it were to their interest to do so." By April 3, Inverclyde began the hard sell by sending Selborne a letter with estimates on the construction of two types of ships: a 700-foot long model, capable of traveling between 21 and 25 knots, and a 625-foot variation, capable of 18 knots speed. Although the design studies were by no means final, the 700 foot long 25 knot variant formed the basis for what eventually became the *Mauretania* and *Lusitania*.

**Albert Ballin and Germany**

Probably the most important man in German shipping circles, aside from Kaiser Wilhelm II himself, was Albert Ballin, the managing director of Hamburg-Amerika Line. Ballin first took notice of Morgan's actions in May 1901, during a stay in the United States, although it is possible he may have known something earlier due to his friendship with Lord Pirrie of Harland & Wolff. Ballin's chief concern was Morgan's attempt to buy up a controlling interest in HAPAG stock and bring the German line into the syndicate. He decided that it would be in the best interest of HAPAG to come

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271 Inverclyde to Selborne March 29, 1902. Ibid.

272 Inverclyde to Selborne April 3, 1902. Ibid.

to an arrangement with Morgan, but he faced complications that British companies did not.\textsuperscript{274}

First and foremost was Ballin’s friendship with, and status as advisor to, Kaiser Wilhelm. The Kaiser, who fancied himself a nautical man, had an almost paternal interest in the business of Germany’s largest shipping lines, HAPAG and its rival North German Lloyd (which played the roles of the German White Star and Cunard Lines respectively). Wilhelm and Ballin met during the launch of Hamburg-Amerika’s \textit{Augusta Viktoria}, named for the Kaiser’s wife, in 1891.\textsuperscript{275} Wilhelm took direct interest in the privately-owned lines on the basis of national interest. Wilhelm suggest to Ballin, for instance, that it would benefit Germany, and please him personally, if more German liners were built at yards in Stettin and Wilhelmshaven rather than Harland & Wolff.\textsuperscript{276} The dread Ballin had for the Kaiser’s reaction to the news of Morgan’s combine must have been palpable.

Ballin proposed to Morgan, through Lord Pirrie, that rather than becoming subsumed into the syndicate, Morgan and a couple of his partners should secretly buy a

\textsuperscript{274} Cecil, \textit{Ballin}, 50.


\textsuperscript{276} Ibid., 209.
minority stake in HAPAG with shares on the open market, thereby gaining some say in running the company without destroying its identity as a German firm. This plan, however, quickly leaked to the German press, prompting the Kaiser's displeasure. Ballin eventually maintained independent identities for both Hamburg-Amerika and North German Lloyd by agreeing to a long list of terms. First, the German firms agreed to join in a profit sharing agreement with the Morgan syndicate. Second, the Germans would cooperate on setting rates and selecting routes in exchange for the combine paying out one fifth of the total needed to bring up the German lines' common stock dividends should they fall below 6%. In exchange, the syndicate would receive one fifth of all dividends over 6% of the German common stock. Additionally, the syndicate promised to take control of Germany’s main continental competitor, the Holland America Line, through purchase of stock. Morgan got 51% of Holland America and then promptly sold a quarter of the total to Hamburg-Amerika and North German Lloyd.

At every step of the negotiation, Ballin kept Kaiser Wilhelm well informed. Losing Germany’s greatest steamer lines to Morgan would have been unacceptable to the monarch. Throughout negotiations, Wilhelm pressured Ballin to make sure the

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277 Navin and Sears, "A Study in Merger," 312.

278 Cecil, Ballin, 53-54.
independence of the lines was maintained no matter what other accommodations he had to make. Ballin presented the text of the deal to Wilhelm, who made some adjustments and approved it based on the continued independence of the German lines.279

**Increasing Pressure in Britain**

For Cunard, Morgan’s successful negotiations with the continental lines represented a very dangerous development. Between the understandings reached with the German lines and pending ownership of other European lines, Cunard’s position as an independent company could easily become untenable. It might even face the stark choice of joining the syndicate or going out of business. Making matters worse for Cunard, the British government began to actively engage Morgan in negotiations to secure the use of the fleet in case of war. Colonial Secretary Joseph Chamberlain met personally with Morgan to discuss the shipping syndicate. Chamberlain, angry because of the endangerment of British national interests, suggested that the government might purchase White Star’s best ships to secure them for British use. Morgan tentatively agreed to this proposal, but insisted that the British government pay 40% more than the

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279 Ibid., 51.
value of the ships. Stalemate ensued until the fall of 1902, when a new prime minister, Arthur Balfour, decided to restart talks.

In the ensuing negotiations, Balfour convinced Morgan to promise to protect British interests for the next fifty years by maintaining British registry for any British-built ships and by honoring prior commitments to the Admiralty. Making this pledge would put IMM in compliance with the Companies Act of 1901, a statute that codified long-standing practice. Specifically, the law stated that “no corporation shall be registered as owners of British ships, unless 'established under and subject to the laws of some parts of His Majesty’s dominions, and having their principle place of business in those dominions.'” In other words, J. P. Morgan could own shares of a British company, but not the firm itself, while company management had to remain in Britain. This served British national interests in terms of defense while also fulfilling Morgan’s goals by giving him domination of the market. Although Morgan controlled rates and consolidated routes, the British government maintained its access to the massive troop and cargo capacity that the newly American owned fleet provided. The agreement also adhered to Mahan’s theories, in that profits from this merchant marine now flowed into American coffers, thus expanding the US economy.

280 Strouse, Morgan, 466 - 467.

While these negotiations were taking place, Selborne and Inverclyde continued their correspondence. The Cunard chairman repeatedly reminded the First Lord of his responsibility to his shareholders, noting that their interests were paramount. If Great Britain wanted to retain control of Cunard’s fleet, Inverclyde argued, they simply had to offer something and not just expect Cunard to sign a deal which gave the government the right to call up the fleet for government service at any time.282 Selborne, on the other hand, maintained that he had no say and could not negotiate subsidies, claiming that he continued to see this as a separate issue.283

As their communications continued, Inverclyde added Joseph Chamberlain, Colonial Secretary, to his negotiations with the Admiralty. In a suggested agreement with the Admiralty, Inverclyde proposed two large steamers, not less than 700 feet long and able to produce speeds of between 24 and 25 knots for the New York mail service. Additionally, he wanted four "large steamers" capable of 18 knots, also for New York, and three steamers for the Boston service capable of 16 knots. This refined the April 3 proposal that included design studies. If the government agreed to subsidize the building and maintenance of those steamers, a special meeting of the shareholders would be called to amend the company articles so that no stocks could be transferred to

282 Inverclyde to Selborne April 12, 1902. Box D42/Ca/14, Cunard Papers, University of Liverpool Archives.

283 Selborne to Inverclyde April 22, 1902. Ibid.
foreign holders. 284 Once again Lord Selbourne responded in a lukewarm fashion. 285 Inverclyde wrote back expressing frustration, especially considering that a recent interview at the Colonial Secretary’s office led him to believe negotiations had begun. 286 Inverclyde also sent copies of the proposal to Gerald Balfour, president of the Board of Trade and brother of Prime Minister Arthur Balfour. 287

This back-and-forth interaction proceeded as Inverclyde continued to stress the danger of a sell-out. Finally, in October 1902, the government proposed the deal for which Inverclyde had hoped, although negotiations over details lasted into 1903. In exchange for “staying British,” Cunard gained a new yearly subsidy of £150,000 ($27,498,586 in 2018) not connected to the mail contract. In addition, the government offered a loan of no more than £2.6 million ($480,675,292 in 2018) at two and three-fourths per cent interest. The loan funded a new pair of major trans-Atlantic liners, built to admiralty specifications. The ships had to maintain speeds of 24 to 25 knots and be built as auxiliary cruisers. The government also retained the right to call up the ships in the event of war. The agreement further stipulated that any future proposed ship with a

284 Woodhouse to Inverclyde May 7, 1902. Ibid.

285 Selborne to Inverclyde May 8, 1902. Ibid.

286 Inverclyde to Selbourne May 9, 1902. Ibid.

287 Selborne to Inverclyde May 12, 1902. Ibid.
speed of 17 knots or more would have plans submitted for Admiralty approval before construction.\textsuperscript{288} This move guaranteed preservation of Cunard’s fleet for both national and business prestige and policy related reasons.

The deal received mixed reaction on both sides of the Atlantic. The \textit{North American Review}, however, referred to the deal with Cunard, as well as the deal with Morgan and IMM to maintain British ownership of vessels despite American control of companies, as "masterpieces of British business-statesmanship."\textsuperscript{289} In Britain, announcement of the proposed agreement to Cunard shareholders "was most favorably discussed in the clubs and elsewhere, and it was generally accepted that the Government and the Cunard Company together had accomplished an effective strategic move against the American combine."\textsuperscript{290} As late as 1904, however, the member of Parliament from Lanarkshire, James Caldwell, posed a series of critical questions before the House of Commons: Why only two ships? Why only Cunard? Why not twenty ships and what of the German merchant companies? They had not received subsidies to

\begin{itemize}
\item \textsuperscript{288} Anonymous, "The Government and the Cunard Line." \textit{The Manchester Guardian}, October 1, 1902.
\item \textsuperscript{290} Ibid.
\end{itemize}
"stay German," he complained. Likewise, Winston Churchill, then a member of Parliament before assuming executive office, questioned the wisdom of the plan and asked why warships could not be built that would be equal to the proposed Cunard liners. This long term "buyer's remorse" was significant because it compared the response of Great Britain to that of Germany, and the resilience of the British merchant marine. To some, the American takeover and the poor condition of Cunard suggested the British merchant marine did not have the strength people imagined it did. Perhaps, these individuals may have concluded, the British merchant marine had reached its natural end.

Ultimately, however, these criticisms failed to prevent the deal from going through. Made official on July 30, 1903, the deal with Cunard represented a significant change in British government policy. Previously, subsidies or contracts might be offered, but such massive loans changed the business relationship to something more akin to a partnership. Unlike the deal that subsidized White Star's earlier *Teutonic* and *Majestic* only, this new arrangement created two ships and extended to most of the current and future Cunard fleet. Additionally, the new annual subsidy fortified Cunard against competition from IMM, helping to assure its continued existence. The British

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291 HC Deb 08 August 1904 vol 139 cc1470-9.

292 HC Deb 02 August 1904 vol 139 cc673-704.
government had taken a direct interest in the future of a shipping company specifically to safeguard sea-lane lifelines. Britain relied on its imports and exports for its economic survival. In losing the fleets, the nation faced financial decline in peace and starvation in case of war. The resulting additions to Cunard, however, placed it on more equal footing with the newest White Star liners.

*Lusitania, Mauretania and Empire*

Cunard’s two new giants represented a resounding reestablishment of British maritime superiority. At their premier in 1907, the twin flyers were immediately recognized as the largest and fastest in the world. Famous long before her demise by German torpedoes on May 5, 1915, *Lusitania* measured in at 790 feet overall and 87.8 feet wide and weighed in at 31,550 tons with a designed speed of 25 knots. On her second voyage, *Lusitania* took the Blue Riband from *Kaiser Wilhelm II* with an average speed of 23.99 knots. Great Britain, and more specifically Cunard, went on to hold the award for the next twenty-two years, until NDL’s *Bremen* finally won it from *Mauretania* in 1929.293 Adding another feather to Cunard’s cap, *Lusitania* edged out White Star’s new *Adriatic*—launched just one day after *Lusitania*—for the title of the largest ship in the world by 7,099 tons and 61 feet. Such impressive statistics threatened the prestige not

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only of White Star, but by extension the International Mercantile Marine.\textsuperscript{294}

As part of the Admiralty contract, both \textit{Lusitania} and \textit{Mauretania} included a number of structural features designed to increase resilience during wartime service. The pair had 175 watertight compartments that could be closed simultaneously and placement for eight 6-inch guns on the shelter deck, four on each side, should the twins be called up for service as cruisers.\textsuperscript{295} While not overly impressive as a fleet unit, the guns and speed made the ships potentially valuable as commerce raiders. Although

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experience in World War I would later demonstrate that Mauretania’s value lay in
service as a troop carrier or hospital ship and not as an armed merchant cruiser (AMC),
to observers in the early 1900s she seemed a fairly formidable vessel.296

The statistics of the new liners remain impressive even today. Lusitania and
Mauretania’s passenger capacity each totaled 2,213.297 They featured a cargo capacity of
20,000 cubic feet making them highly profitable cargo carriers. For passengers, novelties
included a complete shipboard telephone system which allowed internal
communications at any time and could be linked into the land-based telephone system
when in New York or Southampton. Children enjoyed their own play areas with child-
sized furniture and dining accommodations, as well as professionally painted panels
depicting nursery rhymes. For the especially wealthy passengers, two "Regal Suites"
provided private dining, with a small kitchen, bathroom, parlor and two bedrooms.298

296 As observers would learn in the 1910s, ships of the Mauretania’s size simply proved
too unwieldy as AMCs which needed to be quick to maneuver. Additionally, other
large ships, such as White Star’s Oceanic and Cunard’s 1914 vintage Aquitania proved
accident-prone as AMCs. Aquitania collided with an escort while still in harbor and
Oceanic ran aground due to bad navigation by a Royal Navy captain inexperienced in

297 Haws, Cunard Line, 58.

298 Hood, Lusitania & Mauretania, 174, 163-166, 137-139.
For the first time, a Cunard liner approached the White Star’s standards of comfort and luxury.

*Lusitania* and *Mauretania* represented a major step in reestablishing the international prestige and the perception of British dominance in the world market. Even after years of engineering advancements and a growing share of the market, Germany’s finest ships looked mundane and old-fashioned compared to their new British counterparts. Germany’s hard-won record for speed had been blown away after just two voyages of *Lusitania*. In addition, that Britain could, seemingly at a whim, revolutionize nautical design and regain national prestige lost to Morgan’s combine. Despite being the darlings of the transatlantic press just weeks before, White Star’s ”Big Four”—the *Celtic, Cedric, Baltic* and *Adriatic*—suddenly went from being known as the largest and most luxurious ships in the world to being second-best to Cunard.

Britain's dominance in ship design and construction allowed them to build steamers that outstripped rivals in terms of technology and size. *Mauretania* and *Lusitania* served as more than just symbols, however. The abundance of shipbuilders in Britain allowed Cunard to construct in two yards simultaneously, thus placing them in service (and demonstrating Britain's industrial might) as quickly as possible. This situation was in stark contrast with Clement Griscom’s earlier problems in forming his steamer lines. The lack of experience in modern shipbuilding in the United States drove
costs up to build steamers, in those few places where the facilities existed at all.²⁹⁹

Indeed, prior to this time, the British built the majority of the German merchant navy to
the great consternation of the Kaiser. The largest ship in the German merchant marine,
_Amerika_, came from Harland & Wolff.³⁰⁰ This dominance extended into naval
construction as well. The Japanese, as well as nations in South America and the
Ottoman Empire, all looked to Great Britain’s shipyards for their maritime construction
needs.³⁰¹ While American finance began to dominate international economics, British
technology and industry continued to dominate shipping design and construction.

²⁹⁹ Statements of Clement Griscom and Thomas Clyde, in _To Promote the Commerce and
Increase the Foreign Trade of the United States and to Provide Auxiliary Cruisers, Transports
and Seamen for Government Use When Necessary Act of 1900: Hearings on S. 727, Before the
Subcommittee on Ships and Shipping, 56th Cong. 149. (1900) (statements of Clement
Griscom and Thomas Clyde—revise these notes, throughout, so that you have the
names of people making statements before the document. I’ve marked a few, but please
work through and correct throughout.). In their statements both men noted that
American ship builders continued to build coastal, wooden hulled ships and had little
to no experience building ocean going steel ships.


³⁰¹ Robin Gardiner, Ed. _All the World’s Fighting Ships, 1860-1905_, London: Conway
Directory of Capital Ships from 1860 to the Present Day_, New York: Salamander Books,
1983.
Cunard’s deal with the British government had occurred in October 1902, the same month that Morgan formally organized his International Mercantile Marine. Morgan, however, did not sit idly by after this deal had been struck. To the contrary, he continued to move forward with his own plans despite failing to obtain Cunard. In the ensuing months, as Cunard advanced the planning and construction of the *Lusitania* and *Mauretania*, the organization of IMM was simultaneously beginning to formalize, as Morgan set out to remake North Atlantic shipping according to his will.

In the fall of 1902, Morgan officially formed the International Mercantile Marine, while complying with the previous agreements made in his negotiations with Prime Minister Balfour. Directors of IMM included William Pirrie, J. Bruce Ismay, three other British citizens (to represent British Imperial interests), and eight additional Americans.\(^{302}\) While this board oversaw IMM, each company within the combine maintained its own board of directors in compliance with the British Companies Act. However, these boards of directors served largely as rubber stamps, with ships used interchangeably between routes and even between one company and another by direction of IMM leadership in New York. For instance, in 1903, five ships changed

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from the Dominion Line and Atlantic Transport Line to White Star for the purposes of route consolidation.\textsuperscript{303} This demonstrated the dominance of American leadership in determining the daily operations of IMM’s constituent companies. Although Morgan abided by his word that the ships themselves would remain British with British ownership, registry and crews, Americans, led by Morgan, ultimately controlled the lines. The complexity of running such a vast operation contributed to American dominance in logistical and managerial affairs, especially with so many ships visiting the port of New York.

In February 1904, just a little over a year after IMM formed, Griscom outlined the operations of IMM and the immensity of its scope in \textit{System Magazine}. By that time, IMM operated 140 steamships sailing all around the world. As Griscom explained, "It has dealings with half a dozen different governments and with dozens of cities, each with individual regulations and port requirements to which it must conform." White Star ships called at New York, Liverpool, Boston, the Mediterranean, South Africa, Australia and other points in the Pacific. These legal and logistical complications multiplied because of the six companies controlled by IMM, each of which served many international ports.\textsuperscript{304}

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\textsuperscript{303} Haws, \textit{White Star Line}, 59 - 62. \\
\textsuperscript{304} Clement Griscom, "Organization and Shipping," \textit{System Magazine} vol. 5, number 2, February 1904, 71-81.
\end{flushright}
Management of a shipping line encompassed a number of different administrative areas, divided into three major departments: maintenance/administration, freight, and passenger. Falling under the control of a manager, several steamships sailed between certain ports on fixed routes. The manager insured that the ships stayed in good repair and that the holds and passenger accommodation had as large a booking as possible. Griscom pointed out that ships only spent half their time at sea. "During the other half they are in port on one or the other side of the ocean, undergoing overhauling, cleaning, provisioning, unloading and loading that are necessary between voyages."  

All of this incurred great expense. Griscom estimated that unloading and loading, painting, cleaning and making any needed repairs cost between $10,000 to $15,000 per ship for each one-way trip. ($272,836 to $409,254 in 2018). "This is aside from the cost of coal," he continued, “which varies greatly not only with the speed of the ship, but between vessels of practically the same size and speed." That cost fell at somewhere between $15,000 to $25,000 ($682,091 in 2018). Contributing further to expenses were wages for three to four hundred crew, insurance, port charges—all multiplied by the number of ships within the fleet—plus the maintaining of port

\[305\] Ibid.
terminals, offices, and agencies. The need to control these costs, Griscom emphasized, made careful organization at all levels critically important.306

Herein lay one of the IMM’s earliest and greatest problems. Henry Wilding, who controlled Leyland, insisted on running the line as though it were an independent concern, paying little attention to IMM directives.307 In effect, this caused Leyland to be in competition with its parent company. These failures to coordinate gave IMM a rocky start.308 Another problem lay in Griscom’s management of IMM. Although he had proved effective in his leadership of his own lines, the massive conglomerate needed a much stronger hand. Many simply found Griscom’s leadership in the massive combine wanting. In a private 1903 letter to J. Bruce Ismay, Albert Ballin confided that while he still believed in the International Mercantile Marine, he felt the wrong men had been involved in its early management. Condemning the work of the first chairman of IMM, he called Griscom "reckless" and criticized him for his "guile." Ballin hoped that Ismay might be a better leader if he took over the chairmanship in the next year.309 Meeting

306 Ibid.


308 Ibid., 128.

309 Albert Ballin to J. Bruce Ismay, 24 December, 1903, Cheape-Ismay Family Archives.
with Lord Pirrie in London before sending the December letter to Ismay, Ballin suggested that Ismay replace Griscom as the best candidate for the job.\footnote{C. E. Dawkins to Charles Steele, 24 December, 1903, Ibid.}

Ballin was not the only one who felt that IMM needed a change in management. In late December 1903, C. E. Dawkins and Lord Pirrie wrote Charles Steele to explain that they and others had come to the conclusion that Clement Griscom should resign. “The successful working out of the I.M.M. Co.,” they claimed, “is to be found in what is popularly termed ‘one man of power,’ a power, however, to be wielded by someone whose whole life has been in the shipping business and whose whole time and thought would be devoted to the great shipping interests comprised by the I.M.M. Co.”\footnote{C. E. Dawkins and William Pirrie to Charles Steele, 24, December, 1903, Ibid.} That person—that “one man of power,”—in their minds, was J. Bruce Ismay.

Ultimately, such appeals worked, and Ismay replaced Griscom as president of IMM. Negotiations for Ismay’s takeover took some time, however. Morgan initially offered Ismay the position on February 10, 1904 at a meeting at Morgan's home. Ismay then took some time to consider it. Ismay confided, "There is no doubt that I.M.M. Co. is at present in an extremely unsatisfactory condition both in regard to finance and organization, and you will appreciate it will require a great deal of hard and anxious

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\footnote{C. E. Dawkins to Charles Steele, 24 December, 1903, Ibid.}

\footnote{C. E. Dawkins and William Pirrie to Charles Steele, 24, December, 1903, Ibid.}
work to put it on a proper working basis." He eventually agreed to take the position, but only if several requests were agreed to.\textsuperscript{312}

Ismay’s list ranged from the sweeping to the mundane. First, he specified his title should be president and managing director. As such, "his management of the business of the I.M.M. Co. shall be unlimited and uncontrolled, and his decisions on all points other than financial matters must be final." Second, he demanded that "the entire control of all subsidiary Companies of the I.M.M. Co. shall be vested in him, and that his decisions on all matters of policy and management of these companies shall be final so far as the I.M.M. Co. can control the same." Third, he required absolute authority to hire and fire anyone employed by IMM. Fourth, he insisted that J.P. Morgan himself must be ready to make good on any financial "deficiency" of IMM for three years after January 1, 1904. Ismay made nearly a dozen other, more minor demands as well, mostly with regards to his own managerial authority.\textsuperscript{313} With these requests, he hoped to gain clarity in future dealings with issues such as the earlier Leyland Line situation.\textsuperscript{314}

\textsuperscript{312} J. Bruce Ismay to Charles Steele, 21 February, 1903, Ibid.

\textsuperscript{313} "Memorandum of the understanding, under which J. Bruce Ismay is willing to consider undertaking the duties of President and Managing Director of the international Mercantile Marine Company" 20 February, 1904, Ibid.

\textsuperscript{314} C. E. Dawkins to Charles Steele, February 18, 1904, Ibid.
Although Ismay agreed to accept the IMM presidency primarily because Morgan agreed to his long list of demands, encouragement from his mother, Margaret, also helped convince him to take the post. "I must put my personal feelings on one side, for I know it is a proud and important position you are offered," she wrote. Margaret Ismay believed her son was the best man for the job and fully supported his promotion, even though it meant him living half the year in America and half in England. The presidency of IMM dictated close work with the other members of IMM's top leadership. For Griscom, this had been easy residing in Pennsylvania, near the seat of Morgan's power. Ismay did not have that luxury. Inter-office intrigue and rivalry inherent in such business, as well as being the only Briton at the highest level of leadership, made Ismay's presence in New York all the more vital. These factors demonstrated that while on paper the lines and European leadership committee of IMM held considerable power, the authority to make the most important decisions nevertheless remained in New York.

In accepting the promotion, Ismay made his intention to set things right with IMM his primary concern. Though he continued to hold the positions of chairman and managing director of White Star, which remained his principle personal interest, IMM took most of his attention. Writing to Lord Pirrie, Ismay lamented the poor condition of

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*315 Margaret Ismay to J. Bruce Ismay, February 10, 1904, Ibid.*
IMM, especially in terms of finance. "I know the Company is largely indebted to your Firm, and we must do all possible to reduce this liability;” he wrote, adding “all I ask is that you should make it as easy as possible, and not press us unduly.” Morgan and his chief aid Charles Steele, Ismay affirmed, "are quite prepared" to pay claims and make IMM a success. Ismay also remarked on the "[rate] war in the Mediterranean trade, in the Atlantic trade both passenger and freight." Both, significantly, were commerce that Cunard took part in, no doubt contributing to IMM’s distress. Despite his concerns, Ismay closed on an optimistic note. "Well, I have undertaken a big job, and look to you to help me all you can, and feel sure I can rely on your loyal and hearty support.”

The cause for Ismay’s financial concern lay in the First Annual Report of IMM in 1904. With net earnings of $4,000,522 ($113,671,011 in 2018) and net expenses totaling $3,645,227 ($103,575,643 in 2018), IMM’s surplus earnings for the year totaled just $355,295 ($10,095,368 in 2018), a paltry sum in Ismay’s mind. The fact that 1903 saw a depression in freight on the North Atlantic had depressed earning by "not less than $1 million,” he estimated. Ismay would certainly have been aware of this going into the IMM leadership position.

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316 J. Bruce Ismay to William Pirrie, March 2, 1904, Ibid.

By the time of the report in 1905, one year into Ismay’s presidency, the horizon already seemed brighter. The surplus earnings totaled $3,127,491 ($89,874,495 in 2018)—nearly ten times the previous year—while expenses remained largely the same as previous years.\footnote{Anonymous, "Mercantile Marine Profit," \textit{The New York Times}, June 15, 1906.} While the end of the freight depression played a large part in this improvement, Ismay’s promotion to the top leadership spot in day to day operations helped as well. As Pirrie pointed out, he was, "sure your decision to accept the position of president of the IMM Company must have been as great a relief to Mr. Morgan and our other American friends as it was to your colleagues on this side."\footnote{William Pirrie to J. Bruce Ismay, March 5, 1904, Cheape-Ismay Family Archives.} The stabilization of management gave a degree of solidity that no doubt reassured nervous current and potential investors.

Naturally, the previous announcement of Cunard’s giant new steamers continued to ruffle IMM’s feathers. In 1905, with the combine more stabilized, the opportunity arose to do something about it. White Star’s “Big Four” (\textit{Celtic}, \textit{Cedric}, \textit{Baltic}, and \textit{Adriatic}) were smaller and slower than Cunard’s new giants. Now the final ship in the group, \textit{Adriatic}, lay incomplete in the builder’s yard, robbed of the title largest in the world and the attending prestige by the rebel Cunard Line’s new twins. As Cunard’s
ships neared launching in 1907, it became more and more clear to IMM’s leaders that they needed to do something to recapture the spotlight.

**Olympic Dreams**

Meanwhile back in Belgrave Park, London, Lord Pirrie invited J. Bruce Ismay into his home for an informal business dinner on April 30, 1907. The new ships, Pirrie proposed that night, would exceed anything seen before in terms of luxury and comfort, following the design evolution of White Star's most successful ships. They would be fast, but not Blue Riband contenders. Guiding the rough design would be economy of operation and the maximization profits on the order of the "Big Four"—only magnified.\(^{320}\)

Their proposal—which came to be called the Olympic class—could have gone to any of the lines under the IMM umbrella. While it may have made some sense to place the ships in the American Line fleet, thereby making the largest, most luxurious and technologically advanced ships in the world purely American, Ismay insisted that they be part of White Star.\(^{321}\) In his mind, the ships had to go to White Star for several reasons. The first was purely personal. Ismay's control of IMM allowed him to make


sure White Star remained the most prestigious line of the combine and even allowed him give what he saw as his family’s ships received the best care. It was widely known that *Oceanic* of 1899, the last ship completed during Ismay’s father’s lifetime, got an unequal share of the younger Ismay’s personal attention with regards to maintenance, improvements, and repairs.\textsuperscript{322}

Additionally, White Star’s longstanding history and reputation, as well as its intimate relationship with Harland & Wolff, meant that it was far better established than any other line under IMM control. Only the Dominion Line was as old as White Star, but its leadership never contracted with Harland & Wolff until it came under the stewardship of IMM. Their only Harland & Wolff ships were second-hand purchases, as was much of their early fleet. In any event, Dominion primarily served Canadian and secondary American ports, as opposed to White Star which served New York.\textsuperscript{323} Red Star was a Belgium-based company before IMM and had never been as internationally prestigious an Atlantic carrier.\textsuperscript{324} Placing the Olympic class in any other line in the

\textsuperscript{322} Ibid.

\textsuperscript{323} Duncan Haws, *Merchant Fleets in Profile 2*, (Cambridge: Patrick Stephens, 1979), 82 - 84.

\textsuperscript{324} Ibid., 140 - 141.
combine, in short, risked losing the prestige and passengers attracted by the more established White Star.

With the decision made to place the Olympic class within the White Star line, the disparate threads of technological advances and the foundations set up by White Star and Harland & Wolff partnership began to come together. As part of the new combine, White Star’s profits surpassed £1 million in 1910 ($178 million in 2018) for the first time. To help raise money for construction, White Star placed four and a half per cent debentures on the British stock market. The debentures, which increased the line’s equity and made the promise to pay dividends at scheduled intervals, raised £2.5 million ($446 million in 2018). The line’s history and position as a leading firm set a foundation of public confidence in the new project. The backing of the combine also

325 Anderson, White Star, 106.
promoted consumer confidence when the new stock options came on the market, a strength increased further still by the attachment of Morgan’s name to the project.

At the same time, Harland & Wolff expanded and upgraded their facilities. In 1907 work began at the shipyards, demolishing three building slips and replacing them with two that accommodated ships in excess of 900 feet. The shipbuilder ordered new permanent freestanding gantries, the scaffolding like structures under which ships were built, from Sir William Arrol and Company of Glasgow. These gantries were 840 feet long, 270 feet wide, and 230 feet high. On top sat a massive crane with a load capacity of three tons with a reach of 135 feet and a capacity of five tons when extended 65 feet.

Figure 2: RMS Titanic, 1912. The lifeboat placement and numbers were the same on Olympic at this time. Credit: F. G. O. Stewart, photographer. Public Domain.
Additionally, three "travelers" moved across the gantry on rails and five more cranes on each side.\textsuperscript{326} Besides the physical changes to the shipyard itself, the work force expanded to 15,000 men, of whom between three and four thousand were assigned to \textit{Olympic} alone.\textsuperscript{327} To service the ships in Southampton, the future home port of the Olympic class, Harland & Wolff, at White Star's suggestion, leased two acres and built a new shipyard. By 1907, the Southampton yard was able to handle repairs, including the reconstruction of the \textit{Suevic}, which had required the replacement of 130 feet of bow section.\textsuperscript{328} It was the most technologically advanced repair of any ship at the time.

As details of upcoming construction of the ships became known, the \textit{Olympic} class fired the American public's imagination. Newspapers across the United States covered their construction as early as 1908. As far away as Salt Lake City, Utah's \textit{Deseret Evening News} carried articles detailing the "Monster Liners."\textsuperscript{329} The paper described the liner's innovations in great detail, comparing them to Cunard's \textit{Mauretania} and \textit{Lusitania}. The article's very appearance in a local paper so far from the Atlantic demonstrated the hold the great liners had on the public's imagination.

\textsuperscript{326} Moss and Hume, \textit{Shipbuilders to the World}, 129.

\textsuperscript{327} Michael McCaughan, \textit{Icon of an Age: Titanic}, (Belfast: Blackstaff Press, 1998), 56.

\textsuperscript{328} Anderson, \textit{White Star}, 95-96.

The excitement was clearer still on the eastern seaboard. In 1909, the *New York Times* published a full-page, illustrated article discussing the ships and what they represented. Included were comparison illustrations of the Olympic class and the older *Mauretania*. The article promised things not even White Star imagined, such as photography stores, children’s rooms, and a full hospital. The article also discussed the practicalities that huge new ships demanded, such as improving the pier facilities in New York and the cargo handling machinery.\(^{330}\) By 1910 Harland & Wolff engineer Alexander Carlisle found himself chased by the press in the fashion of modern day paparazzi during a brief visit to New York. Vowing initially that he would not talk about the ships, Carlisle eventually answered questions for the *New York Daily Tribune* detailing size, speed and decoration. When asked to compare the closest competing ships accommodations, he remarked, "Be patient and watch for the decorations on the *Olympic.*"\(^{331}\)

The Olympic class had greater ramifications as well, which went beyond public prestige or even Atlantic shipping. Perhaps most notably, they influenced the engineering of the Panama Canal, which was then under construction. Specifically, in


1908, plans for the canal underwent last minute changes when president Theodore Roosevelt declared that the locks should be built to accommodate the largest ships under construction at the time. The original size was 900 by 96 but planners increased this to a length of 1,000 feet by 110 feet wide, specifically for the Olympic class.\(^{332}\)

By 1911 professional and public interest in the Olympic class had become so great that *The Shipbuilder*, a professional journal for maritime architects, dedicated a "special souvenir number" to the class. Besides detailing the history of White Star, Harland & Wolff, and IMM, the book described construction techniques, builder’s plans, and interior arrangements. Hailing the advancements of *Olympic*, the author paid particular attention to its watertight integrity. Noting that the doors were controlled on the bridge, he explained, "the captain can, by simply moving an electric switch, instantly close the doors throughout and make the vessel practically unsinkable."\(^{333}\) This claim, though not made by White Star itself, later came back to haunt the company.

Even crew members were both impressed and intimidated by the Olympic class. Looking back on his time aboard *Titanic*, Second Officer Charles Lightoller said that it took him fourteen days to feel confident finding his way about the ship. Even a large


main passage with a huge door, "through which you could drive a horse and cart on the starboard side, aft," took three late-joining officers an entire day to find. He could not help but observe that, "Each day... everybody's admiration of the ship increased." Considering what these ships represented, it is hardly any wonder that Ismay wired Lord Pirrie after Olympic's first arrival in New York, "Olympic is a marvel!"

**Titanic Troubles**

While the size, luxury and prestige of these new ships set imaginations afire, their unprecedented size had unforeseen consequences. The man placed in charge of Olympic and the Titanic, Edward J. Smith, had never captained a ship so large. His most recent command, White Star's Adriatic, was 150 feet shorter and twenty-two thousand tons lighter than Olympic. For Smith, as well as for the hundreds of men responsible for sailing the Titanic and her sister ships, the consequences of these vessels' massive size would surface only after Olympic came into service. These problems included hydrodynamics as well as numbers of lifeboats and bulkhead designs. Unfortunately, lacking piloting and engineering experience, neither Smith and his counterparts nor the

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335 Ibid., 221.

sailors under their respective commands would be able to resolve these problems when they arose at sea.

On September 20, 1911, Olympic was steaming south out of Southampton in an area called the Silent. HMS Hawke, a Royal Navy cruiser, roughly one-sixth the size of Olympic, was sailing on a parallel course on the larger ship’s starboard, or right, side. As Olympic increased speed Hawke suddenly veered into her side, ramming Olympic in the stern near the propeller shafts. Hawke’s bow, designed for ramming and sinking enemy warships, so damaged Olympic the voyage had to be cancelled. In the following Admiralty Court hearing, Olympic was found at fault because of the suction caused by water rushing to fill the void in her wake. According to evidence presented at the hearing, the great strength of the vacuum pulled Hawke into Olympic’s side despite what officers on both ships did to avoid the accident. Scientific experiments with scale models demonstrated the effect over repeated tests.\footnote{Anonymous, "The Olympic-Hawke Collision," Railway and Marine News, X no. 5 (March, 1912), 70.} Olympic had to return to Harland and Wolff for six weeks of repairs which had the side effect of delaying Titanic’s maiden voyage as shipyard employees were shifted to repair work.\footnote{Haws, White Star Line, 70-72.}
The *Olympic-Hawke* incident, moreover, was not the last time this particular issue arose. As *Titanic* left the Ocean Dock terminal in Southampton, a similar situation occurred. On that fateful day, April 10, 1912, a number of liners were tied up to the terminal from which *Titanic* prepared to depart, due to a strike by dockyard workers. Ahead of *Titanic* were *Oceanic* moored to the dock itself, with the old *New York* tied to her. *Titanic*, steaming at about six knots, came abreast of the liners at a very narrow point in the channel. As she did so, the same type of vacuum that pulled *Hawke* into *Olympic* the year before formed in the water. Six thick ropes holding *New York* to *Oceanic* snapped and *New York* began to drift into *Titanic*’s stern. Captain Gale and the crew of the tug *Vulcan*, passed some ropes to crewmen on *New York*, succeeding in slowing the ship while Capt. Smith on *Titanic*’s bridge ordered extra power to his ship’s port, or left, engine creating a wash that pushed *New York* away. Although adrift and being pulled by the vacuum of *Titanic*’s wake, *New York* quickly got maneuvered into a new birth down river by tugs.339

Lawrence Beesley, a *Titanic* passenger, described the incident:

"Apart from the serious nature of the accident, it made an irresistibly comic picture to see the huge vessel [*New York*] drifting down the dock with a snorting tug at its heels, looking for all the world like a small boy dragging a diminutive

puppy down the road with its teeth locked on a piece of rope, its feet splayed out, its head and body shaking from side to side in the effort to get every ounce of its weight used to the best advantage."

He continued:

"We now moved slowly ahead and passed the Teutonic at a creeping pace, but notwithstanding this, the latter strained at her ropes so much that she heeled over several degrees in her effort to follow the Titanic... But as we were just clear, and as we slowly turned the corner into the river I saw the Teutonic swing slowly back into her normal station, relieving the tension alike of the ropes and of the minds of all who witnessed the incident."\(^{341}\)

Titanic’s foreboding problems on the day she set sail were soon overshadowed by the fateful and infamous events that occurred on the night of April 14-15, 1912. At 11:40 pm April 14, Titanic brushed the side of a massive iceberg, bumping and scrapping along roughly 300 feet of hull. Although the damage from the iceberg has never been seen, neither at the time nor during any of the expeditions to the wreck, it is now believed the collision buckled hull plates and sheared off rivet heads opening the


\(^{341}\) Ibid., 20.
hull along hull plating seam lines. The opening exposed the first five watertight compartments to the sea. The worst disaster Titanic’s designers could foresee involved head-on collisions or ones in which as many as four watertight compartments became flooded. The fact that bulkheads between fifth and sixth compartments only went as high as E Deck, a few levels below the bulkhead between the fifth and fourth compartments, doomed the ship. This meant that as the ship sank by the bow the compartments further back would become flooded much in the same way an ice-cube tray fills with water through overflow.

While the ship’s pumps slowed the sinking, the volume of water entering the hull eventually overwhelmed them. A little more than two and a half hours elapsed from the collision until the ship disappeared from sight. The conditions in between allowed almost perfect circumstances to evacuate the ship. During all that happened, the sea stayed flat calm, the night clear and illuminated by thousands of stars, and the ship itself remained steady with functional electrical systems until almost the very end.

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343 Lord, A Night to Remember, 36.

A brief timeline of the disaster provides highlights of the discipline and order with which evacuating the ship took place. At 12:15 am, about 30 minutes after the collision, wireless operators began sending out distress messages that continued until power failed around 2:15 am. Boats, loaded with women and children, began lowering away at 12:45 am. At the same time, Capt. Smith ordered white rockets fired in case any ships were near enough to see them and offer assistance. Only at 1:40 am did the ship begin to list to one side, endangering the launching of lifeboats. Quick action by Chief Officer Henry Wilde averted the new crisis. He ordered all passengers to the opposite side, their weight counterbalancing the ship. Although no panic erupted, the now obvious condition of Titanic made passengers more willing to get into the remaining boats. Prior to this, boats left half-filled due to the crew’s fear of the boats buckling as they were lowered and passengers’ reticence the leave the warmth and perceived security of the nearly 900-foot-long Titanic for a 20 foot long boat.

By 1:55 am, the last of the boats to be properly launched eased into water only 15 feet below the boat deck, a distance that should have been over 60 feet. At 2:05 am Capt. Smith ordered "every man for himself," yet despite this, crewmen and passenger volunteers worked feverishly to free remaining collapsible boats A and B from their secured positions on the roof of the officer’s quarters, beside the first funnel. They later floated off, providing rafts for several swimmers. At 2:15 am the final notes of the ship’s band could be heard as Titanic’s lights went out, blinked back on and then
darkened forever.\textsuperscript{345} Five minutes later, \textit{Titanic} was gone leaving slightly more than 700 in the boats and over 1,500 in the freezing waters of the North Atlantic.\textsuperscript{346} Drifting in Boat 5 with about thirty passengers and four crew, Third Officer Harold Pittman looked at his watch seconds after the waters closed over \textit{Titanic’s} stern. "It is 2:20," he said.\textsuperscript{347}

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The sinking of the \textit{Titanic} remains a widely known disaster today, yet most remain unfamiliar with its broader implications. Perhaps most importantly, the sinking forced a reappraisal of the great liners in the United States, Britain, and throughout the world. While the overall national policies and business practices that created the Olympic class did not change, the ships themselves and the technologies they represented underwent heavy re-evaluation by leaders of shipping companies, policymakers, and the public alike. For the remaining members of the class, \textit{Olympic} and the hastily renamed \textit{Gigantic} (now \textit{Britannic}), that meant a number of structural changes. These changes, in turn, would, at least in theory, allow \textit{Olympic} and \textit{Britannic} to survive the damage sustained by \textit{Titanic}. Even if the ships suffered structural failure,

\textsuperscript{345} When asked at the British Enquiry about when the band stopped playing, steward Edward Brown gave what is probably to most poignant and enduring tributes to \textit{Titanic’s} band: "They were playing for a long time, but I do not remember hearing them stop." Lord, \textit{The Night Lives On}, 108.

\textsuperscript{346} Lord, \textit{A Night to Remember}, 38, 53, 60, 79, 97.

\textsuperscript{347} Ibid, 103.
lifeboat capacity increased to accommodate all passengers and crew. These changes were the first in a long line of efforts by shipping companies to outdo each other in loudly demonstrating their dedication to safety.

Reevaluation began with the gathering of evidence about the disaster, first in the United States and then in Great Britain. Beginning April 22, 1912 and continuing well into June of that year, the British Board of Trade, a standing body regulating merchant ships registered to British ports, held an inquiry, appointing Charles Bigham, Lord Mersey of Toxteth, as wreck commissioner and head of the investigation. The inquiry featured testimony by the surviving primary architects of the Olympic class, Alexander Carlisle and Edward Wilding, as well as crew members, management and passengers. Wilding’s testimony was particularly interesting because Board council asked under what circumstances Titanic might have survived the collision with the iceberg. He implied that no hull could have withstood the impact Titanic absorbed. However, the following exchange between Lord Mersey, Commissioner of the Board of Trade, and Wilding provided a suggestion as to how the ship might have been saved:

Commissioner Mersey: “I am rather interested about that. Do you mean to say that if this ship had driven on to the iceberg stem on she would have been saved?”
Wilding: “I am quite sure she would, My Lord. I am afraid she would have killed every firemen down in the firemen’s quarters, but I feel sure the ship would have come in.”

Mercy: “And the passengers would not have been lost?”

Wilding: “The passengers would have come in.”

A more exacting grilling occurred on day twenty of the inquiry when Alexander Carlisle took the stand. Quizzed over and over about the number of lifeboats he had originally suggested, Carlisle said that he planned for a total capacity of 64. Asked if he thought the Titanic had enough boats, he said he repeatedly told management there needed to be more. When questioned about who he told and how he told them, all Carlisle could say was, "I showed them the plans of my proposals; I could not do anymore."

Eventually the final report of the inquiry listed several recommendations that were adopted for new construction and for retrofits on older steamers. The recommendations centered on the two most important issues addressed during


349 Ibid., Vol.6.
testimony by the Harland & Wolff engineers: watertight integrity and lifeboat accommodation. The Board urged that total lifeboats not be determined by the tonnage of the ship, as had been done previously, but rather by the number of people the ship was intended to carry. As for bulkheads and watertight doors, the board directed:

1. That the newly appointed Bulkhead Committee should enquire and report, among other matters, on the desirability and practicability of providing ships with (a.) a double skin carried up above the waterline; or, as an alternative, with (b.) a longitudinal, vertical, watertight bulkhead on each side of the ship, extending as far forward and as far aft as convenient; or (c.) with a combination of (a.) and (b.). Any one of the three (a.), (b.) and (c.) to be in addition to watertight transverse bulkheads.350

In the aftermath of the Titanic disaster, White Star’s leaders began implementing new safety redesigns and enhancements into its remaining ships in an effort to incorporate the lessons learned from the disaster. However, despite these major changes, a crisis of confidence erupted among the public over just how safe ships of that size could be. This loss of public confidence greatly affected not only White Star and the International Mercantile Marine but other companies with "monster liners." Cunard, HAPAG, and North German Lloyd all quietly instituted their own redesigns in existing

350 Shipping Casualties (Loss of the Steamship "Titanic.") 1912, Cd. 6352
ships and new construction to prove their giant ships were indeed safe. For *Olympic*, the near identical sister of *Titanic*, an immediate decrease in passenger reservations occurred. Hoping to reverse these trends, Ismay pledged reforms and modifications to existing liners and new construction.\textsuperscript{351}

However, Ismay himself had become a liability to IMM. In the public imagination, he was the embodiment of dishonor and disgrace. His survival when even one passenger was left behind to die (let alone 1,200) ruined his reputation. For much of the American public, therefore, his promises to increase safety meant little. As long as he held the title of president of IMM, the public would have little faith in the combine’s leadership. The broader implications of both the competition over safety features and innovation and of Ismay’s fall from grace will be fully explored in the next chapter.

**Conclusions**

J. P. Morgan’s purchase of the White Star Line in 1902 set up a series of events that led to the construction of some of the greatest steamships to sail the Atlantic, vessels that even today remain well known. By purchasing so much of Britain’s maritime shipping, Morgan and his associates had called into question the nation’s prestige and self-image. In an attempt to maintain independence, Lord Inverclyde of the

Cunard Line played British national interests of economics and military preparedness to help preserve his company’s status. This in turn led to a new era in the relationship between British business and the British government.

Whereas before subsidies formed a common business practice, the arrangement between Cunard and the British government represented a long-term partnership that merged business and national interests over the long term. One key clause of the deal, which gave the British Admiralty approval over ship designs that included speeds over 18 knots, effectively gave the British government a seat on the board of directors of Cunard. Additionally, Cunard gained the financial foundation that allowed them to face Morgan's international conglomerate in combat for Atlantic supremacy.

Meanwhile, Morgan's syndicate and its formation into the International Mercantile Marine represented another evolution of business. While firms engaged in commerce on an international scale are common throughout history, IMM represented something new. Businesses like the British East India Company had global interests, but its directors and leadership always centered in Great Britain. IMM differed in key respects. Although the parent company of IMM existed in North America, its constituent companies in the United States, England, and other countries maintained their own boards of directors, in theory retaining a nominal independence. This, however, only existed on paper. As the 1903 transfer of ships between IMM companies
and the resolution of the Leyland Line situation showed, these boards of directors ultimately had to bow to the mandates of the central offices of IMM in New York. At the same time, the high stakes negotiations with the British Government represented something new. Morgan found himself in the position of having to maintain both United States and British national interests.

IMM had traced its ancestry to Clement Griscom’s quest to rebuild the American merchant marine. Once fully formed in 1902, IMM straddled two planes of existence. Although it brought the lion’s share of Atlantic shipping under American control, the ships themselves remained British with British registry. In a somewhat awkward arrangement, Morgan could own the companies, such as White Star, Dominion and Leyland Lines, but not the ships themselves, thereby maintaining Britain’s right to use the ships in time of war. By the time the Olympic class came into existence, this arrangement had been firmly cemented into the minds of the public. The Olympic class, from the time of its inception, became known as British and American steamers. For example, Britannic’s launch booklet advertised her as a "Royal and United States" mail steamer. The press coverage amplified this aspect. When Titanic sank on her maiden voyage, likewise, it triggered government oversight inquiries in both the United States and Great Britain.

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Though the Olympic class represented the greatest achievement of the IMM, the sinking of *Titanic* marked the beginnings of a series of disasters, public relations nightmares and misfortunes that bought the recently stabilized IMM to the brink of collapse. From April 16, 1912 until the eruption of World War I in the summer of 1914, IMM hobbled on. Far from ushering in the glorious and triumphant reestablishment of the American merchant marine that had been envisioned in 1902, however, IMM would instead experience slow decline.
Chapter 4

Abandoning Ship

April 16, 1912, Leadership Losses and WWI

The loss of Titanic created a massive but not insurmountable disaster for the International Mercantile Marine. The ship could be replaced and, fortunately for IMM’s leadership, few lawsuits followed. While several individuals did sue for lost property, White Star and IMM faced relatively little legal trouble.353 At the same time, inquiries in both the United States and Great Britain did little to affect IMM’s bottom line. The disaster left behind many widows and families without a means of support in its wake as well as loss of property. Both companies could have faced major lawsuits over loss of life, income and more, but many individuals simply did not sue, preferring not to put a

monetary value on a lost loved one’s life. As for the enquiries, no government fines or censures ensued. After all, IMM and White Star did follow the law and had built ships that could survive predictable damage based on past encounters. The companies would need to reevaluate the safety features on their ships, but fortunately for them, there would be no punitive expenditures.

But if IMM weathered the immediate aftermath of the Titanic disaster without suffering indirect financial loss, all the negative publicity did create public relations problems. These pertained to both real and perceived safety upgrades that needed to be introduced throughout the IMM fleet and a crisis of confidence in large liners more generally, especially the Olympic class. One of the most immediate public relations problems, though, was the Olympic herself. The de facto flagship of White Star and IMM was a virtual clone of a ship now known for sinking and causing the greatest loss of life in a nautical disaster outside of war. The resemblance of both the interior and exterior of the ships was so complete that existing promotional material used pictures of accommodations and amenities interchangeably. Additionally, these materials always mentioned both Olympic and Titanic, creating a close association between the ships in the public mind. This problem was so immediate and obvious that when Bruce Ismay was informed that Olympic was steaming to meet the rescue ship Carpathia to render assistance the morning following the disaster, he was observed to physically shudder. He quickly asked Capt. Rostron of Carpathia to order his wireless operator to instruct
Olympic to avoid the area and continue to her intended port. A few days later, a large portion of the crew refused to board her on the next trip to New York until more lifeboats could be installed. Clearly, these problems had to be resolved if Olympic and her incomplete sister, Gigantic, were to be profitable members of the fleet.

If these public relations problems immediately began to cripple IMM, in the year following the disaster, a talent drain began at the highest levels of IMM that all but secured its eventual demise. Ismay, who traveled aboard Titanic as a passenger and left the ship in Collapsible Lifeboat C, experienced significant stigma for having lived. That negative public image contributed to the management’s decision to take a hard line on his retirement from the presidency of IMM and the chairmanship of White Star Line. Ismay’s departure, compounded by the death of J. P. Morgan in 1913, left IMM drifting. Although replacements took up Morgan’s and Ismay’s duties, they simply did not have the drive or the enthusiasm for the IMM project of Morgan or Ismay.

In addition to these internal issues, IMM also faced increased competition from Europe. In 1913, Germany’s Hamburg-Amerika Line roared back with the construction of the Imperator class, building a fleet of ships bigger and faster than the Olympic class. At the same time, Cunard’s earlier escape came back to haunt IMM with the launch of their new flagship, Aquitania, essentially a bigger Cunard version of Olympic. In

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addition, IMM’s capitalization problems continued. The company enjoyed solvency from the very beginning, but profitability, especially considering the investment, continued to elude IMM. This made building a financial foundation that allowed for funding future construction projects or weathering economic downturns next to impossible. While World War I provided a temporary life support, the handwriting was on the wall long before the conflict erupted.

This chapter will examine these events as well as the economic, political, and public relations forces that helped signal the beginning of the end for the International Mercantile Marine. It will analyze the immediate public relations storm and the resulting fallout, as well as its impact on Ismay and his efforts to remain in shipping. It will also consider the public inquiries and how they affected not only the Olympic class, but other ships, and the dramatic competition over safety. Next, the chapter turns to the loss of talent at the highest levels, specifically Ismay and Morgan, and the lack of firm, motivated leadership, the resulting chaos that followed, and the issues caused by World War I. Finally, it examines the internal strife as stock fights erupted over the best course to follow to make the company profitable during a temporary resurgence during the war and the decline of IMM in the 1920s.

**Mid-Atlantic, 1912**

The survival of J. Bruce Ismay proved to be one of the most controversial issues to come out of the loss of *Titanic*, and negatively affected the long-term health of
the International Mercantile Marine. On April 19, just days after his rescue, Ismay testified to the U.S. Senate about his actions. Ismay reported that he had made the voyage, "as one is apt to, in the case of a new ship, to see how she works, and with the idea of seeing how we could improve on her for the next ship which we are building."  

Asked by Senator William Smith of Michigan about the circumstance under which he left *Titanic*, Ismay responded, "The boat was there. There was a certain number of men in the boat, and an officer called out asking if there were any more women and there was no response, and there were no passengers left on deck. ...and as the boat was being lowered away, I got into it."  

Some observers seemed to accept Ismay’s version of the story. Most notably, the presiding judge of the British inquiry, Lord Mersey, gave a fairly even-handed assessment of Ismay’s actions. "Mr. Ismay, after rendering assistance to many passengers, found "C" collapsible, the last on the starboard side, actually being lowered. No other people were there at the time. There was room for him and he jumped in. Had

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357 Ibid.
he not jumped in he would merely have added one more life, namely, his own, to the number of those lost."

But if Lord Mersey had offered a charitable take on Ismay’s conduct, empathy seemed to begin and end with him. Ismay’s testimony—and his actions—invoked the American public’s ire. While Capt. Edward J. Smith and the other officers and crew of the ship, both lost and surviving, escaped with relatively light criticism, Ismay became a lightning rod for condemnation, facing the disdain and scorn of many throughout the United States. The town of Ismay, Texas changed its name, while the press and public roasted Ismay daily in reports and opinion pieces. Alfred Mahan wrote in the *Evening Post* criticizing Ismay for taking a place in a lifeboat when someone else, anyone else, could have taken it instead. Elsewhere in the press, he became known as J. "Brute" Ismay. Moreover, Ben Hecht, a Chicago area journalist, composed a harsh bit of doggerel, published in several papers:

The Captain stood where a Captain should
For the Law of the Sea is grim;

The Owner romped while the ship was swamped

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358 Wreck Commissioner's Court, "Report of a Formal Investigation into the circumstances attending the foundering on 15th April, 1912, of the British Steamship "Titanic," of Liverpool, after striking ice in or near Latitude 41° 46’ N., Longitude 50° 14’ W. North Atlantic Ocean, whereby loss of life ensued." 1912.

And no law bothered him.

The Captain stood where the Captain should

When a captain’s ship goes down

But the Owner led when the women fled,

For an Owner must not drown.

The Captain sank as a man of Rank,

While the Owner turned away;

The Captain's grave was his bridge and brave,

He earned his seaman's pay.

To hold your place in the ghastly face of Death on the Sea at Night

Is a Seaman's job, but to flee with the mob

Is an Owner's Noble Right.  

Ismay thus found himself in a socially untenable situation caused by an
impossible choice made under the most trying conditions. Had he stayed on *Titanic*, he
would have died, leaving his wife a widow and children fatherless—but his honor and
social standing would have been maintained. By getting into a lifeboat, he lost his social
standing and became a pariah within his profession but preserved his family and his
own life. Initially, Ismay hoped that he could lead IMM and White Star out of the public

relations debacle and help stabilize IMM as it sought to recover from the financial loss *Titanic* represented. However, the public perception of him was too much to overcome; overnight, he had become a social outcast.

Naturally, the fierce criticism Ismay faced created a problem for the International Mercantile Marine. Ismay had been an asset as the very image of what a leading member of the British shipping industry should be. Suddenly, that had all changed. What kind of future could the directors of IMM expect if the president of the company is the most reviled man in shipping? However, a solution existed for IMM in something Ismay had done before the *Titanic* disaster: his pending retirement.

What is generally unknown is that Ismay had already given the required notice several months before *Titanic*’s loss. Ismay, however, had suggested it be kept secret so as not to cause undue unrest among investors and the shipping community. He planned to step down June 30, 1913 but later changed his mind around October 1912.\textsuperscript{361} He had intended to do this for some time. He demonstrated his reluctance to take on the presidency of the syndicate at the time of his hiring through the list of requirements he had given Morgan. It had only been at the urging of family and professional associates that he took the job. Even as president of IMM, Ismay had always been more interested in White Star. Ismay envisioned staying on with that

company, reducing his responsibilities and no longer living part time in New York. While placing IMM on a better financial footing than it had been under Clement Griscom’s leadership, Ismay desired to leave the position. However, the Titanic crisis made him reevaluate these plans, hoping to help IMM and possibly more importantly White Star, through post disaster troubles.

**Who’s the Safest of Them All?**

While Ismay’s fall from grace and subsequent departure from IMM caused problems in terms of the need to restructure leadership, the question of what to do with the remaining members of the Olympic class caused further headaches for IMM’s other managers. The Titanic disaster made it clear that they must make a number of structural changes to the Olympic and the hastily renamed Gigantic (now Britannic). These changes would take time and require rearrangement of schedules, moving ships around to cover routes as liners were pulled out of service, updated and brought back online. These changes meant loss of revenue and expenditures for new equipment, sometimes mandating redesigns of existing deck spaces for the placement of additional lifeboats and other safety equipment.

With that in mind, the question was how to increase safety measures on existing ships. That could happen in several ways. First, the owners could install enough equipment, such as lifeboats, on their own. In White Star's case, the Olympic class
actually carried more boats than current laws required.\textsuperscript{362} The belief that the ship could survive long enough for rescue to come from other vessels answering radioed calls for help led White Star management to dismiss the need for more boats. The second way to ensure enough lifeboats for all would be a reevaluation of the laws governing ships. This required action from the Board of Trade, at least for British ships. Other nations would have to make their own way.

For \textit{Olympic} and \textit{Britannic}, this meant virtual redesigns—which for IMM meant a tremendous outlay of capital. While \textit{Britannic} still sat under construction, Harland & Wolff could retrofit many of the desired improvements. \textit{Olympic}—a
ing existing ship, almost identical to \textit{Titanic}—was another case entirely. She returned to Belfast in late 1912 to have an inner skin built and an increase in lifeboats from 20 to 68.\textsuperscript{363} \textit{Olympic}'s modifications cost a total of £250,000 ($45,799,077 in 2018).\textsuperscript{364} The most obvious visible change occurred on the top deck that previously had only sixteen boats lining the deck with four rafts stowed elsewhere. Post refit, her top deck held two continuous strings of double nested life boats the length of the deck on either side.

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\textsuperscript{362} Wreck Commissioner's Court. "Formal Investigation into the Loss of the S.S. Titanic." 1912. Vol.5.


\textsuperscript{364} Gardiner, \textit{The History of the White Star Line}, 154.
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When she returned to service in March of 1913, she was probably the safest ship afloat on the North Atlantic and differed greatly from her original configuration.

Because of IMM’S relationship with Harland & Wolff, which was the exclusive designer and builder of White Star ships including the Olympic class, these alterations caused minimum disruption to Olympic’s sailing schedules. Since the same designer and construction crew often worked on a ship throughout its service life, modifications were completed with minimal down time due to setbacks as new designers familiarized themselves with a ship. Remodeling the last of the Olympic class, however, took a bit more planning and time. Construction of Britannic simply halted until the findings from the hearings were released and the information taken in for modifications to the design.

*Figure 3 RMS Olympic, 1922. Notice the additional lifeboats on the Boat Deck. Credit: Public Domain.*
Britannic eventually underwent many of the same modifications as Olympic. Without mentioning the reasons for the changes, Britannic's launch booklet detailed the virtues of her inner hull and her bulkheads that "carried right up to the Bridge Deck."\[^{365}\] The booklet called special attention to the lifeboat arrangements. New, massive, crane-like davits stood along the sides of the ship that could lower the boats electrically while holding them out several feet from the side of the ship. Even if Britannic listed heavily to one side during an emergency, all boats would remain useful, unlike boats mounted in traditional davits. The massive crane davits made this possible because of their capability to reach across the ship and launch boats stored on the opposite side. Harland & Wolff initially planned to install eight of these davits. The onset of the First

\[^{365}\] Royal and United States Mail Steamer Britannic, (Springfield, MA: 7Cs Press, [1914]), 12.
World War in 1914, however, meant that the ship needed to be completed quickly, with the result that only five of the planned davits ultimately got installed.\textsuperscript{366}

Additional safety features figured prominently in newspapers when \textit{Britannic} was launched. One article discreetly pointed out \textit{Britannic's} similarity to \textit{Olympic} "with the addition of some improvements which experience has suggested." Among these were the double bottom of the ship extending its whole length and the fact that lifeboats could be lowered fully loaded.\textsuperscript{367} The confirmed ability to lower fully loaded boats came as a direct response to criticism in the papers about boats on \textit{Titanic} leaving the ship only half-filled. Establishing the ability of life saving equipment to function under extreme stress should have been just one of the safety measures routinely carried out, especially for new ships. This could have been solved by a lifeboat drill early in the voyage, but no such activity occurred. It would later become one of the features of added safety protocols on all liners.

The impact of the new focus on safety produced highly visual differences for the newest member of the Olympic class. While \textit{Olympic} and \textit{Titanic} were visually identical, except for some windows on the promenade deck, \textit{Britannic} revealed prominent modifications making her easily distinguishable in surviving photographs.

\textsuperscript{366} McCluskie, \textit{Titanic and her Sisters}, 385 - 386.

Importantly, these differences would be equally obvious to the traveling public. The most noticeable included oversized crane-like Toplis Davits which overwhelmed the boat deck, emphasizing Britannic’s ability to launch as many lifeboats as needed to evacuate all on board. Additional regular Wellin style davits, which could handle three boats took up the remaining space. If a ship could be made into a symbol of “lifeboats for all,” Britannic achieved it. By making these changes, which were carried out to various degrees throughout the IMM fleet, IMM intended to show it had learned lessons from the Titanic disaster and the ensuing government enquiries.368

Hoping to achieve some much-needed good publicity for these costly alterations, IMM and White Star made certain that potential passengers were aware of safety improvements to their ships through press announcements, other forms of advertisement, and of course the highly visible design changes themselves. White Star’s competitor lines, by contrast, quietly made changes to their ships almost making it seem that they always had boats for all from the design stage. HAPAG's new flagship, Imperator, saw her lifeboat number balloon to eighty-three and two motor launches.369

368 Besides the Olympic class, ships still under construction at Harland & Wolff as well as older ships, were modified to include enough lifeboats for all. Even smaller ships such as the Pittsburg class of 1921 received gantry davits like Britannic that highlighted a new concentration on safety. Haws, White Star Line, 90-95.

Additionally, she had an “inner skin” that featured longitudinal and transversal bulkheads throughout the ship, with bulkheads extended far above the waterline.\footnote{Anonymous, "German Liner Launched," \textit{New York Tribune}, May 24, 1912.}

Cunard’s owners, likewise, made their own subtle public relations overtures emphasizing their ships’ safety centered designs. The April 1913 launching of their new flagship, \textit{Aquitania}, featured a souvenir booklet that highlighted safety features of her construction without mentioning \textit{Titanic}, despite the launching happening on the one-year anniversary of the sinking. As Cunard’s publicity explained, "The division of the ship into watertight compartments is much more extensive than is required by any regulations, and exceptional conditions might therefore have been obtainable in connection with lifeboats.” In addition, the booklet boasted, “Cunard Company, early in 1912, submitted their plans to the Board of Trade for an installation of lifeboats, to accommodate everyone on board.” Cunard also repeatedly mentioned that \textit{Aquitania} continued features that previously existed in \textit{Mauretania} and \textit{Lusitania}, including a double hull and extensive watertight subdivision.\footnote{E. Keble Chatterton, \textit{Aquitania: The Making of a Mammoth Liner}, (Cunard Steamship Company, Limited, 1913), 9-10.} In other words, although Cunard’s booklet celebrated the launching of the new \textit{Aquitania}, company leaders used the opportunity to report on the safety provisions of liners that preexisted \textit{Titanic} in hopes of maintaining their ongoing success.
While all these modifications needed to be made for safety reasons, for IMM and White Star, making the most highly visible changes was just as important from a public relations perspective. The remaining members of the Olympic class had a potential lifespan of twenty-five to thirty years. If these ships were to be profitable, the specter of a repeat of the Titanic disaster needed to be banished. Publicizing the modifications to the ships that held the flagship positions was one of the best ways to achieve this goal, especially with competing companies loudly proclaiming the safety features of their super liners. IMM and White Star wore the albatross of owning a vessel renown for massive loss of life. They needed to replace that distinction with one of owning the safest, most reliable ships on the Atlantic. Their efforts to refit Olympic and Britannic, as well as the other ships of the IMM fleet, went a long way to adjusting that perception.

At Headquarters

As all this played out, J. Bruce Ismay began to reconsider leaving the International Mercantile Marine. In August 1912, P.A.S. Franklin, one of the leaders within IMM, wrote Ismay encouragingly, saying, "I can only say that I regret exceedingly that you have decided to go out of the business and wish it were otherwise. Your position regarding the Titanic is improving everyday and the more thinking people consider it the better it will be, and you certainly have nothing to reproach
yourself with."\textsuperscript{372} Ismay, it seemed, was persuaded by these sentiments. By October, Ismay decided he wished to continue at least as a board member of White Star and communicated his wishes to the directors of the combine.

Ismay would not have his wish, however. E. C. Grenfell, chairman of the British committee running IMM’s British holdings, made it clear to Ismay that he could not remain at White Star.\textsuperscript{373} "As president," Grenfell wrote, "you have been in absolute control of all the companies forming the I.M.M. Company, and you have, as was only natural, by your ability and strong personality overshadowed the other managers, and to a certain extent they have looked to you for guidance in all matters great and small. On your retirement," he continued, "several of these junior men will have to be promoted to more responsible positions, and I think it will be easier for these men, as also for the incoming president, to assert their independence if their former chief is not on the boards with them." Although Ismay was allowed to remain on the IMM board of directors and the British committee responsible for running the British lines under IMM control, regarding White Star, the message was clear: thanks, but no, thanks. \textsuperscript{374}

\textsuperscript{372} Oldham, \textit{The Ismay Line}, 220.

\textsuperscript{373} Anonymous, "Ismay and the White Star Line," \textit{The Times}, January 1, 1913.

\textsuperscript{374} Oldham, \textit{The Ismay Line}, 220-221.
Despite the rejection, Ismay persisted in trying to remain with White Star. "I really do not care one iota about the other companies, but you will appreciate I am bound to have a good deal of sentiment in connection with the White Star Line," he informed Grenfell. "I quite understand junior men will be promoted when I go and rightly so, but I cannot see how my remaining a director of White Star Line will in any way hamper matters. At present there are only three directors, therefore four vacancies on the board; why not fill them up and so promote the juniors?" he added "I cannot think my being on the board would in any way interfere with the incoming president, but if it would do so this ends the matter."

Ismay's sentimental attachment to White Star was entirely understandable. Oceanic of 1899, the last ship built by his father, still sailed with the fleet. The rest of the fleet represented his own life's work and the continuation of his father's legacy. The Titanic disaster amounted to the greatest threat White Star had ever faced. That Bruce Ismay wanted to guide the company safely through its current troubles seems hardly surprising.

Unfortunately for Ismay, IMM management had its collective mind made up. After speaking with J.P. Morgan and J.P. Morgan Jr., Grenfell wrote Ismay to say, "I fully appreciate your desire from sentiment to remain on the board of O.S.N. [Oceanic

\[375\] Ibid.

\[376\] Haws, Merchant Fleets in Profile, 52-53.
Steam Navigation, the official name of the White Star Line], and I much regret that, after further consideration, I do not see my way to alter the opinion expressed to you in my letter of the 23rd October." Harold Sanderson, Ismay's heir apparent whom he had helped promote through IMM ranks, offered little help. In November, he sent Ismay a letter detailing a dinner with Grenfell. After reinforcing Grenfell's comments, he reiterated that, "as retiring President, your name might very properly be expected to appear amongst the directors of the controlling company (I.M.M. Co.), and that this expectation could hardly apply in the case of any of the boards of the subsidiary companies, not even the O.S.N. Co." So much for loyalty to a mentor.

While Ismay dealt with the blow, newspapers began carrying rumors of the coming reorganization in amazing detail. The New York Times, for instance, recounted an IMM board meeting in London, reporting that a "reliable source" said that the resignation of Ismay and elevation of Sanderson formed the principal subject of the meeting. The correspondent even went so far as to ask Ismay himself about the rumors. Ismay responded, "I am sorry, but I have nothing whatever to say." The correspondent told Ismay of reports that he had broken down and had gone to a sanitarium as a result of the Titanic disaster. "You can see that is not so for yourself," Ismay replied.

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377 Oldham, This Ismay Line, 222.
378 Ibid., 223.
The effects that the loss of Ismay had on IMM cannot be overemphasized. Next to Morgan himself, Ismay possessed the most drive, knowledge and experience of anyone at IMM, qualities needed to make IMM a success. Morgan, though a financial mastermind, had entered the twilight of his years as IMM critically needed a stabilizing hand. J. Bruce Ismay, played the role of the "ideal man" as leadership of the IMM matured. He typified the British shipping owner "headman," an anthropological term denoting someone with widely known and acknowledged skills in a particular area. Raised and apprenticed within his father's business, he brought a status no one else could to the leadership of the IMM. Indeed, Bruce Ismay's elevation had reassured nervous stock holders in 1903. On the one hand, his rise represented a commitment to British interests as Morgan had promised. On the other, he represented expertise and experience that few on either side of the Atlantic could rival. At the time of his ascent it was a win-win for investors and IMM alike. His loss would be yet another major blow to IMM as it weathered the post-Titanic years.

Ismay's replacement, Harold A. Sanderson, simply did not equal Ismay in terms of pedigree. While Sanderson had served as a member of the board of directors and had been associated with White Star for seventeen years by 1912, he did not have the name recognition and family history Ismay enjoyed. Sanderson had spent most of his life in

\[380\] M. J. Fields, "The International Mercantile Marine - An Ill-Conceived Trust," *The Journal of Business of the University of Chicago* 5 no. 3 (1932), 152.
shipping and came from a shipping family. By 1899 he had become a partner in Ismay, Imrie and Company which managed White Star and from there became first vice president of IMM in 1902. Even with all this prior experience, however, Sanderson had never held the responsibilities Ismay had as the independent leader of a major shipping firm. Though he came from a shipping family, moreover, his family had not known the success or fame of the Ismays. For nervous investors, psychological elements such as these often factored in determining continued investment. Having a well-known and experienced leader in a position of responsibility, especially in times of crisis such as the aftermath of the Titanic disaster, mattered greatly. Despite these setbacks, Sanderson succeeded Ismay in 1913 after a short interlude with P.A.S. Franklin as acting president while Sanderson prepared for his new duties.

While Ismay’s departure from IMM set in motion one set of problems for the company, another major blow hit shortly after Ismay stepped down: the death of J. Pierpont Morgan himself. Morgan had been vacationing in Europe when Titanic sank. Hearing of the disaster, Morgan wired his son Jack that, "Have just heard fearful rumor about Titanic with iceberg without any particulars. Hope for God sake not true." The Wednesday following the disaster happened to be Morgan's seventy-fifth birthday. Friends and business associates remarked that he was appalled and that his heart was

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"very heavy."\footnote{382 Strouse, Morgan, 643-649.} By early January 1913, Morgan sought rest. Between personal strain from the 
\textit{Titanic} disaster and facing grillings in Washington by politicians (many of whom were looking to make their reputations during the recent election year), Morgan's age finally caught up to him.\footnote{383 His doctor, George Dixon, later put the blame for Morgan's exhaustion on Louisiana representative Anséne Pujo and his congressional committee which had spent time hounding Morgan over trusts during the election year.} Hoping to escape the chaos, he set sail for Egypt on White Star's \textit{Adriatic} reaching Cairo by January 26th. In mid-February, he had an attack of chest pains and shortly afterwards sent for his personal doctor George Dixon and biographer Herbert Saterlee. On February 17th, the New York stock market slumped following news of Morgan's declining health and \textit{The New York Times} began publishing daily updates on his condition.\footnote{384 Ibid., 674-676.}

When Dixon, and Satterlee, arrived on March 3rd, they found a wrecked Morgan. Overwhelmed by nervous strain, Morgan believed the Khedive of Egypt wanted to hurt him and that the American government planned to subpoena him for contempt of court. He had lost weight and believed himself on the verge of death. On March 10\textsuperscript{th}, the Morgan party went to Rome. In Italy, his health deteriorated at an alarming rate. Between March 23rd and 29th Morgan became more withdrawn, refusing

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to eat, subject to severe lethargy and not recognizing friends or family. By Sunday the 30th he became delirious and too weak to move. After a spike in fever, he died the following Monday.385 In a quirk of fate, which seemed oddly symbolic of the decline to IMM that would follow Morgan’s death, his body journeyed home aboard *France*, flagship of the French Line which IMM neither owned nor controlled.386

Even more than Ismay’s departure, the death of Morgan represented a fatal blow to IMM. The International Mercantile Marine stood as the culmination of Morgan’s storied career. The success or failure of IMM reflected on his personal reputation. While his mental decline in his last years put IMM in danger, his death insured that IMM no longer had a personally invested patron. The surviving members of J.P. Morgan and Company, including Morgan’s son and name sake, had to look to the best interests of the company and its shareholders. Survival of the ailing IMM now depended strictly on the potential to make it profitable, not just the vindication of Morgan’s business decisions. Only during the tenure of Ismay’s presidency did IMM become viable or have a bright future. While Morgan and his associates accumulated considerable experience within the United States as railroad barons, that had not completely translated into running a trans-Atlantic steamship multinational.

385 Ibid., 678-680.

386 Ibid., 681.
While the principles certainly applied, the practices differed. Ownership of the shipping lines, the deal with Harland & Wolff, and control of United States steel manufacturing together made for perfect integration. However, the railroad interests primarily dealt with one set of federal laws within the United States as opposed to IMM, which had to deal with multiple national governments representing varied cultures, histories, worldviews, and differently valued currencies. On top of this, the extra layer of bureaucracy, necessitated by British law in particular, slowed and complicated business decisions.

The British committee that oversaw the British assets of the International Mercantile Marine never really worked as intended. From the beginning constituent lines tended to run their affairs independently of the edicts of IMM management. Only J. Bruce Ismay's leadership, backed by Morgan, stopped Henry Wilding's reckless management of the Leyland Line, for example. Wilding exemplified the early problems within IMM. The constituent companies never quite saw themselves as anything other than independent companies. Wilding's maverick leadership of the Leyland Line provides the best example. With both Morgan and Ismay out of the company, IMM faced a leadership vacuum that encouraged an "every man for himself" attitude among the companies. With no certainty for the future of the International Mercantile Marine, the respective constituent companies' managements seemed justified in looking to their futures.
HAPAG Giants and Cunard

Making matters worse, the resurgent German and British merchant marines began increasing in prestige at a time when IMM struggled most. Even before the loss of Titanic, the German company HAPAG announced a trio of giant liners that would eclipse Olympic and Titanic in size. The ships were to be named Imperator, Vaterland and Bismarck. News of the German giants resonated as far from the Atlantic Ocean as Salt Lake City, where the local press hailed the design of the new ships, although they did get some of the details wrong. Calling the lead ship of the trio Hansa, the paper proclaimed she would be "about 50,000 tons, or 18,000 more than the Mauretania and 5,000 more than the Titanic," highlighting this with very accurate silhouettes of the future Imperator beside her competitors. The paper further pointed out the new ship would have a service speed of 22 knots and "her cargo and passenger accommodation will be immense."387

The town paper of Franklinton, Louisiana discussed Imperator two years later, documenting the constant growth of liners, as well as the hold they continued to have on the national imagination. Noting Imperator’s recent launch, the Era-Leader described her accommodations including "apartments with private verandas," a "magnificent

swimming pool, and a Ritz-Carleton managed restaurant." With the *Titanic* disaster only a couple months in the past, the newspaper also took care to emphasize the safety aspects of the new ship. In addition to lifeboats in excess to the numbers required for passengers and crew, the ship's staff included three wireless operators.\textsuperscript{388} Watertight bulkheads ran both transversally and longitudinally throughout the ship and dynamos for lighting and operating the wireless system sat above her waterline, decreasing the likelihood of them being exposed to water immediately in case of emergency.\textsuperscript{389}

*Imperator* was quickly succeeded and improved upon by her sister, *Vaterland*. As flagship of the German merchant marine, *Vaterland* was without question an impressive ship. A commodore commanded her supported by four captains and seven officers and a total of 1,234 crewmen of which 442 worked in the engine rooms. Wireless communications featured three separate machines, with three operators allowing the main system to be crewed continuously. Another feature that gave *Imperator* and *Vaterland* an edge in the race for luxury and superlatives lay in the design of their funnel uptakes. While most ships had exhaust trunked through the center of the ship restricting the length of public rooms, the German ships' exhaust left the ship through

\begin{quote}
\textsuperscript{388} *Olympic* and *Titanic* carried two wireless operators while most other liners only carried one. Additionally, they were employed by Marconi Wireless, not the shipping companies and thus not part of the crew.
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\textsuperscript{389} Anonymous, "The *Imperator*," *The Era-Leader*, June 6, 1912.
\end{quote}
uptakes built along the sides of the ship. This allowed for a main dining room that could seat eight hundred guests. Arriving in New York on May 21, 1914, Vaterland measured in at 924 1/2 feet long, 100 feet wide and 53,500 tons.390 This outstripped Imperator’s length of 900. Almost immediately though, that ship was bumped to second place by Cunard’s Aquitania at 901 feet.391 HAPAG leaders increased their ship to 919 feet by adding a bronze imperial eagle on Imperator’s bow.392 Germany, twice in succession, claimed the largest ship in the world.

While HAPAG built its new liners, Cunard constructed Aquitania, a ship that departed from the paradigm set up by Mauretania and Lusitania. While her older fleet mates continued to make records for speed, trading the Blue Riband back and forth, Aquitania’s design emphasized comfort, luxury, and cargo capacity. Effectively, Aquitania became Cunard’s Olympic class ship. At the same time, she competed with the HAPAG ships in her own version of safety theater. The ship carried eighty lifeboats and two motor boats. Of the eighty boats, "twenty-two are of the standard class of open boat, each constructed to carry 66 persons. The boats of the decked class are 58 in

390 Anonymous, "The New Hamburg-American Company’s New 50,000-Ton Liner," International Marine Engineer, 17 no. 7 (1912), 301-305.


392 Haws, Cunard Line, 65.
number and have each accommodation for 54 persons. Omitting the two motor boats, the total number provided, there for, is 4,584, or 382 in excess of the total complement of the vessel.\textsuperscript{393} The motor boats had their own unique features. Each had its own Marconi wireless sets with a range of 300 miles with arias carried on bamboo masts that could be raised and lowered at will. The boats could also tow away "a considerable number of the lifeboats" from the scene of any disaster to \textit{Aquitania}. Additionally, they carried medical provisions, blankets and food supplies should survivors need to wait an extended period for rescue.\textsuperscript{394}

While these features provided a very real enhanced potential to save lives in an emergency, in many cases they simply boiled down to "safety theater." While all the boats and the highly publicized detail that surrounded them may have soothed a nervous traveling public, none of the publications disclosed how long it would actually take to fully evacuate the ships, a major safety issue in its own right. \textit{Titanic} took over three hours to sink, providing plenty of time for orderly evacuation and stayed on an even keel (not capsizing) allowing the sixteen primary lifeboats and two of the collapsible boats on both sides of the ship to be lowered. However, the final collapsibles

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\textsuperscript{394} Ibid., 110-111.
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(Boats A and B) floated off as water washed over the boat deck.\textsuperscript{395} The sad fact that few acknowledged at the time or after is that even if Titanic had the sixty boats originally called for, there would have been nowhere near the time needed to launch them all. The next two major shipping disasters, Empress of Ireland in 1914 and Lusitania in 1915, both sank in less than twenty minutes making organized evacuation impossible and creating casualty lists in excess of one thousand people.\textsuperscript{396} Even with all the safety precautions possible, in other words, conditions could and did prevent their implementation. While all the new safety precautions provided mental security to jittery passengers and contributed to making ships harder to sink under known circumstances, they often required specific conditions to be fully used.

Additionally, the layout of the extra safety features seemed truly bizarre. Aquitania featured sixteen boats stacked in twos across the width of the aft boat deck, near the stern. "While the first and second outboard boats are being put into the water," the journal Shipbuilder explained, "the inboard or feeding davits are engaged in picking up the inboard boats and dumping them in position for hooking on to or lowering away by the davits proper."\textsuperscript{397} In other words, the inboard boats had to be manually hooked

\textsuperscript{395} Haws, Merchant Fleets in Profile: White Star Line, 72-74.


\textsuperscript{397} Hood, Aquitania, 113.
up, moved, and then detached from the davits to get them in position to be loaded and lowered. This process would have to be repeated as many as ten times for the farthest inboard boats to be launched. Notably, this operation would be happening simultaneously with the eight boats beside them. The only electrically-powered mechanism associated with the life boats were the winches that brought them back aboard after lowering. The process would be laborious, time consuming and crew-intensive under emergency conditions when the manpower would have been at a premium at twenty-six other lifeboat stations and other evacuation duties. This does not even account for handling passengers, gathering supplies, damage control measures to extend the ship's time afloat, and other issues.
In the war over publicity, however, none of these practical concerns mattered. Companies had to out-do each other making loud and visible safety modifications no matter their viability. The practicality of many of these features appeared secondary. Another example included the lifeboats on the new HAPAG steamers. While the boats were positioned in more practical areas the company painted them black instead of the more traditional, and far more visible, white. Oddly enough, the one factor that never seemed to matter was time. While all these changes no doubt made ships safer, their practicality under extremely limited time was highly questionable, as the *Lusitania* and *Empress of Ireland* disasters later proved.

Safety features aside, *Aquitania* had many other eye-catching details. Like the Olympic class, she had a service speed of 23 knots, and accommodation for 3,230 passengers and 972 crew.\(^{398}\) Like the White Star liners she was patterned on, designers placed most of her best rooms amidships where the movement of the ship impacted passengers the least.\(^{399}\) Second and Third class passengers also enjoyed higher standards than previous Cunard offerings, with large public rooms and well-appointed cabins featuring running water and ladders for upper bunks.\(^{400}\) Like the HAPAG giants, her

\(^{398}\) Hood, *Aquitania*, 31, 34.

\(^{399}\) Ibid, 116.

\(^{400}\) Ibid., 131 -133.
command staff included the best the line had to offer. The commodore of Cunard line, Capt. William T. Turner headed a sailing department that included two staff captains, seven deck officers and others totaling seventy-seven with additional staff. As they did on Imperator, Marconi wireless officers held status as crew members (unlike Imperator, however, Aquitania only carried two). The chief engineer, Mr. Bryce, had thirty years of experience and headed a department that included 339 members. The rest of the crew served in the purser's staff which counted stewards, stewardesses, chefs, nurses, typists, barbers, band members and others totaling 556 to cater to passengers' every need. 401 Aquitania arrived in New York for the first time on May 10, 1914, briefly bringing the title of world's largest liner back to Britain. 402 Eleven days later, Vaterland arrived, eclipsing Britain's brief triumph.  

The rapid succession of the world's largest liners demonstrates the intense nature of the rivalry between companies for supremacy on the North Atlantic. Each new ship reigned as the pinnacle of marine engineering for only a short time before being outstripped by an even larger, more luxurious rival. Ships coming after the Olympic class, however, needed more to win accolades other than simply being fastest. Interestingly, the emphasis on cargo capacity and luxury in both the Imperator class and the Aquitania show the influence of IMM and their Olympic class - moderate speed

401 Ibid, 144.
402 Haws, Cunard Line, 65.
coupled with very high-quality passenger accommodation and large cargo capacity, which minimized operating costs while maximizing payload. This was most evident in Aquitania. Prior to the Olympic class, Cunard’s primary commercial appeal lay in speed. Lusitania and Mauretania offered the fastest crossing time possible. Many German liners came close, but the Cunard flyers held them off. White Star and IMM began the process of luring passengers away with comfort and luxury with the Celtic of 1901.

By the time the Olympic class came along, White Star's success in creating an enjoyable travel experience demanded a response. IMM, White Star Line, and Harland & Wolff had indeed crafted the defining design paradigm for early twentieth century ocean liners. The results took form in Cunard’s Aquitania and the HAPAG trio. While imitation may well be the sincerest form of flattery, in this case it provided the avenue to try to topple IMM from its leading position on the North Atlantic. Morgan’s failure to gain control of Cunard and the German lines virtually guaranteed competitors eagerly seeking to end IMM's dominance. While this competition certainly gave IMM’s leadership and investors cause to worry, IMM's unstable financial foundation left them ill-positioned to respond in an effective manner. With the loss of Ismay and Morgan on one front and increasing competition on another, the leadership of IMM needed to take steps to stabilize its financial base if it hoped to survive. Those efforts began in earnest in the aftermath of Titanic’s loss and the resurgence of international competition.
Bond Fights and World War

On October 1, 1914 and again on April 1, 1915 the International Mercantile Marine defaulted on payments on its outstanding 4.5% bonds. At first glance, this may have come as a surprise: earnings for 1913 had totaled $9,567,048 ($244,380,094 in 2018), rising from a low of $903,176 ($24,826,050 in 2018) in 1908. But while these numbers appeared to suggest a brightening future, the final numbers after all costs and depreciation for IMM gave a less bullish outlook. After charges and depreciation, profits for 1913 stood at $315,602 in liquid capital ($8,061,718 in 2018). Between 1903 and 1913 the combine's liquid capital averaged just $291,131 ($7,436,632 in 2018). By comparison, the capital of Germany's HAPAG over the same period averaged $3,729,216 ($95,258,867 in 2018).

The outbreak and escalation of the Great War only worsened the situation for IMM. With so many of its ships called up to wartime service in the British navy, IMM became even more reluctant to pay out dividends. While cargo space demanded a very profitable premium from those shipping into the warzone, costs to find the crews, fuel,

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and everything else needed to sail the remaining civilian ships increased. Furthermore, the uncertainty of ships moving in and out of a zone in which unrestricted submarine warfare and mines laid in shipping lanes made shipping even more unpredictable than regular sailings on the stormy Atlantic.

The fate of His Majesty's Hospital Ship Britannic, the once-named Gigantic and last of the Olympic class, offered a clear example of the issues brought on by the eruption of the Great War. Britannic finally launched on February 27, 1914 and moved to one of the berths at Harland & Wolff for completion. Denied the title of the largest ship in the world by Germany's HAPAG trio and Cunard Aquitania, she only claimed the title "the biggest British built ship." Even though the worsening situation clouded the European horizon, papers and the launch booklet put out by White Star pointed to Britannic’s luxurious and comfortable accommodations. Her increased width allowed installation of more private bath facilities, still an innovation on the North Atlantic. Of course, her new safety features received star billing. The launch booklet listed her electrically powered gantry davits, arc lamps, and gangway lanterns and other extra lighting as well. Power "Morse Lamps" used to signal other ships at sea connected to


406 Ibid.
special circuitry to avoid failures in emergency conditions.\textsuperscript{407} Observers predicted her maiden Atlantic voyage to be sometime in September 1914. The commencement of the Great War that summer disrupted these plans.\textsuperscript{408}

Although the process of fitting out \textit{Britannic} as a passenger ship continued until the outbreak of war, that work was abruptly suspended in favor of more pressing warship construction: namely, converting \textit{Britannic} to a hospital ship. As such, she could accommodate a maximum of 3,300 patients and a medical staff of fifty-two doctors, 101 nurses, and 336 orderlies. The doctors and other senior staff members occupied the First-class areas, while junior staff took up residence in Second- and Third-class rooms. Public rooms through the ship became the locations of medical treatment areas. The First-class dining room became the intensive care ward, while next door, the grand reception room became the operating theater. Upper portions of the ship, such as the enclosed promenade, became dormitories for those with less severe wounds.\textsuperscript{409} The re-outfitted hospital ship \textit{Britannic} was called up for service by the British Admiralty on

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\textsuperscript{407} Anonymous. \textit{Royal and United States Mail Steamer Britannic Launch Booklet}. (Springfield, MA: 7C's Press Reprint) 1914, 16-22. \\
\textsuperscript{409} Tom McCluskie, Michael Sharpe, and Leo Marriot. \textit{Titanic and her Sisters Olympic and Britannic}. (London: PRC Publishing Ltd), 1998, 390-392. \\
\end{flushleft}
November, 15, 1914. Commanded by one of White Star's senior officers, Capt. Charles Bartlett, Britannic left Liverpool for her maiden voyage on December 12, 1915—not to New York, as originally planned, but to Mudros on the island of Lemnos in the Aegean Sea, a collection point for casualties from the Gallipoli and Dardanelles battles. There, joining Olympic, Mauretania and Aquitania, Britannic provided medical support for the "Dardanelles route." 410

Britannic served ports along this route until November 21, 1916, when she met her premature demise. At first believed to have been attacked by a U-boat and torpedoed, evidence later pointed to a German mine. 411 The damage was relatively similar to that suffered by Titanic four years earlier. The same number of watertight compartments opened to the sea in about the same area. Yet despite all the touted safety improvements, Britannic sank in less than half the time of her elder sister. When the mine detonated she was undergoing a shift change, with watertight doors open to facilitate crew movement. To make matters worse, all her portholes were open in preparation of taking on new wounded from the Mediterranean theater, even though it violated regulations for obvious reasons. Despite all the design changes, Britannic quickly took on water. The earlier outlined design changes could only have worked had

410 Ibid., 392-393.

Britannic’s portholes and watertight doors been closed. With them all open to the sea, 
Britannic could not survive. It will never be known how well, if at all, Harland & Wolff’s 
structural design changes would have performed had the violations of safety 
regulations not been made. In all likelihood, she would have survived at least long 
 enough to be beached in the shallow water of nearby Kea Island. What would have 
happened from there is anyone’s guess. But if Britannic herself did not fare well, her 
crew and passengers fortunately did: the added life boat launching features and 
accommodations proved more than adequate. The only casualties occurred when one 
boat launched prematurely and got pulled into the ship’s propellers.412

Significantly, even though her loss meant a blow to wartime needs, especially in terms of care for the wounded, the changes made to Britannic in lifeboats won praise in the aftermath of the sinking. "The fact that out of a compliment of 1,500 all except fifty have been saved is a practical proof of the value of the precautions,” crowed the Manchester Guardian. “They are expensive additions to the construction of a liner, but they have proved their worth against mine or torpedo, and it is to be hoped that, when shipbuilder have only ice and collision to face, that fact will be remembered.”413

412 McCluskie, Titanic and her Sisters, 398 - 420.

While the *Britannic* saga unfolded, IMM’s financial troubles continued to mount. In October 1914, IMM defaulted on its payments. In response, the New York Trust Company, as a trustee of the bonds, declared principle of the bonds payable and due initiated a law suit to foreclose in April 1915. The U.S. District Court in New York appointed P.A.S. Franklin receiver of the company. Franklin would later succeed Harold Sanderson as IMM president. But before that could happen, in February 1915, IMM defaulted a second time on both stock dividends and bond payments. This led to efforts at reorganization of its financials, most notably the creation of committees to represent the different groups of bond holders.\(^414\) By August, the committees proposed what became known as the "Bannard Plan," named for Otto Bannard, who chaired the bondholder committee that proposed the plan.\(^415\) According to Bannard, their goal aimed not only “to recognize the existing priorities and equities between the various classes of securities, but to also fix the capital of the New Company on a basis more nearly approximating the intrinsic value of the tangible properties and securities to be owned by the New Company."\(^416\) This "New Company" according to the scheme, was

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\(^415\) Ibid., 268-282.

"whatever company may be finally utilized to issue new securities to be used under the Plan. The New Company will acquire the ships owned by the International Mercantile Marine Company, and either directly or indirectly, through a subsidiary company…" In other words, the "new company" that came out of the reorganization would have a better financial standing based on its real assets, not the intangibles such as "good will" and reputation that J. P. Morgan had relied on. The New Company would also provide new bonds for two of the existing classes of bond holders of IMM (4 1/2 and 5 % holders). Other bond holder would have to buy new bonds. The plan, finally, would reduce IMM's capital by $80,000,000 ($2,003,149,504 in 2018) and annual fixed charges by $1,272,000 ($31,848,487 in 2018).418

Bannard had high hopes for his reorganization scheme. He also had a good deal of support. After visiting Europe, he returned with the backing of English and Dutch bond holders and of the foreign bondholders committee. However, a group led by Henry S. DeForest opposed the plan because he and others believed common stock holders stood to lose a great deal. In September 1915, Bannard agreed to hear out the DeForest Committee's complaints but did not think they would be accommodated.419

417 Ibid., 6.

418 Ibid., 5.

The DeForest Committee, however, decided to challenge the plan and a stock holder fight ensued.\textsuperscript{420}

DeForest and other shareholders had several reasons to battle the reorganization, but the new context of the Great War was without question the most compelling of them. Due to substantially increased profits, the company's position had suddenly become far less dire. IMM went from a deficit of $300,000 in 1914 to a profit of $11,000,000 ($7,586,550 and $275,419,306 in 2018) for the first seven months of the war.\textsuperscript{421}

In large part, this can be explained from the lack of competition. German merchant marine sat interred in ports stretching from South America, to New York, to Bremerhaven Germany, while the British merchant marine had been taken up for war service, with many ships becoming armed merchant cruisers, hospital ships, or troopers. Driving rates up even more, most of the ships controlled by IMM came under British government wartime jurisdiction in accordance with the agreement between J. P. Morgan and Arthur Balfour negotiated in 1902. IMM controlled the few remaining ships freely trading on the North Atlantic. If someone wanted to sail or ship something across the Atlantic, IMM had become the only game in town. In other words, the Great


\textsuperscript{421} Fields, "The International Mercantile Marine Company," 363.
War had done what J. P. Morgan could not: give the United States a virtual monopoly of Atlantic trade.

With little else for the management of IMM to do, monitoring the financial health of the company became a primary concern. The war may have given IMM a boost, but Bannard and his allies fired back that the war would have to end sometime. When it did, they argued, the British and German merchant marines would return, placing IMM in the same position it had previously been in. For this reason, Bannard endorsed reorganization. His plan soon had support from another faction of the ongoing stock holder’s fight, the Wallace Committee, chaired by James N. Wallace, president of the Central Union Trust Company of New York and a preferred stock holder.422

In August 1916, building on Bannard’s initial proposals, Wallace and his committee offered a new plan for reorganization—the “Wallace Plan.” Based on the idea that while the astounding wartime profits continued, the company should be reorganized to pay off its current debts and stave off complete reorganization. The new plan sounded an optimistic note by reporting that the value of assets owned by the company greatly exceeded its indebtedness. Admitting that “current earnings were extraordinarily large,” it suggested “that upon the return of normal times under

conservative management the earnings should be sufficient to show a substantial balance after payment of all fixed charges." Ultimately, the plan was adopted at a meeting of stockholders on September 29, 1916, but it only went so far. Although it succeeded in paying off previously defaulted interest payments and loans, no changes were made to the structure of the company.

This failure to fundamentally overhaul IMM was a response to the belief that current war time profits would continue indefinitely, even after the war. The enormous profits proved enough to quell the stock fights once the Wallace plan was adopted. The stockholders were for the moment satisfied. Yet new problems formed as the war continued that the Wallace plan did not envision. The United States required ships for its own trade and war time needs. In 1916, the U.S. government began taking action to provide them.

Wartime and Postwar, 1917-1920

While all IMM ships sailed under American ownership, at least on paper, in reality the ships remained under control of their nations of registry, due to the deal J.P. Morgan made with Balfour during the formation of IMM. As the Great War ramped up,
ships under IMM control reverted to the British Royal Navy, convoy duty or other war measures that took them out of general mercantile service. While this meant great profits for IMM, it severely constricted American trade outside of the Entente, or British allies. Even though the United States held onto its neutrality at that time, trade with Germany came to a halt because of the British blockade; German ships could not get out, and American ships were not permitted in. Additionally, with European trade to Central and South America radically decreased, an opportunity presented itself to expand trade within the Western Hemisphere. But for all that to happen, there had to be ships completely controlled by American interests. IMM simply could not fulfill that need.

In a long belated move, the United States Congress finally created the bills Morgan and Clement Griscom before him had sought in 1916. One measure, sponsored by Joshua Alexander of Missouri, allowed for the purchase and American registry of foreign built ships. It even allowed those ships to be used as naval auxiliaries for military purposes. The bill would make IMM irrelevant and potentially represented the end of IMM since the firm could no longer market itself as the American merchant

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marine. Those shippers looking to use truly American vessels would now find ships with American registry, American crews, and American flags flying from the stern post. Quite possibly, they would choose those over IMM ships which still flew British or Belgian flags with largely foreign crews.

The bill allowed for the purchase of ships by the new United States Shipping Board which existed for "encouraging, developing, and creating naval auxiliary and naval reserve and a merchant marine to meet the requirements of the United States with its Territories and possessions and with foreign countries," and to "to regulate carries by water engaged in the foreign and interstate commerce of the United States."\(^{426}\) Importantly, the Shipping Board could authorize construction and purchase vessels, "as far as the commercial requirements of the United States marine trade may permit for use as military purposes, and to make necessary repairs on such vessels."\(^{427}\) The Shipping Board could, in turn, sell or lease those ships to American business interests, with the restrictions that "Any vessel acquired from Board, whether American of foreign built, may be registered or enrolled and licensed or both as a vessel of the United States, and entitled to the benefits and privileges there under and may engage in the coastwise trade." Likewise, any of those vessels would only be allowed to trade

\(^{426}\) Ibid., 5.

\(^{427}\) Ibid., 6.
under American registry and "shall not, without approval of Board, be transferred to a foreign registry or flag, or sold, chartered, or leased, except under prescribed regulations." 428

The legislation represented a looming threat to the interests of IMM. While the bond holders fought over dividends, members of IMM leadership, including current company president Philip A. S. Franklin, saw danger. Franklin gave testimony at congressional hearings hoping to steer the Senate Subcommittee on Commerce away from supporting the bill. He told the committee rather than buying up ships, the new Shipping Board should be used to examine "whether or not there are any handicaps under the American flag as compared with other flags, and if there are, what can be done to eliminate them." 429 In other words, what would make the shipping world better for IMM? Obviously, British shipping had far more support in the form of larger subsidies, as outlined earlier. If the bill restricted the new board to examining difficulties of American shippers, most notably IMM, it would certainly find that shipping faced a deficit of support as compared to pre-war Britain or Germany.

428 Ibid., 10-11.

However, Franklin argued, the current problem with American trade lacking transport would continue.

Additionally, Franklin correctly foresaw the Shipping Board itself as a potential competitor to IMM. "My objection to the power you have given the board is entirely as regards operation of ships. I do not think a board controlling and sitting as a judge over a trade should also be a competitor in that trade and have an interest in the trade." As written, the Shipping Board could "charter, lease or sell vessels acquired to citizens of the United States." If the Board chartered or leased ships to American citizens, it would naturally be obligated to look for the most profitable returns on those leases for the benefit of the American taxpayer. The Board itself would then become a de facto shipping line, operating much the same way as IMM itself. Like IMM, the Shipping Board would not be saddled with the day-to-day operations of ships, instead delegating these duties to leasees, much like the British Committee and individual companies ran IMM's individual lines.

Franklin’s testimony made plain his concern. "You are giving a board... power over shipping; at the same time you are proposing to give them a line of steamers to operate against that shipping," he observed. “Will they be an impartial board? Will the

430 Ibid.

431 Anonymous, Digest of the United States Shipping Act, 6.
trade think they are impartial and consider them so, or will they say, ‘All you are after is to make a good showing with your own property,’ which would be perfectly natural.”

Franklin’s concerns, it turned out, were largely justified. Despite his objections, the bill passed and Woodrow Wilson signed it into law on September 7, 1916. By then, a large percentage of the German merchant marine sat interred in New York and other American ports for fear of destruction or capture by the British Royal Navy. Included among those vessels were the 54,000-ton *Vaterland*, largest ship in the world, *Amerika* of 21,000 tons, and former Blue Riband holder *Kronprinzessin Cecilie*, as well as many other large passenger and cargo ships. Should the United States enter the war and the Shipping Board confiscate the German ships they would most likely find themselves in American merchant service after the conflict ended, all with American registry. Should this come to pass, IMM would face major domestic competition for the first time.

Beyond the Shipping Board issues, the war caused other problems for IMM. As German exports halted because of the British blockade, American manufacturers began to fill the gap. As production increased, so too did the need for export services. IMM, however, had no ships to take advantage of the new trade boom. With nearly all their

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433 Kennedy, *Over Here*, 310-313.
ships appropriated for British war service, only neutral, completely American-owned ships could take advantage of the new business. In the short term, this did not seem to matter to IMM stockholders—IMM made considerable profits from British wartime shipping, the stock fights had ended, and the company had stabilized, at least for now. But once the war ended the new Shipping Board, whose creation Franklin had hoped to prevent, would have already established an American shipping firm that would have been active in the trade for some time. Moreover, the British government-backed Cunard Line would return to regular trade, while the German merchant marine would no doubt return to business as well. All of these promised to increase the competition for IMM down the line. IMM would have to do a lot of work to break into an established market against shippers that effectively had the backing of the United States government. Any hope that the complete Atlantic monopoly would ever be made real evaporated even as IMM enjoyed its most profitable era.

The shipping bill became law in September 1916, but it was not until the U.S. entry into the war, seven months later, that IMM would see the full effects of the measure. Within ten days of the declaration of war on April 16, 1917, the Fleet Corporation, which would operate the confiscated German liners, was formed with $50,000,000 ($987,832,031 in 2018) in capital from the United States Shipping Board on behalf of the United States. Combined with the Emergency Shipping Fund Act of June 15, 1917, this set the stage for a major expansion of U.S. shipping that eventually
sidelined IMM as both the American merchant marine and a monopoly. The act gave the president of the United States the power to requisition, authorize construction of, and operate ships.\textsuperscript{434} Although this power was legal, an executive order dated July 17, 1917 delegated this power to the United States Shipping Board.\textsuperscript{435} The Board held the authority to acquire ships already built as well as to operate or dispose of them. It also benefited greatly from the fact that President Wilson transferred control of enemy ships. In a series of executive orders between May and November of 1917, Wilson ordered the confiscation of German ships in American ports all over the world. Among these ships were over eighty-nine well-built Atlantic steamers and a number of support vessels, including tugs, tenders, cargo and harbor fuel carries, many of which were virtually new. At the top of the list of those confiscated in Executive Order 2651 sat \textit{Vaterland}.\textsuperscript{436}


For IMM, the competition created by the Shipping Board’s abrupt fleet expansion represented a disaster of the first magnitude.

The effects for IMM would not be immediate. The Shipping Board’s new vessels would be held up for some time undergoing refit, repair and being crewed for United States service. For the remainder of the war, they would be used almost exclusively for wartime needs. After that, however, they could easily be refurbished and employed for the private sector (and indeed, this is precisely what later happened). While facing this looming threat during 1917 and 1918, IMM still experienced public relations problems. IMM was seen by the American public not as an American firm, but as a front for British interests. With J. P. Morgan, a symbol of American capitalism dead and buried, public perception grew that British interests dominated IMM actions. As Franklin would later say, "As you can see, you have purely Americans on there [the IMM board of directors] and they are very much interested in the development of the American flag. We are very much criticized at the moment by people who are not doing anything."

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Determined to shed the perception that IMM was a British front, Franklin decided to entertain offers from a British syndicate for the purchase of the White Star Line. The syndicate later turned out to be Owen Phillipps, 1st Baron Kylsant's, Royal Mail organization. In November 1917, IMM reached a tentative deal with Lord Kylsant on the sale, but knowing a transaction of such magnitude would have effects on the American stock market, leading to negotiations with the U.S. Treasury. The decision to sell off British assets marked a fundamental change in the nature of the IMM. While it had always been intended as a basis for an American merchant marine, its very name—International Mercantile Marine—clearly demonstrated wider scope. Morgan began building IMM with the goal of an international monopoly controlled by American interests. By preparing to sell off foreign assets, Franklin signaled the end of IMM as a monopolistic entity and international business. If Franklin's plan worked, IMM would morph into just one of many Atlantic shippers. However, IMM would be entirely American-owned with American ships registered in the United States. Potentially, it would truly become the American merchant marine.

The idea of IMM selling off foreign assets prompted treasury Secretary William McAdoo to write President Wilson. "While I do not agree with all of Mr. Walters’ conclusions and inferences," he noted, referring to a Baltimore businessman involved

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with the sales, “I am in full accord with him about the fundamental question, namely, the transfer of British ships owned by the American corporation, the International Mercantile Marine, to the British Government. I believe that this Government should not permit these ships to be transferred but should insist that their American ownership, although under British registry, should be preserved.”

Secretary of the Navy, Josephus Daniels, fully agreed. "Just before I went abroad I had a talk with Mr. Hurley [head of the Shipping Board] about the proposed purchase by Great Britain of the International Merchant Marine,” Daniels explained to Wilson, just after the 1918 Armistice. “Both of us thought that until the Peace Conference settled all these problems, it seemed unwise for Great Britain to be buying corporations owned entirely by Americans, and while the course pursued by Americans of building the ships and putting them under British registry, this has always seemed to me justified only because our Government has paid no attention to securing a large merchant marine, which would guarantee to us a part of the world’s trade.”

Even though negotiations had been completed to sell all British interests, President Wilson directly

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441 Josephus Daniels to Woodrow Wilson, Nov. 18, 1918. Ibid.
intervened, asking Franklin for the sale to be suspended. The IMM board complied with his request.\textsuperscript{442}

At the same time, Bainbridge Colby, a member of the U.S. Shipping Board, had an idea to make IMM more fully American, possibly by purchasing the combine’s British assets.\textsuperscript{443} Evidently, neither Colby nor Wilson knew about the intervention of the British government that prevented Morgan from doing that when he formed IMM. Colby’s goal would be an established firm to take up operation of the confiscated German ships once the war was over. Writing to Wilson about a meeting he had with members of Congress, he noted that there was a general agreement that the sale should not occur. "Judge Hardy [a Democratic representative from Texas] went even further," Colby explained, "and stated it as his opinion that we should not only acquire the International Company’s ownership in the British vessels, but should acquire, if possible at a reasonable price, the stock of the International Mercantile Marine Corporation, carrying with it the ownership of nine ships under the American flag."\textsuperscript{444} Wilson replied stating, "It is my hope, therefore, that the Shipping Board will at once buy everything there is to be bought in connection with the transactions we have been discussing. I dare say that they can hardly decline to sell to us rather than to the

\begin{footnotes}
\item \textsuperscript{442} Philip A. S. Franklin to Woodrow Wilson, Nov. 21, 1918. Ibid.
\item \textsuperscript{443} Bainbridge Colby to Woodrow Wilson, Nov. 23, 1918. Ibid.
\item \textsuperscript{444} Ibid
\end{footnotes}
British,” the president continued. “I am inclined to think that perhaps we should better sound them also about the possibility of buying the stock of the International Mercantile Marine Association, carrying with it the ownership of the nine ships under the American flag.”445

It was an interesting plan. If the Wilson administration followed through on the purchase, there would be a number of benefits for both the government and IMM. First, the U.S. would gain control of the largest shipping organization in the world. Secondly, the Shipping Board could turn over all the confiscated German ships to the IMM, secure in the knowledge that an established firm with considerable experience would use the ships to foster American commerce and international interests. For IMM’s leaders, the perception of being a British puppet in the eyes of the public would cease, allowing them access to the goodwill of the American people as a truly American merchant marine.

The idea hinged, however, on British interests accepting the proposal, an outcome that ultimately did not occur. With the backing of the President, Colby sent the IMM board of directors a letter announcing the offer to buy IMM’s British interests on the same terms as the Kylsant syndicate had offered.446 By January 1919, however,


446 Bainbridge Colby to Woodrow Wilson, Nov. 30, 1918. Ibid.
Wilson had begun to have second thoughts. British interests and political leaders now threatened to condemn and confiscate the British built ships controlled by IMM.\footnote{Woodrow Wilson to Edward Hurley, Jan. 24, 1919. Ibid.} Echoing the President, Josephus Daniels confided to his diary that the “President said Great Britain would be very sore if we bought the stock in the Mercantile Marine Co & we would get so little advantage (we could not get ships since [Sir Joseph] Maclay [British Minister of Shipping] says he would take them) would it be worthwhile?”\footnote{From the Diary of Josephus Daniels, March 1, 1919. Ibid.} In the end, the idea came to nothing due to fierce opposition by the British. On April 1, 1919, the Shipping Board told IMM’s leaders that they were free to sell White Star and other British interests if they chose.\footnote{de La Pedraja, The Rise and Decline of U.S. Merchant Shipping, 65.}

If such a sale went through, the perception that IMM was simply a British front might finally disappear. In a postwar environment that was veering more toward isolationism, negating the public perception of IMM as being one of the greatest British shipping companies in the world—despite its American ownership—would finally allow IMM to be recognized as a fully American company in the eyes of the public. As Franklin put it later, "We were also desirous of developing under the American flag, and we felt that if we could get such a good price for all our foreign property, we would
have a very huge sum of money to be invested in American shipping, if we found we could get American shipping on what we considered a proper basis." Unfortunately for Franklin's plans, IMM stockholders voted down a renewed offer by Lord Kylsant's Royal Mail. Most likely this was because of the fantastic profits from war time shipping. With so many of IMM's British holdings about to be released from war time service and a war-ravaged Europe in need of American exports, the profits would still be rolling in. At least, that's what stockholders may have believed.

Franklin, however, still had one remaining potential avenue to minimize competition on the postwar Atlantic. What if, he pondered, IMM gained control of all of the former German liners, or at least the very best of them? During the war, most of the German ships had been used as troop transports and support ships. Shortly after the war in 1919, the Shipping Board began to seek civilian buyers or leasees and released ships in ones and twos. In 1918, IMM put in a bid seeking to purchase Leviathan as well as several other liners. The bid was placed early because IMM had handled the management and maintenance of Leviathan during the war. Opposition quickly emerged in Congress. In questions before the select committee on Shipping Board

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Operations, Franklin faced grilling in Congressional hearings on the assets, ownership, and leadership of IMM.\textsuperscript{452} Despite repeated offers to manage the ship or buy it outright, IMM never gained control of \textit{Leviathan} or any other German ship confiscated by the United States.\textsuperscript{453}

**Offloading Ballast and Correcting Course**

By the time Warren G. Harding became president in 1921, IMM found itself in a strange position. Having tried to divest itself of foreign assets to change public perception, the company reversed course at the behest of the President Wilson in what might be deemed a patriotic rather than practical decision. Subsequently, IMM was frozen out of gaining access to German war prizes because of hostility from the same government that had asked it to retain its foreign holdings. In August 1921, failing to find what it saw as suitable managers, the Shipping Board founded the United States Line, which it subsequently operated. The line was government owned but privately managed because there were no commercial buyers. The company offered service from


\textsuperscript{453} de La Pedraja, \textit{The Rise and Decline of U.S. Merchant Shipping}, 66.
Danzig and Mediterranean routes at first, adding London and New York by 1924.\textsuperscript{454} On July 4, 1923, the line added a refurbished and modernized U.S.S. \textit{Leviathan}. Advertising her as the largest ship in the world, the United States Line was now in direct competition to IMM, White Star Line, and even Cunard. \textit{Leviathan}, now painted with red, white and blue funnels, boasted American crew, registry and ownership and formed the flagship of an American fleet.\textsuperscript{455} This fully American steamship service completely undermined IMM as the United States’ merchant marine.

In the postwar division of the German merchant fleet, White Star had not completely lost out. It gained the \textit{Bismarck}, the newer, even bigger sister ship of \textit{Leviathan}, from the British shipping controller. Renamed \textit{Majestic}, she joined \textit{Olympic} as a replacement for the lost \textit{Britannic}. The running publicity battle between the United States Line and White Star over which ship was really the world's largest continued until the construction of Cunard's \textit{Queen Mary} in 1936. Long before that, however, White Star had ceased to be an IMM property. In January 1927, Lord Kylsant finally purchased White Star from IMM, as the syndicate divested itself of foreign properties.\textsuperscript{456}


\textsuperscript{456} Gardner, \textit{The History of the White Star Line}, 174-175.
The hostility to foreign entanglements engendered by World War I in the United States, coupled with a worldwide shipping slump following the war contributed to falling profits for IMM. Increasingly, IMM’s foreign holdings became a burden politically, financially, and in terms of public relations. Net profits decreased from a high of over $13 million in 1921 ($183 million in 2018) to just over $5 million in 1926 ($71 million in 2018). With depreciation of assets and other fixed charges subtracted, moreover, IMM actually ran a deficit of over $2.4 million ($34 million in 2018) from 1922 to 1927. IMM found itself in an even worse position than had existed before the Great War. It faced both slowly sinking income and increased world competition, a competition made difficult by a homegrown competitor that had usurped the position IMM was initially created to fulfill. The company had failed in both its primary missions: to create a true monopoly on the North Atlantic and to be the rebirth of an American merchant marine.

Chapter 5:

Sailing into the Sunset

The End of the International Mercantile Marine

When Clement Griscom began his quest to rebuild the American merchant marine in the late 19th century, his ambitions included the acquisition of American owned, built, registered and crewed ships. The laws of the United States and prohibitive cost of construction prevented all of this except for American ownership but even that had its limits. After Morgan took over, his International Mercantile Marine modified Griscom’s original ambitions into not just an American merchant marine, but an international monopoly bringing all Atlantic shipping under American control. Ultimately, Griscom’s and Morgan’s plans failed for several reasons.
The first reason lay in the difference in construction technology between Europe and the United States. As detailed in chapter one, American shipbuilders continued to build wooden hulls designed for coastal trade. European builders, on the other hand, transitioned from iron and then to steel. Likewise, European builders, supported by shipping owners who were in turn supported by generous subsidies by governments, experimented with engines designing faster and faster ships. Paddlewheels gave way to screws, also known as propellers and old-style steam engines gave way to modern turbines. A related issue came about because of the abundance of shipbuilders in Europe. As Griscom noted in his testimony to Congress in 1901, the cost of building a ship in America was twenty-five percent higher. The lack of American interest in international affairs had consequences in American industry in that there was little demand to build modern steel ships that could resist the punishing environment of the Atlantic Ocean.

It was only after Admiral Alfred Mahan began his series of books and articles that the American public began to warm to the idea of a world class navy. As Mahan's influence grew, American interest in all things nautical increased, Mahan gained supporters in high places, including Assistant Secretary of the Navy Theodore Roosevelt. Likewise, politicians in Congress began warming to the idea of supporting an American merchant marine to the point that discussion of subsidies began. Here in lay the second reason Griscom and Morgan's ambitions failed.
Though repeatedly discussed in Congress, subsidies never gained the traction
the shippers, including Griscom and Morgan, believed they needed to make American
shipping profitable. Indeed, when Morgan founded the International Mercantile
Marine, taking over from Griscom’s International Navigation in 1901, his plan
depended on the passage of a shipping subsidy being debated in Congress at the time.
While Congress debated subsidies almost annually in the 1890s, the results were always
minimal. The defeat of the 1901 subsidy represented a major problem for IMM and
aspiring U.S. shippers. British shippers received generous subsidies while IMM relied
almost exclusively commercial receipts. Since Morgan had overpaid for so many of the
assets IMM gained control of, the combine’s financial foundation was overvalued at
best. This ultimately resulted in the bondholder fights over reorganization during
World War I.

A third major problem that led to IMM’s decline was the failure to create a true
Atlantic monopoly. Without having all shipping under his control, Morgan could not
set shipping rates and insure profits. Had he been able to do so, as he had with
American railroads, the need for subsidies would have been minimal since Morgan
could insure prices completely covered the price of operating the ships in the fleet.
While his profit sharing deal with the German firms and warm relationship with the
Kaiser insured at least a détente type relationship for the duration of Morgan’s lifetime,
no such agreement existed with Britain’s Cunard Line. As this dissertation shows, the
escape and continued independence of Cunard from Morgan's monopoly represented another major blow to Morgan's ambitions. An independent Cunard not only gained even more support from the British Government, that included more subsidies and loans to build major new steamers. These steamers were so superlative that even IMM's newest ships were eclipsed. In the public relations war that erupted (and persisted) over which nation and company controlled the largest ships in the world. This was a challenge that could not be ignored. However, Cunard was not the only renegade in shipping. A number of small British firms as well as the national line of France remained independent with the ability to undercut IMM rates at will.

The Olympic class ships resulted directly from the rivalry with Cunard. While they initially generated the type of public relations buzz that helped revive the fortunes of IMM, the losses of Titanic and later Gigantic/Britannic represented a financial upset, as well as a crisis of confidence and prestige, that occurred at bad times for IMM. Titanic's loss initiated a crisis in confidence in large liners in general that affected the entire shipping community, leading to years of "safety theater" that lasted right up to the outbreak of the Great War. Companies went to great lengths to prove that their ships were the safest on the sea, while IMM had to demonstrate they had learned lessons from the disaster in particular as the owners of Titanic’s near identical two sisters. Indeed Olympic suffered ticket cancellations until her virtual rebuilding in 1913. Britannic’s loss represented another problem for several reasons.
First was the public relations problem. For the second time an Olympic class liner sank to the bottom of the ocean. Being the victim of the German war machine, however, mitigated the issue. The biggest problem lay in the fact that the ship itself would not be available to the combine following the war. The British government released *Olympic* from war time service in August 1919. After a refit at Harland & Wolff, she reentered service in July 1920, in time for the renewed Atlantic season. A suitable running mate, Germany’s former *Bismarck* renamed *Majestic* did not enter service until May 1922, a gap of nearly three years.\textsuperscript{458} Even then, *Majestic* had to be purchased from the British shipping board and her construction completed all costing time, money and resources most assuredly in excess of what reconditioning *Britannic* would have cost.

As during the war, public perception of IMM had changed. Now viewed as a front for British interests as opposed the American takeover of British interests that it really was, IMM suffered under attacks from politicians and media leaders because almost all IMM’s ships were in British service during the war, leaving America without a merchant marine for its own pressing war time needs. This led to pressure in Congress to build a true American merchant marine, a political battle which represented the final blow to IMM existing as controlling force and symbol of American shipping. With its foreign assets increasingly seen as a liability both within IMM management and by the general public, attempts began to divest of those assets. The

\textsuperscript{458} Haws, *The White Star Line*, 72, 90.
intervention of Woodrow Wilson to stop this eliminated IMM's opportunities post-war. Even though IMM leaders obeyed the request of the government, that same government refused to allow them to take confiscated German ship after the war, placing IMM in an untenable situation.

Unable to gain control of large, first class ships that the U.S. government had confiscated from the German merchant marine, IMM had to stand by as the American Shipping Board ignored its existence and sought an American management firm for hundreds of thousands in shipping tonnage. Considering that IMM had complied with the will of the government during the war this seemed like an injustice. Eventually the Shipping Board gave up looking and formed a company itself. With the creation of the United States Lines, IMM lost any claim to being the American merchant marine. For an organization created to rebuild American shipping this put the final nail in the coffin to its original ambitions as designed by Griscom and Morgan.

Not only did IMM lose the public relations angle of being the American shipper, it now had competition in the form of a line that decked itself out in patriotic themes. Postwar advertising for Leviathan feature her red, white and blue funnels almost as prominently as the words "United States Lines" striking a decidedly patriot, perhaps even nativist chord in post war shipping.\(^{459}\) Rather than using British ships, even if they

were under American control, exporters now had the option of shipping their products on truly American ships. Their German origins did not matter since their registries were now American. At least not for the purposes of public relations. In this environment, IMM did the only thing it could do, finally shed itself of its foreign holdings and attempt a makeover.

In 1926 White Star Line, formerly the crown jewel of IMM, became a part of the Royal Mail Steam Packet Company, a British owned firm. The profits from the sale of White Star went to the retirement of outstanding debts, not any type of restructure, almost assuring the eventual demise of IMM as an international company.\(^{460}\) The liquidation of foreign assets continued and by 1934, in the deepest throes of the Great Depression, control of the Atlantic went to the British. With the last of the foreign holdings gone IMM ceased to be an international merchant marine, but just one of several American shipping firms. Thus ended J. P. Morgan's dream of an Atlantic monopoly.

**They All... Well, Some, Lived Happily Ever After**

For the rest of the players in the story of IMM and the rebuilding of the U.S. merchant marine, mixed futures lay in store. Of the companies that played a role in Morgan's ambitions, perhaps White Star had the most lamentable fate of all, falling into

\(^{460}\) Fields, "The International Mercantile Marine Company," 363.
disrepute after being sold. The Royal Mail Steam Packet Company, which mirrored Morgan's IMM in terms of outrageous sums spent to gain control of assets, attempted to create a British version of IMM. Like IMM, they purchased White Star with the intention of making it a flagship line within the company. However, Lord Kylsant, the head of the combine, had neither the skill nor ethics of Morgan, and went to jail for fraud in 1931. The world-wide depression hit his interests hard leading him to embezzle money from the profitable White Star to keep his other companies afloat.

With White Star's financial foundation gutted, its bewildered stock holders had to sell to arch rival Cunard in a deal brokered by the British government. By 1936, the new Cunard-White Star gained Atlantic supremacy with RMS Queen Mary, the largest ship in the world at the time, and winner of the Atlantic Blue Riband. However, White Star endured the junior position of the new company's formation and ceased to exist with

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462 Gardiner, White Star, 177-178.


464 Haws, Cunard Line, 156-157
the buyout of its remaining shareholders in 1949.\textsuperscript{465} The last of the great White Star Liners, RMS \textit{Britannic} (III), a motor liner built in 1929 and only two thirds the size of the Olympic class, went off to the breaker’s yard in 1960.\textsuperscript{466} Today there remain only a few remnants of the once great White Star Line. The museum ship \textit{Nomadic} in Belfast, tender for the Olympic class, sits in the Hamilton Dry Dock on the former grounds of Harland \& Wolff, who carried out most of her restoration.\textsuperscript{467} Cunard’s "White Star Service" promises "All staff are trained at our White Star Academy, so each and every member of our crew delivers the same high level of service across every element of your cruise" in a gimmicky last vestige of White Star at sea.\textsuperscript{468} And of course \textit{Titanic} and \textit{Britannic}, the great ships built by White Star, IMM, and Harland \& Wolff to be the final words in Atlantic dominance, rest on the bottom of the Atlantic and Mediterranean.

Cunard, HAPAG and North German Lloyd all remained independent and survived World War I. The German firms lost most of their fleets to the Allies as war reparations and faced a long rebuilding program, made all the more humiliating as

\textsuperscript{465} Gardiner, \textit{White Star Line}, 185.

\textsuperscript{466} Haws, \textit{White Star Line}, 102.


their former ships, now in Cunard, White Star, or United States Line livery, plied the North Atlantic and even served German ports. By 1929, HAPAG built the twin fliers Bremen and Europa, once again gaining the Blue Ribbon for speed. However, WWII saw a virtual repeat of events for the German merchant marine; Bremen destroyed during the war, and Europa ceded to the victorious Allies.469

Cunard exists to this day, now an American owned subsidiary of Carnival Cruises, which purchased the company in 1998.470 After the long fight to "remain British," Cunard had actually left British ownership two years previously in 1996, when the Norwegian firm Kvaerner purchased Trafalgar House, Cunard’s owner, for $1.38 billion in 1996.471 Cunard currently operates a fleet of three ships with a fourth under construction as well as the world’s last trans-Atlantic liner, Queen Mary 2.472

469 Braynard and Millar, Fifty Famous Ships, 118-120, 126-130.


The people involved in the IMM adventure continued on as well. Lord William Pirrie, Morgan’s chief negotiator with the Ismays, remained on the board of directors of IMM but eventually left it, succeeded at Harland & Wolff by Lord Kylsant. During the Great War, he oversaw the construction of numerus warships in his yards, as well as dummy warships, civilian ships disguised as battleships, to help mislead and defeat the Germans. He died in 1924 while on a three-month business trip in transit from Buenos Ayres to New York. In New York, his body was transferred to Olympic for the voyage home.

After suggesting J. Bruce Ismay for the chairmanship of IMM, Albert Ballin remained head of HAPAG and a leader of German shipping. He became increasingly depressed for the future as World War I became imminent, however, suffering from insomnia and overwork as his greatest ships, Imperator, Vaterland, and Bismarck took shape against increasingly dark war clouds. On his desk, a framed copy of the words "Life is just one damn thing after another." appeared. By the end of the war, the company he had spent his life building lay in ruins and the ships he designed were in

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enemy hands, used to help bring his country to its knees. On November 9, 1918 a couple days before the armistice, Albert Ballin ingested a lethal overdose of sleeping pills.\textsuperscript{475} He was 61.

J. Bruce Ismay lived in semi-secluded retirement after leaving IMM in 1913. During World War I, he contributed to patriotic causes, including a substantial donation to the Mercantile Marine Service Association in Liverpool which earned a grateful telegram from King George V. While his wife occasionally gave dinner parties, they always occurred in Ismay's absence. Indications are that he was an introvert and the scrutiny endured during the \textit{Titanic}'s aftermath did not help. When frequenting St. George's Hall for musical concerts he usually bought two seats, one of which held his hat and coat.\textsuperscript{476} Increasingly, Ismay seemed determined to never again have to be in the public eye. By 1936, as Cunard and White Star merged, Ismay entered his 70th year in declining health losing a leg to diabetes. He maintained his physical independence as much as possible, using devices such as a pulley system to allow him to take baths in privacy.\textsuperscript{477} On October 14, 1937 he suffered a stroke that ultimately proved fatal, passing away just three days later.\textsuperscript{478}

\textsuperscript{475} Maddox, \textit{The Great Liners}, 62, 72.

\textsuperscript{476} Oldham, \textit{The Ismay Line}, 227-229.

\textsuperscript{477} Ibid., 243-245.

\textsuperscript{478} Oldham, \textit{The Ismay Line}, 245-246.
Phillip Albright Small Franklin got a bonus from the sale of White Star in 1927 of $250,000 (Over $3.6 million in 2018), in addition to his $100,000 salary which decreased to $50,000 ($739,429 in 2018) during the Great Depression. In 1931, IMM merged with the Roosevelt Line, a shipping company which his son, John Franklin, helped found. He stepped down as president of IMM in favor of his son at that time. He later served as chairman of the United States Lines until his retirement in 1938. He died on August 14, 1939 of Parkinson’s disease at the age of 68.\textsuperscript{479}

As much as this dissertation is about businesses and people that owned and managed them, it is also the story of the great liners of the late nineteenth and early twentieth centuries. Often these ships became celebrities in their own right, capturing imaginations to the present day.

The German line HAPAG's giant trio, \textit{Imperator}, \textit{Vaterland} and \textit{Bismarck}, ended up confiscated by the Allies during the First World War. \textit{Imperator} and \textit{Bismarck} went to Britain becoming Cunard's \textit{Berengaria} and White Star's \textit{Majestic}, respectively, replacing \textit{Lusitania} and \textit{Britannic}. \textit{Vaterland} became a trooper for the United States, renamed \textit{Leviathan}, eventually finding her way to the United States Lines. The management of United States Lines and White Star engaged in a running battle over

whether *Leviathan* or *Majestic* held sway as the largest ship in the world until 1934, when *Leviathan* was laid up after being hit by the Depression. She was scrapped in 1938. *Majestic* was laid up after the merger of Cunard and White Star in 1935 and then sold to the Royal Navy for use as a training ship and renamed *Calendonia*. When a fire broke out in 1939, she was deemed beyond repair and subsequently scrapped. *Berengaria* remained in service until 1938, when a series of fires caused Cunard-White Star to declare her unsafe for passenger service. She was sold for scrapping later that year.

Cunard’s *Aquitania* survived service as an armed merchant cruiser, hospital ship, and troop transport in the Great War, returning to regular trans-Atlantic passenger runs in 1920. She remained in Cunard’s express service through the 1920s and ’30s with *Mauretania* and *Berengaria*. Cunard-White Star planned her retirement for 1939 after the completion of the new *Queen Elizabeth*. World War Two changed that because of the dire need for large ships. Again called up as a trooper, she served the Allies transporting soldiers world-wide. She returned to an austerity refugee service in 1948, finally being retired and scrapped in 1950 aged thirty-six, a ripe old age for a major liner. Indeed, *Aquitania* holds the title of the last and longest lived of the fourteen four-funneled liners of the Atlantic.

*Olympic* came out of the World War I relatively unscathed. After the loss of *Britannic*, *Olympic* soldiered on as a troop ship spending most of her time shuttling personnel between Halifax and Europe. On May 18, 1918, during a voyage from New
York, her lookouts spotted a surfaced U-boat. Captain Bertram Hays, commanding *Olympic*, recounted what happened: "There was only one thing to do, and that was to try to ram it, so I altered course to bring it ahead... ...and at 3:55 am hit him a swinging blow with our stem which put an end to his career."\(^{480}\) From the bridge, Capt. Hays saw the wreck of the U-boat pass along the side of *Olympic* already upended and sinking fast. Hays later received the Distinguished Service Order medal from King George V.\(^{481}\) The sinking of U-103 by *Olympic* remains the only recorded ramming and destruction of a U-boat by a commercial liner during either world war. After the war, *Olympic* enjoyed refurbishment, conversion to oil fuel from coal, and continued as a primary member of the White Star fleet.

As a side note, *Olympic*‘s later career potentially lays low some modern theories on the structural weakness of the Olympic class in general. The U-boat sinking in 1918 started a string of collisions followed by one in the Hudson in 1927 and the ramming and sinking of the Nantucket Lightship in 1935. In the Hudson River incident, *Olympic* backed into the Furness Bermuda liner *Ft. St. George*, causing minimal damage to both ships.\(^{482}\) The incident with the Nantucket Lightship proved much more severe.

\(^{480}\) Hayes, *Hull Down*, 230.

\(^{481}\) Ibid., 229 - 234.

\(^{482}\) Hood, *Olympic and Titanic*, 175.
On May 15, 1934, Olympic sliced through the lightship in dense fog while approaching New York. Only three of the smaller ship’s crewmen survived. Both Capt. Binks of Olympic and Capt. Braithwaite of the lightship later appeared on a newsreel discussing how fast it all seemed to occur. A crewman from the lightship said that before he knew what happened, he found himself in the water. Footage from the newsreel shows only minor damage to Olympic’s paint above the waterline.483

What makes these incidents interesting relative to the Olympic class’s structural integrity are recent articles, such as a 2008 piece that appeared in the New York Times suggesting that a possible reason Titanic sank was substandard or weak metal used throughout the hull.484 In 1934, Olympic was 23 years old. If weak materials or poor construction were to blame in the loss of the substantially younger Titanic, researchers now ask, shouldn’t collisions in roughly the same area (with both the U-boat and the lightship) caused similar damage, especially in a ship that had sustained many years of wear and tear? While Titanic suffered damages beyond what she was designed to withstand, Olympic’s career points to a well-constructed ship that served admirably


in the roles she was meant for, even under circumstances that caused stress to her design. This is only to be expected given the special relationship between White Star and Harland & Wolff.

*Olympic* continued on briefly after the formation of Cunard-White Star, when like so many of her former White Star fleet mates, Cunard-White Star declared her surplus in favor of keeping older Cunard ships. For a brief period she sat in "lay-up" next to another unwanted liner, Cunard’s own *Mauretania*, which had just recently lost the Blue Riband to a sleek new German liner. Sir John Jarvis eventually bought her in September, 1935 expressly to relieve the jobless in the city of Jarrow, on the River Tyne in England. Over the next two years, grateful employees of Jarrow’s scrapping industry disassembled *Olympic* until only the bottom of the hull remained, which then got towed away to Inverkiething, Scotland for final demolition on September 19, 1937. J. Bruce Ismay survived her by less than a month.

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The International Mercantile Marine was the first modern multinational corporation. Using the power of modern technology, J. P. Morgan attempted to build a combine that crossed not just oceans, but national boundaries. In today’s world, the gigantic multinational is common. Titanic tech-based businesses like Google, Facebook, or financial entities like JPMorgan Chase are now both powerful as well as plentiful. Additionally they continue the tradition of informal empire by transmitting culture around the world often changing local culture in its own image. The pervasiveness of Disney, or the “House of Mouse,” is but one example. Yet to understand the roots and origins of today’s multinationals, as this dissertation has shown, we must look back more than 100 years, to one of the first companies that launched this trend: the International Merchant Marine.

Built from existing steamship companies with the goal of conquering the Atlantic for American industry, IMM was in many ways the prototype of today’s multinational. While this dissertation focused on the economic, policy and business aspects of IMM, the combine continues to have lasting significance in every day life. The great liners of IMM transported thousands of immigrants from all over Europe, and

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frequently, the world.\footnote{488 The scene in James Cameron’s *Titanic* in which Kate Winslet’s Rose survives by floating on piece of paneling actually happened. However, it was a Chinese man, one of eight 3\textsuperscript{rd} class passengers, six of which survived. Cameron actually filmed a scene showing this which was later deleted although it is available on YouTube and director’s cuts of the movie. Amy B. Wang, “Why you’ve never heard of the six Chinese men who survived the Titanic,” *The Washington Post*, April 19, 2018, https://www.washingtonpost.com/news/retropolis/wp/2018/04/19/why-youve-never-heard-of-the-six-chinese-men-who-survived-the-titanic/?noredirect=on} While this is an important story, it’s one that could easily have double the size of *A Tall Ship* further complicating a narrative and analysis that is already challenging to follow. Rather than losing the importance of immigrant passengers in a maelstrom of business and government intrigue, *A Tall Ship* eschewed the issue, reserving it for future analysis.

Understanding how IMM formed and ultimately failed shows the starting point in the evolution of the multinational corporation. Since IMM’s era, companies have learned to diversify to strengthen their economic foundations, reaching into the deepest foundations of world economics. IMM, however, failed to take these steps. Unable to gain a complete monopoly of the North Atlantic due to British and German resistance to Morgan, IMM never had the footing Morgan intended. This, followed by the formation of an American company in 1920 built from confiscated German liners, insured IMM’s eventual decline as an international corporation. Yet even though IMM was a failure in its intended role, it nevertheless represents one of the earliest examples of American informal empire in a global age. In the end, its history offers an important
lens for thinking about the United States and its rise as a world economic power in the early 20th century.
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Appendix A: Figure 1 Copyright Information.
Appendix B: Figure 2 Copyright Information.
Appendix C: Figure 3 Copyright Information.
Appendix D: Figure 4 Copyright Information.
Appendix E: Figure 5 Copyright Information.