

Prologue



Merion Station, December 1930

By 8:00 P.M. the winds had shifted slightly from southwest to northwest; the sky over the Main Line, clear and crisp all afternoon, had turned cloudy. The thermometer was quickly falling toward the freezing level. Snowflakes were beginning to settle on the lawns and hedges of Merion. Winter would arrive the next morning.¹

Inside the stone mansion on Hazelhurst Avenue, the air was warm with the smell of burning logs and lighted cigars. William Purves Gest had built this manor house in 1897, when he was thirty-six and rising through the ranks at the Fidelity Trust Company along a seemingly preordained path toward the presidency then held by his father. At the time, Gest had been sufficiently confident of his future to purchase three and a half acres just west of Philadelphia's city line and had commissioned the architectural team of William and Frank Price to design an elegant home. Now Gest was nearly seventy, a banker of bushy whiskers, aristocratic bearing, and impressive accomplishments, noted equally as chairman of the Fidelity-Philadelphia Trust, the city's largest trust company; founder of the Philadelphia Foundation, America's second oldest community foundation; and author of *The Philosophy of American History*.²

Gest was the first member of his family in more than two centuries to live beyond the city limits of Philadelphia.³ William Penn's Holy Experiment—the world's first planned community—had been based on a fundamental belief that while the countryside may provide food for humanity, cities are the building blocks of civilization. No bucolic farm, village, small town, or country estate, Penn perceived, offered a great city's opportunities for the

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sort of cooperation and collaboration that produced commerce, art, science, and, indeed, all human progress.

But in Philadelphia that certainty had been crumbling since the mid-nineteenth century, when the Pennsylvania Railroad began laying the tracks for its Main Line to Pittsburgh and points west.⁴ As early as the 1850s the upper-class Philadelphia diarist Sidney Fisher had marveled, “One may now have a villa ten, twenty or thirty miles from town and yet go in half an hour and return after the work of the day is over to dinner. In consequence . . . cottages and country estates, some of them very beautiful and costly, are multiplying.”⁵ To boost passenger traffic along its Main Line, in the 1870s and 1880s the Pennsylvania Railroad created a whole series of suburban towns, most of them bearing Welsh names in memory of the original “Welsh Tract” granted there by William Penn to a group of Quakers from Wales. Here the railroad erected high-toned housing developments, opened elegant hotels, and induced or browbeat its executives to settle.⁶ The Pennsylvania Railroad was an awesome human phenomenon, a combination of industrial might and organizational ingenuity never before seen; by 1880 it was the world’s largest corporation twice over, with thirty thousand employees and \$400 million in capital.⁷ Wherever it ventured, ambitious and successful men followed.

As a consequence, by the time Gest moved out to Merion with his wife, his two daughters, and their five servants in 1897, the Main Line was quickly becoming the Philadelphia gentleman’s preferred refuge from the city’s corrupt politics, onerous taxes, and increasingly teeming and squalid streets—a place where, after a busy day in the city, a man of affairs could retreat to the peaceful embrace of his family, his home, and his gardens.⁸ The last of the city’s elegant townhouses had gone up just about the time Gest left, and from then on the concept of fashionable city life was doomed. By the 1920s the automobile had completed the process begun by the railroad, almost entirely removing upper- and upper-middle-class Philadelphians from the city to the suburbs.⁹ Property values on the Main Line had risen to such an extent that now Gest’s Merion home was valued at \$135,000, even in the midst of a crippling economic depression.¹⁰ So many of the city’s leaders now lived out on the Main Line that sometimes they found it easier to conduct the city’s business out there, among themselves, rather than downtown.

In Merion alone, Gest’s neighbors included such formidable figures as Dr. Albert Barnes, who had amassed perhaps the world’s greatest collection of impressionist art just a few blocks from Gest’s home, and Henry Drinker—head of one of Philadelphia’s most prestigious law firms and descendant of one of the city’s oldest and most illustrious families (an ancestor, Edward

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Drinker, was said to have been born in a cave along the Delaware River before Philadelphia was even built).¹¹ Drinker's house, also just a few blocks from Gest's, was home to the "Drinker Sing," a chorus of a hundred or more amateurs who assembled periodically, by invitation only, in a special room housing two grand pianos and a Hammond organ that Henry and Sophia Drinker had designed specifically for that purpose.¹² Just across Hazelhurst Avenue from Gest's home stood the Merion Tribute House, a community center like almost none other in America: a huge Gothic stone mansion, modeled after an English country manor, with wood-beamed ceilings, slate floors, stained glass windows, a walk-in fireplace, and ornamental ironwork designed by the famous studio of Samuel Yellin. Gest and his neighbors had erected this building—said to be "the most beautiful structure of its kind in this locality"—in 1924 as a tribute to Merion's soldiers in World War I and also as a tribute to the English civilization of their ancestors.¹³

On just such an evening as this, Gest and his neighbors might have been singing Christmas carols at the Merion Tribute House or at the Drinkers' home over on Merion Road. But there would be no carols on this Sunday, December 21, 1930. Like the undertow from a great wave at the beach, the aftershocks of the most devastating stock market crash in history were now rolling in, bringing the sort of financial panic that few people, rich or poor, had ever experienced. Money was tight, businesses were overextended, companies were cutting back, unemployment lines were growing, homes were being repossessed, banks were beginning to totter.

In this moment of crisis, Gest had gathered in his home Philadelphia's leading bankers, a formidable combination of financial talent and impeccable bloodlines within a single room. Here, for example, was the dapper but aging Edward Townsend "E. T." Stotesbury, senior partner of Drexel & Co., which by virtue of its tie to the Morgans in New York was Philadelphia's most influential (albeit private) banking concern—the same Ned Stotesbury who as a drummer boy during the Civil War had tagged along beside Philadelphia's departing Union troops and whose banking career stretched back to the time when his mentor, Anthony Drexel, had transformed the obscure J. Pierpont Morgan into the greatest banker of his age. Here too was the large, ruddy, white-haired Joseph Wayne Jr.—former baseball player and cricketer, now president of the Philadelphia National Bank, the city's largest. Here was soft-spoken, beaver-like C. Stevenson Newhall, executive vice president of the city's second largest bank, the Pennsylvania Company, as well as rector's warden of Philadelphia's historic Episcopal Church of St. James the Less, which his ancestors had founded in 1846.¹⁴ And here was the noted host himself, William Purves Gest, head of Philadelphia's largest trust

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company, whose own ancestors had arrived in Philadelphia in 1683, just two years after William Penn.¹⁵ Yet for all their apparent power and prestige, the bankers assembled in Gest's home now confronted a decision that would be painful no matter which way they turned.

The problem was the Bankers Trust Company, Philadelphia's tenth largest bank, with \$50 million in deposits. A run on the bank had started in September, and by now more than \$17 million had been withdrawn, more than exhausting the bank's supply of available cash. If Bankers Trust were forced to close its doors, the bankers in Gest's home knew, the resulting loss of public confidence could lead to withdrawal stampedes at every bank in the city. Indeed, to avoid such a closing, two of these bankers had already loaned more than \$7 million to Bankers Trust. But the end of the run on Bankers Trust was nowhere in sight: Tens of millions of dollars more might be needed—and who could be certain that, even with that infusion, Bankers Trust might not fold anyway?

The prime stockholder of Bankers Trust, Albert M. Greenfield, had assured these gentlemen that his bank was indeed sound. He had agreed to their demands that he personally put up funds and collateral to guarantee any future loans to Bankers Trust. That commitment had satisfied the members of the banking coalition only twenty-four hours earlier. But now they were plagued by second thoughts.

In subdued tones that masked the tension of the moment, the bankers discussed the value of Greenfield's collateral—his real estate properties, his diverse financial companies, his supposed wealth. Finally, a single voice pierced the stale air in the drawing room.

The speaker reminded his colleagues of the basic principle laid down by Pierpont Morgan eighteen years earlier—a principle that Morgan himself had learned from *his* patron, the Philadelphia banker Anthony Drexel: The primary basis of credit is neither money nor property, but character. As Morgan had put it, "A man I do not trust could not get money from me on all the bonds in Christendom." In that moment a great calm suddenly descended on the group. After three days of confusion and conferences, someone had finally cut through to the heart of the matter, had pinpointed the nagging doubt in the bankers' minds: When all was said and done, they simply did not trust Albert Greenfield.

It was nothing any of them could put his finger on. All of them had done business with Greenfield, and many of them had accepted the favors that he so eagerly bestowed on them through his seemingly endless web of financial and political connections. Greenfield appeared to possess money and

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property, and he was so persuasive that it was difficult to argue with his contention that his bank was sound.

The fact remained that he made them uncomfortable. He was an immigrant and a Jew, yes, but the problem transcended his background: Greenfield did not operate according to Philadelphia tradition. He did not look back longingly to the golden age of Benjamin Franklin or the “Athens of America” of Nicholas Biddle or the steel age of William McKinley; he refused to genuflect before the Pennsylvania Railroad or the Main Line. On the contrary, Greenfield sought to *change* Philadelphia, to transform their oasis of civility into a cosmopolitan boomtown like New York or Chicago.

He had come too far too fast from too little, but now the laws of economics had inevitably caught up with him. The closing of Bankers Trust would be painful for every man in this room, but then, their ancestors had suffered with William Penn aboard the *Welcome* and with George Washington at Valley Forge and with Ulysses S. Grant at Cold Harbor; they could stand to suffer too, for the cause of sound business practices.

So they would let the Bankers Trust Company go; it would never open its doors again. Albert Greenfield, at age forty-three, would be ruined, they knew, but they assured themselves that he had only himself to blame. Opportunists came and went, but Philadelphia’s great enterprises had been nurtured slowly, carefully, over centuries.

Thirty-six years later, long after the men in that room had gone to their heavenly rewards—long after Gest’s mansion had been dismantled and subdivided into four tract homes, and long after Greenfield had acquired and shuttered Drexel & Co.’s headquarters building and subdivided Stotesbury’s palatial Georgian estate into a suburban village—the once portly but now emaciated figure of Albert Monroe Greenfield gazed out the second-floor bedroom window of his Chestnut Hill estate, atop a high and winding hill in Philadelphia’s northwest corner. Beyond the balcony he looked down on a city whose businesses and politics were dominated by Jews and Catholics, a city in which Anglo-Saxon Protestants had become almost superfluous. Hundreds of thousands of Philadelphians—including the descendants of the bankers who had met at Gest’s house that December night—lived in or worked in or conducted business in buildings he owned, managed, leased, or sold. He had controlled a chain of department stores with 112 units in nineteen states stretching from New York to New Orleans, a mortgage banking company, Philadelphia’s largest cab company, and the Loft Candy Corporation, as well as six major downtown hotels. Governors and mayors had paid

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court to him; so had presidents from Herbert Hoover to Lyndon Johnson. And he *had* changed not only Philadelphia's face but also its soul, just as those bankers in Merion had feared. His influence extended into so many aspects of the city's life that it could well be said that he had acquired more local power than anyone in the history of Philadelphia—or, perhaps, any city in a democracy. To some Philadelphians Greenfield was reviled and feared as a calculating octopus, monopolizing and choking everything within the grasp of his many tentacles; but Greenfield saw himself as a happy warrior, exuberantly harnessing the creative forces of a free society to shatter the entrenched structures of a repressive past.

The bankers on Gest's committee, the Pennsylvania Railroad, the publisher Moses Annenberg, the Philadelphia Republican political machine, the department store magnate Rudolph Goerke, Tsar Alexander II, Adolf Hitler—all had, in the course of seventy-nine years, in one way or another, sought to destroy this combative little man with that homely dome-like head and those hooded eyes. Greenfield had outlasted them all, often graciously extending the hand of friendship to his defeated rivals. In a society that believed there are no second acts in American lives, he had reinvented himself half a dozen times. He had raced through life at full speed while others had sauntered. And when he closed his eyes for the last time on January 5, 1967, it could be said that the man had not merely survived; he had prospered. He had not merely endured but triumphed.

But to what end? What was the point of those seemingly endless reinventions, those victories and defeats, those rivalries and alliances, those peripatetic wheelings and dealings? That was the question.