

**Building the *Titanic* for Mr. Morgan:
How the Rise of the American Economy in the Early Twentieth Century
Created a Travelling High Society that Spurred the
Development of the North Atlantic Superliner**

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Possibly no manmade object, except perhaps the Great Pyramid of ancient Egypt, has such an extensive historiography as the *Titanic*. Her sinking in 1912 makes the *Titanic* an object of eternal fascination, but as a vessel she was hardly unique since she was only slightly larger than her nearly identical, 45,000-ton sister the *Olympic*, and a mere month after her sinking the Germans launched the 50,000-ton *Imperator*. Nevertheless, the *Titanic* was part of an exclusive league of vessels that emerged in the early twentieth century, the superliner (*Lusitania*, *Mauretania*, *Aquitania*, *Titanic*, *Olympic*, *Imperator* and *Vaterland*). The emergence of the superliner coincided with the early stages of the United States exercising its economic power on an international scale, including in international travel. The steady progression of the size of ocean liners through the nineteenth century and then their rapid growth in the early twentieth century demonstrates the connection between American economic power and the birth of the superliner is no mere coincidence.

The famed British engineer Isambard Kingdom Brunel, whose 1,340-ton *Great Western* of 1838 laid the foundation for the expansion of ocean liners through the nineteenth century, which ended with White Star Line's 15,000-ton *Oceanic* in 1899. This equates to an average year on year increase of 224 tons over 61 years. Then between 1900 and 1914 the size of transatlantic liners increased from 15,000 tons to 50,000 tons. This equates into an average annual increase of 2,500 tons over 15 years.¹ The traditional ocean liner historical narrative explains this exponential growth as the result of one-upmanship among shipping lines that were taking advantage of engineering techniques that reached maturity at the start of the twentieth century; the intense geopolitical rivalry between Germany and Great Britain added the element of national pride to this contest of building bigger.² However, while this narrative is an important part of ocean liner history, it does not take into full consideration that superliners were built first and foremost by travel businesses adapting to a rapidly changing business environment. It was the highly lucrative first-class

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¹ Albert A. Hopkins and A. Russell Bond, *Scientific American Reference Book* (New York, NY: Munn & Company Publishers, 1905), 29; Albert A. Hopkins and A. Russell Bond, *Scientific American Reference Book Edition of 1914* (New York: Munn & Company Publishers, 1914), 196.

² See John Malcolm Brinnin, *The Sway of the Grand Saloon: A Social History of the North Atlantic* (New York: Delacorte Press, 1971). Douglas R. Burgess Jr., *Seize the Trident, The Race for Superliner Supremacy and How It Altered the Great War* (Camden, ME: International Marine/McGraw-Hill, 2005); Stephen Fox, *The Ocean Railway: Isambard Kingdom Brunel, Samuel Cunard and the Revolutionary World of the Atlantic Steamships* (London: Harper Perennial, 2004); John Maxtone-Graham, *The Only Way to Cross* (New York: Macmillan Publishing Company, 1972).

clientele which these liners were built to serve. Most of these first-class passengers were newly wealthy Americans who sought social validation through luxury travel that connected them with established elites in Europe. While the rise of the American economy encouraged the growth of this transatlantic elite, it also ushered in a period of unprecedented corporate expansion that required the evolution of shipping companies to remain competitive. To accrue the financial resources to build a superliner and properly take advantage of the consumer habits of the transatlantic high society, the steamship companies had to follow American business behavior by merging to become multinational entities or seek government intervention to remain independent. Thus, the stage was set for the likes of the *Titanic*, the “millionaires’ ship.”³

Until the start of the twentieth century, American economic growth was watched with admiration across the Atlantic. Great Britain enjoyed a trade surplus based on large US imports of British manufactured goods and from the returns of over \$600 million (2011 equivalent \$449 billion)⁴ of direct investment in the US. By 1900, 27 percent of Britain’s imports originated from the US, and it had a £100 million (\$128 billion) trade deficit with the US.⁵ The American economy had grown concurrent with a world in the throes of globalization. Between 1870 and 1914 there was a 392 percent increase in world trade,⁶ including a 225 percent increase in the value of trade alone between 1896 and 1913.⁷ In the 1870s the size of the American economy surpassed Great Britain’s and by 1913 it was 10 percent larger than the next two biggest economies, Great Britain and Germany, combined.⁸ This dramatic change in national economic power enabled over 4,000 American families to become millionaires and hold nearly 75 percent of the nation’s wealth.⁹ During this period America became a “fin-de-siècle consumer’s imperium.”¹⁰ It was the consumer power of the wealthy that would irrevocably change the world of transatlantic travel as they mingled with Europe’s upper classes. The tastes of the American rich were at first, however, imported.

After the Civil War, Americans with money were ready to enjoy themselves. In 1867 France hosted its Exposition Universelle, drawing large crowds and introducing Americans to the style of the French imperial court of Napoleon III and Empress Eugenie, who was clothed in the newest gowns from the fashion house of Jean Worth. The Second Empire made a deep and lasting impact on the newly wealthy Americans since France had been a republic and was now draped in imperial

³ Douglas R. Burgess Jr., *Seize the Trident*, 135.

⁴ Modern equivalencies, which will be always shown in parenthesis, are calculated using Measuring Worth an online calculator that offers different values for Commodity, Income, and Project. Values related to economy will be shown using the Project value and thus will be of higher value than some traditional historic currency calculators, otherwise values will be shown using Income value. Lawrence H. Officer and Samuel H. Williamson, *Measuring Worth.com*. (<http://www.measuringworth.com/>).

⁵ Vivian Vale, *The American Peril: Challenge to Britain on the North Atlantic 1901-04* (Manchester: Manchester University Press, 1984), 7-8.

⁶ David S. Sacks, Christopher M. Meissner, and Dennis Novy, “Trade Costs in the First Wave of Globalization,” in *Explorations in Economic History* 47 (2010): 137.

⁷ Jeffrey A. Frieden, *Global Capitalism: Its Fall and Rise in the Twentieth Century* (New York: W.W. Norton, 2006), 19.

⁸ Charles R. Morris, *The Tycoons: How Andrew Carnegie, John D. Rockefeller, Jay Gould, and J.P. Morgan Invented the American Supereconomy* (New York: Holt Paperbacks/Henry Holt and Company LLC, 2005), 272-273.

⁹ Greg King, *A Season of Splendor: The Court of Mrs. Astor in Gilded Age New York* (Hoboken, NJ: John Wiley & Sons, Inc., 2009), 2.

¹⁰ Kristin L. Hoganson, *Consumers’ Imperium: The Global Production of American Domesticity, 1865-1920* (Chapel Hill, NC: The University of North Carolina Press, 2007), 252.

splendor that was inclusive of its own self-made *nouveaux riches*.¹¹ The American wealthy experienced this hybrid republican-imperial culture and were inspired to use it to help define their position back in the US, and to include themselves as part of an international cosmopolitan society.¹² In the decades following the Franco-Prussian War and the fall of the court of Napoleon III in 1870, London assumed primacy as the ultimate destination to experience imperial opulence.¹³ Thus, while France bequeathed to the American rich the style with which they would define themselves, the British would form the basis of the American social framework by becoming an integral part of it.

In the first decade of the twentieth century Great Britain and its empire were still perceived as the most influential of the great powers. Britain's global position was bolstered at home by the domination of its society by its aristocracy. Yet beneath the surface subtle changes were altering the balance of power within British society. The wealth of the aristocracy was largely land based, and with the globalizing world economy its value declined.¹⁴ At the same time a new class of British plutocrats emerged who were increasingly being ennobled.¹⁵ As the upper echelons of British society changed, many aristocrats took the opportunity to travel abroad, especially to the East Coast of the US, where the newly rich there were fascinated by the aristocracy.¹⁶ The increase in travel between the US and Britain put affluent Americans and the British aristocracy in closer contact. The inevitable happened as by 1914 over 400 marriages had occurred involving Americans and British nobility, including 135 with high-ranking aristocrats.¹⁷ Prominent marriages included Consuelo Vanderbilt and the 9th Duke of Marlborough, and Mary Leiter and Lord Curzon, who became Viceroy of India.¹⁸ While the vast majority of transatlantic marriages were Anglo-American there were several with other European aristocracies. President Ulysses S. Grant's granddaughter married a Russian prince,¹⁹ Consuelo's cousin married the Hungarian Count Lazlo Széchenyi,²⁰ and there were several marriages into French, German and Italian nobility.²¹ There were also significant family and social connections between the American and European branches of industry, most especially in banking.²² Additionally, there were marriages into the political classes. In 1888 self-made businessman and future British Colonial Secretary Joseph Chamberlain wed Mary Endicott, daughter of President Grover Cleveland's Secretary of

¹¹ Wayne Craven, *Gilded Mansions: Grand Architecture and High Society* (New York: W.W. Norton & Company, 2009), 10. Maureen Montgomery, "Gilded Prostitution," *Status, Money, and Transatlantic Marriages, 1870-1914* (London: Routledge, 1989), 2, 22.

¹² Craven, *Gilded Mansions*, 9.

¹³ Montgomery, "Gilded Prostitution," 22.

¹⁴ David Cannadine, *The Rise and Fall of the British Aristocracy* (New York: Vintage Books/Random House, Inc., 1999), 90-91.

¹⁵ *Ibid*, 191 and 302-303.

¹⁶ Cannadine, *The Rise and Fall of the British Aristocracy*, 375; Richard W. Davis, "'We Are All Americans Now!': Anglo-American Marriages in the Later Nineteenth Century," in *Proceedings of the American Philosophical Society*, 135 (1991): 165.

¹⁷ Davis, "'We Are All Americans Now!'" Appendix A, B, C.

¹⁸ Cannadine, *The Rise and Fall of the British Aristocracy*, 397-398.

¹⁹ "An American Princess," *The New York Times* (September 24, 1899).

²⁰ Craven, *Gilded Mansions*, 131.

²¹ George Barr Parker, "Dollars vs. Pedigree, The Truth About International Marriages," in *Everybody's Magazine*, XVI, 2 (1907): 176.

²² Dolores Greenberg, "Yankee Financiers and the Establishment of Transatlantic Partnerships: A Re-Examination," in *Business History*, 16 (1974): 17-18; Susie J. Pak, *Gentlemen Bankers: The World of J.P. Morgan* (Cambridge, MA: Harvard University Press, 2013), 49.

War.²³ These marriages created a kinship and business network that bound the already intermarried 150 wealthiest families that dominated American society²⁴ to Europe's social, political and economic elite. The cultural consequences of this binding of the New World to the Old were clearly manifested in America's social and architectural capital, New York City.

Until the middle of the nineteenth century the most common type of dwelling in New York was the simple brownstone. By the end of the century the city had become a garden of Italian palazzos and French châteaux.²⁵ These palatial homes incorporated a riot of styles including Italianate, French Renaissance, Baroque, Rococo, Louis Seize, Louis Quinze, Louis Quatorze, Empire, Georgian, Flemish, Queen Anne, Adams and Regency.²⁶ The styles reflected the American admiration for French fashions remembered from the days of Napoleon III, the architecture of residences of the British aristocracy, and the fact that famed American architects such as Charles McKim and Richard Morris Hunt had studied in Paris's École des Beaux-Arts.²⁷ Probably the most lavish home was Senator William A. Clark's, whose mining fortune enabled him to build a \$5 million, 120-room mansion on Fifth Avenue, with a 500-seat theater and a complete eighteenth-century room imported from France.²⁸ To service these mansions with their grand staircases, ballrooms, and salons an army of servants was required, as the high aristocracy of Europe had in their great country estates. British butlers, French chefs, grooms, valets, maids, housekeepers and footmen became a mark of great distinction.²⁹ This architectural legacy of the Old World and the trappings of its elite were brought to life in an endless interconnected transatlantic social season.

The society elites had perfected a social calendar that reflected their transatlantic existence. For thirty years mores and etiquette imported from Europe shaped the functioning of American high society. The New York season, modeled on London's, began in November and included hundreds of receptions, dozens of musicales, luncheons, debutante dinners, visits to the theater and opera, and grand balls.³⁰ This parade of social activity in New York began to die down in March as many started their annual pilgrimages to Europe. Paris, where the famous socialite Caroline Schermerhorn Astor owned a home on the Champs-Élysées, was usually the first destination.³¹ Then in May the London season would begin, kicking off with a viewing at the Royal Academy followed by Ascot Week, the Henley Regatta and Cowes Week.³² Several prominent Americans also owned townhomes in London or even entire country estates, including J. Pierpont Morgan and William Randolph Hearst.³³ The main event of the 1911 London season was the June coronation of George V, with American visitors planning their stays months in advance, including J.P. Morgan and most of the Vanderbilt family.³⁴ At the end of June many Americans returned to

²³ Dana Cooper, "From New England to Old England: The Anglo-American Life of Mary Endicott Chamberlain Carnegie, 1864-1957," in *Massachusetts Historical Review* 13 (2011): 97-98.

²⁴ Montgomery, "Gilded Prostitution," 34-35.

²⁵ Craven, *Gilded Mansions*, 9.

²⁶ *Ibid.*, 36-37.

²⁷ *Ibid.*, 228-229.

²⁸ *Ibid.*, 358-360.

²⁹ King, *A Season of Splendor*, 195 and 198-199.

³⁰ Montgomery, "Gilded Prostitution," 40.

³¹ King, *A Season of Splendor*, 24 and 378.

³² Anna Sproule, *The Social Calendar* (Poole, UK: Blandford Press, 1978), 90.

³³ Cannadine, *The Rise and Fall of the British Aristocracy*, 360 and 367.

³⁴ "Society is Leaving for the Coronation," *The New York Times* (March 19, 1911).

the US for the start of the summer social season in Newport, Rhode Island.³⁵ Others would tour the south of France, gamble in Monte Carlo or relax at a German spa resort such as Baden-Baden.³⁶ This international group of interrelated elite travelers “probably presented the world with its first true forerunner of the Jet Set.”³⁷ Yet, the mode of transport that enabled this necessary constant travel between the two continents was the ocean liner. In the formative stages of the “...cosmopolitan elites...the transatlantic voyage represented a ‘dawn of consciousness.’”³⁸ This transatlantic consciousness became an ingrained part of the identity of the elite, and travel became a visible expression of their power.³⁹ With the dawn of the twentieth century the enmeshment of American elites into a transatlantic high society would take transatlantic travel to a new level, most clearly manifested with the development of the luxury superliner.

The transatlantic American elite had become accustomed to luxury as a way of life, as their New York mansions clearly showed. They expected that same level of luxury in their travels. This forced the evolution of shipboard interior design. Most early ocean liners had relatively rustic interiors and a single public space, the saloon.⁴⁰ The increase in first-class travel changed this considerably by the latter nineteenth century. Mark Twain described this evolution on the German ocean liner, the *Havel*, on which he had sailed. “In the old days the inside of a ship was the plainest and barrenest thing, and the most dismal and uncomfortable that ingenuity could devise; the modern ship is a marvel of rich and costly decoration and sumptuous appointment, and is equipped with every comfort and convenience that money can buy.”⁴¹ The German ocean liners, especially those of the Norddeutscher Lloyd (NDL), had pioneered new levels of luxury by employing the first professional interior architects such as Johannes Poppe.⁴² However, the late nineteenth-century German liners were overstuffed with décor, causing later architects to comment that “refinement of detail [had] been sacrificed to tawdry magnificence and over-elaboration.”⁴³ Arthur Davis, the renowned hotel architect and architect on the *Aquitania*, made those comments and recommended focusing on a hotel esthetic using the styles of eighteenth-century France and Britain.⁴⁴ This would be taken to heart by the other great German steamship line, the Hamburg-Amerikanische Packetfahrt Actien Gesellschaft (HAPAG), or simply the Hamburg-Amerika Line.

The École des Beaux-Arts-educated Charles Mewés, business partner of Arthur Davis, was hired by Hamburg-Amerika’s president, Albert Ballin, to bring the same style used in the Ritz Hotels to HAPAG’s liners.⁴⁵ Ballin’s own innovations in design included the introduction of the à la carte restaurant onboard a ship, inspired by those in hotels. The onboard restaurants on HAPAG

³⁵ King, *A Season of Splendor*, 24.

³⁶ Sproule, *The Social Calendar*, 94-95; Cannadine, *The Rise and Fall of the British Aristocracy*, 370.

³⁷ Sproule, *The Social Calendar*, 97.

³⁸ Mark Renella and Whitney Walton, “Planned Serendipity: American Travelers and the Transatlantic Voyage in the Nineteenth and Twentieth Centuries,” in *Journal of Social History* 38 (2004): 367.

³⁹ Christopher Endy, “Travel and World Power: Americans in Europe, 1890-1917,” in *Diplomatic History* 22 (1998): 573.

⁴⁰ Douglas Hart, “Sociability and “Separate Spheres” on the North Atlantic: The Interior Architecture of British Atlantic Liners, 1840-1930,” in *Journal of Social History* 44 (2010): 190.

⁴¹ Mark Twain, “About All Kinds of Ships: The Modern Steamer and the Obsolete Steamer,” in *The American Claimant and Other Stories and Sketches* (Hartford, CT: The American Publishing Company, 1901), 462.

⁴² John Malcolm Brinnin, *Grand Luxe: The Transatlantic Style* (New York: Henry Holt and Company, Inc., 1988), 7.

⁴³ Arthur Davis, “Architecture of the Liner: Planning, Decoration, and Equipment,” in *Architectural Review* 35 (1914): 89.

⁴⁴ *Ibid.*, 87, 91.

⁴⁵ Brinnin, *Grand Luxe*, 29.

liners, operated by César Ritz himself, offered an extra source of revenue since one meal could cost as much as a single third-class passenger's fare.⁴⁶ The increase in ocean liner facilities and special public spaces mirrored American millionaires' demand for better facilities in hotels when abroad, or even in their own mansions. Eventually, Mewés's ultimate creation, the 1913 *Imperator*, included a dining saloon, grill room, Ritz-Carlton restaurant, tea garden, veranda café, ladies' sitting rooms, palm garden, writing room, library, lounges, lobbies, smoking rooms, and one of only two ballrooms afloat at the time.⁴⁷ This French-style German ocean liner caused one German arts periodical to comment: "Louis XVI seems to be the real Emperor . . . judging by the decorative effects with which the world's biggest liner is embellished . . . the ladies saloon in Colonial, the smoking room in Flemish, the swimming pool in Pompeiian, the wintergarten in Louis XVI, the parlor in Louis XVI. – Louis XVI everywhere. Where is there any manifestation of present-day German style . . . The company of course must cater to the international public, especially Americans."⁴⁸ Since transatlantic Americans made up 80 percent of first-class passengers, the lines had to appeal to their tastes.⁴⁹ The transatlantic Americans had successfully inspired the creation of an international homogeneous style⁵⁰ that spanned from their own homes in New York, across the sea and into the European hotels. It was a visual expression of their transatlantic existence. The art critic Bernard Berenson nicknamed this culture "Ritzonia."⁵¹ HAPAG's strategy of adopting "Ritzonia" had the desired effect.

On a return voyage from Europe in September 1913 the *Imperator* hosted a ball with 500 guests out of the 859 first-class passengers, whose collective worth in 1913 was \$1 billion. Notables on that voyage included Henry Heinz of condiment fame, Isaac Gimbel (Gimbel Brothers department store), Louis Tiffany, Mrs. Oliver Belmont (formerly Alva Vanderbilt and mother to Consuelo Vanderbilt, Duchess of Marlborough), the banker John Drexel, and Mrs. William Kissam Vanderbilt II (sister-in-law to Consuelo Vanderbilt).⁵² Therefore "a good democratic citizen of the United States thinks he can enjoy his voyage better in an Empire suite of rooms – in a more comfortable bed than the Emperor ever had . . . whatever taste, the steamship company will welcome and make them comfortable, as long as they pay the fare in advance."⁵³ And the steamship companies were ready to accommodate these tastes exactly because the transatlantic Americans could now pay for what they wanted.

A 1904 magazine article on ocean travel stated: "Is it a wonder that the European shipbuilders have strained every effort to cater to the American love for the pleasures of life and draw them across the water, when it is shown that every pleasure-tourist sailing over the seas spends on an average twelve hundred dollars before reaching his native shores again?"⁵⁴ Therefore, the 94,000

⁴⁶ Ibid, 31-33

⁴⁷ Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft, *Imperator: The World's Largest Ship, Embodying Maximum Comfort and Safety for All* (New York: Hamburg-American Line, 1913). Patricia D. Kligenstein Library in New-York Historical Society and Library, New York.

⁴⁸ "Imperator Too French?" in *The New York Times* (July 20, 1913).

⁴⁹ Fox, *The Ocean Railway*, 351.

⁵⁰ Bernard Rieger, *Technology and the Culture of Modernity in Britain and Germany, 1890-1945* (Cambridge: Cambridge University Press, 2005), 165.

⁵¹ Richard Davenport-Hines, *Voyagers of Titanic: Passengers, Sailors, Shipbuilders, Aristocrats and the Worlds They Came From* (New York: William Morrow/HarperCollins Publishers, 2012), 76.

⁵² "Imperator Here With Record Crowd," in *The New York Times* (September 18, 1913).

⁵³ R.A. Fletcher, *Travelling Palaces: Luxury in Passenger Steamships* (London: Sir Isaac Pitman & Sons, Ltd., 1913), 257.

⁵⁴ Seymour M. Bailiss, "The Luxury of Modern Ocean Travel," in *Broadway Magazine*, XIII (1904): 218.

annual average first-class passengers contributed approximately \$113 million (\$52 billion) to Europe's economy. Some travelers spent as little as \$300 (\$14,000) for a two-week stay in Europe⁵⁵ or as extravagantly as George Gould did in 1894 when he spent an estimated \$600,000 (\$16 million) on a twelve-week excursion.⁵⁶ American spending power really made itself known when Americans did not show up to spend in such prodigious amounts and certain sectors of the European economy could suffer. In the early summer of 1914 a *New York Times* article described the situation in London where, "...real estate agents and owners of houses in fashionable Mayfair and Belgravia, who have come to depend on American dollars, are in mourning because the renting season has been a complete failure. Few Americans are taking homes."⁵⁷ Hence, as early steamship travel had fostered the development of the transatlantic elite, by the twentieth century the American economy had given them the power to shape the next stage in evolution in ocean travel. For the transatlantic elites travel was a part of their identity. For the steamship companies, attracting these perennial travelers was a mark of distinction, but it was even better for their bottom lines.

In the full season, May through July, a single-berth first-class cabin on the *Lusitania* or *Mauretania* cost about \$150 (\$6,650), while its Regal Suites (containing two bedrooms, a sitting room, dining room, and private bath/toilet) cost at full occupancy \$2,175 (\$96,400).⁵⁸ The various cabins had different amenities and locations, so prices varied considerably. Theoretically, if the *Lusitania* had its 260 first-class cabins booked to full capacity it would have brought a gross income of over \$100,000 (\$4.43 million)⁵⁹ on a single voyage. This occurred in June 1911 when a large contingent of people was heading to London for the festivities surrounding George V's coronation.⁶⁰ A single voyage of the *Lusitania*, regardless of the number of passengers, cost Cunard over \$100,000.⁶¹ Running an ocean liner was expensive, with operating costs including fuel, wages for crew and officers, provisions, and port charges.⁶² Third class had by far the largest number of passengers, but after a 1908 agreement among the rival steamship lines to control steerage prices to keep them stable,⁶³ fares averaged about \$38 to New York and \$35 to Europe for most of the period.⁶⁴ A second-class agreement had set the minimum fare on a ship like the *Lusitania* to around £12 or \$58.⁶⁵ On the *Lusitania* the 460 second-class passengers at minimum would bring in

⁵⁵ Theodore H. Price, "The Business Value of a European Trip to an American," in *The Outlook* (August 1, 1914): 816.

⁵⁶ King, *A Season of Splendor*, 379.

⁵⁷ "Rich Americans Cut London Visits," in *The New York Times* (June 7, 1914).

⁵⁸ Cunard Line Brochure, File Unit: In the Matter of the Petition of the Cunard Steamship Company, Limited, as Owner of the Steamship LUSITANIA for Limitation of its Liability, 1918 - 1919; U.S. District Court for the Southern District of New York; Records of District Courts of the United States, Record Group 21; National Archives at New York City.

⁵⁹ Ibid.

⁶⁰ "Coronation Day on Ships," in *The New York Times* (June 18, 1911).

⁶¹ Drew Keeling, "Transatlantic Shipping Cartels and Migration Between Europe and America, 1880-1914," in *Essays in Economic and Business History* 17 (1999): 198.

⁶² See Clement Griscom, "How Steamship Operations are Organized," in *System Magazine* V (1904).

⁶³ Agreement AA., Petitioner's Exhibit 3, File Unit: The United States of America v. Hamburg-AmerikanischePacketfahrt-Actien-Gesellschaft et al, ca. 1900 - 1915; Office of the U.S. Attorney for the Southern Judicial District of New York; Records of U.S. Attorneys, Record Group 118; National Archives at New York City.

⁶⁴ Memorandum for Mr. Marshall, File Unit: The United States of America v. Hamburg-AmerikanischePacketfahrt-Actien-Gesellschaft et al, ca. 1900 - 1915; Office of the U.S. Attorney for the Southern Judicial District of New York; Records of U.S. Attorneys, Record Group 118; National Archives at New York City.

⁶⁵ Agreement W, Agreement on Second Class Business, Petitioner's Exhibit 10, File Unit: The United States of America v. Hamburg-AmerikanischePacketfahrt-Actien-Gesellschaft et al, ca. 1900 - 1915; Office of the U.S.

\$26,680 and the 1,186 third class at \$35 eastbound would bring in \$41,510. Together this accounted for only \$68,190. There existed a rate agreement for first class as well,⁶⁶ and even if the *Lusitania*'s 552 first-class passengers paid only the set minimum rate of £25 or \$122, this alone would bring in \$67,344. While steamship lines had to control their steerage fares, they could charge whatever they wanted in first class. Thus, even though steerage accounted for the majority of passengers and remained the largest source of revenue in passenger shipping overall, on superliners it was from first-class passengers that shipping lines could make extraordinary profits. To properly take advantage of these first-class customers they first needed a new class of ocean liners.

The likes of the *Titanic* would not have been built without the existence of the transatlantic elite. Of the nearly 26 million passengers that crossed the Atlantic between 1893 and 1913, about 12 percent were first-class. The 47,876 first-class passengers who sailed to Europe in 1893 nearly doubled to 95,654 passengers in 1913.⁶⁷ To steamship lines the value of these travelers was not their high social standing, even though steamships lines coveted the prestige of carrying this elite, but their status as elite consumers.

During a 1912 antitrust court case involving steamship companies and the US government, White Star Line's assistant manager Arthur Cauty testified that the most profitable passenger for White Star Line was a first-class passenger.

“Q. You believe that your experience has been that the carriage of the first class passenger is more profitable than the carriage of the second or third class passenger?

A. Yes, if you get enough of them.”⁶⁸

Steamship lines tried to attract enough wealthy customers by luring them with the extravagant interiors. To turn ships from empty steel shells into moving versions of Fifth Avenue mansions there had to be adequate space. Space had become the ultimate sign of luxury.⁶⁹ In some ocean liners over two-thirds of the available space was dedicated to first-class.⁷⁰ Building larger ships would not only allow palatial interiors but also let ships carry more customers on a single voyage. Luckily for the steamship companies the economics of ship design worked in their favor. They could carry more passengers for less cost to the company while charging higher rates because the operating cost of a ship does not increase proportionally to its size.⁷¹ Cauty also testified “that a modern ship can carry passengers much cheaper than an old ship because of her improved design,

Attorney for the Southern Judicial District of New York; Records of U.S. Attorneys, Record Group 118; National Archives at New York City.

⁶⁶ Agreement V, Agreement on First Class Business, Petitioner's Exhibit 11, File Unit: The United States of America v. Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft et al, ca. 1900 – 1915; Office of the U.S. Attorney for the Southern Judicial District of New York; Records of U.S. Attorneys, Record Group 118; National Archives at New York City.

⁶⁷ Based on statistics in *Hearings Before Committee on Immigration United States Senate, A Bill to Provide for the Protection of the Citizens of the United States by the Temporary Suspension of Immigration, and for Other Purposes, H.R. 14461*, 66th Congress, 3rd Session (Washington, D.C.: Government Printing Office, 1921), 394.

⁶⁸ Petitioner's Testimony Volume II, Arthur Belcher Cauty; p. 1075, File Unit: The United States of America v. Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft et al. U.S. Circuit Court for the Southern District of New York; Records of District Courts of the United States, Equity Case Files, Record Group 21; National Archives at New York City.

⁶⁹ Maxtone-Graham, *The Only Way to Cross*, 48.

⁷⁰ Philip Dawson, *The Liner: Retrospective and Renaissance* (London: Conway, 2007), 9.

⁷¹ Martin Stopford, *Maritime Economics, Third Edition* (New York: Routledge, 2009), 76.

and the more economical use of her space.”⁷² Yet to build these behemoths an enormous amount of capital was first required. Between the 1890s and the First World War the price of building a transatlantic liner quadrupled.⁷³ The *Titanic* alone would end up costing White Star Line \$7.5 million (\$1.15 billion).⁷⁴ Each Emperor class vessel cost HAPAG approximately \$9.5 million (\$1.5 billion), with the project collectively equaling over a third of the company’s assets.⁷⁵ The possibility of even building ships of this size and cost could not be considered until after 1900. The rise of the American economy had utterly transformed the Atlantic world by creating a class of people whose social identity was dependent on them being able to live a transatlantic existence. To cater to this clientele first required steamship companies to spend extraordinary amounts of capital on building larger vessels. The financial genealogy of the *Titanic* reveals how a project of such a scale was made possible and uncovers the immediate catalyst that set off the race to build the great superliners of the twentieth century. The path led to the shores of New Jersey and the offices of the ultimate transatlantean, J.P. Morgan.

Morgan had been educated in Switzerland and at the University of Göttingen in Germany, spoke fluent French and German, and travelled constantly through his life.⁷⁶ He was the most powerful banker in the US, if not the world. The British had turned to him to help raise capital during the Boer War. This was the first time in a century that the British had borrowed from foreigners.⁷⁷ He transformed the makeup of the American economy by merging companies into massive combinations, or trusts. There were over a thousand mergers in the US in 1899 and 1900 alone.⁷⁸ The greatest was Morgan’s 1901 \$1.4 billion (\$1 trillion) US Steel, formed from Andrew Carnegie’s steel empire to become the world’s largest corporation.⁷⁹ Morgan’s campaign to end destructive competition began in the railroad industry; he had direct financial control of nearly 50,000 miles of America’s 160,000 miles, and financial leverage in tens of thousands of more miles. In all he controlled more railroad mileage than the national networks of Great Britain and Germany combined.⁸⁰ Railroads had been the first great corporations and had been critical in the formation of the New York Stock Exchange and turned America into a single, integrated

⁷² Petitioner’s Testimony Volume II, Arthur Belcher Cauty, 1101, File Unit: The United States of America v. Hamburg-AmerikanischePacketfahrt-Actien-Gesellschaft et al. U.S. Circuit Court for the Southern District of New York; Records of District Courts of the United States, Equity Case Files, Record Group 21; National Archives at New York City.

⁷³ Answer of Hamburg-AmerikanischePacketfahrt-Actien-Gesellschaft, File Unit: The United States of America v. Hamburg-AmerikanischePacketfahrt-Actien-Gesellschaft et al. U.S. Circuit Court for the Southern District of New York; Records of District Courts of the United States, Equity Case Files, Record Group 21; National Archives at New York City.

⁷⁴ *Hearing Before a Subcommittee of the Committee on Commerce United States Senate, Directing the Committee on Commerce to Investigate the Causes to the Wreck of the White Star Liner “Titanic,” S. Res. 283, 62nd Congress, 2nd Session* (Washington, D.C.: Government Printing Office, 1912), 918.

⁷⁵ Frank Broeze, “Shipping Policy and Social Darwinism: Albert Ballin and the *Weltpolitik* of the Hamburg-American Line 1886-1914,” in *The Mariner’s Mirror*, 79 (1993): 424.

⁷⁶ Jean Strouse, *Morgan, American Financier* (New York: Random House, 1999), 59.

⁷⁷ Morris, *The Tycoons*, 271.

⁷⁸ Steven Gittelman, *J.P. Morgan and the Transportation Kings* (Lanham, MD: University Press of America, 2012), 44.

⁷⁹ John Steele Gordon, *An Empire of Wealth: The Epic History of American Economic Power* (New York: Harpers Perennial, 2004) 262; H.W. Brands, *American Colossus: The Triumph of Capitalism, 1865-1900* (New York: Anchor Books/Random House, Inc., 2011), 603.

⁸⁰ John Moody, *The Truth about the Trusts: A Description and Analysis of the American Trust Movement* (New York: Moody Publishing Company, 1904), 434 and 442; Vale, *The American Peril*, 23.

economy.⁸¹ It was in New Jersey, with its welcoming laws towards holding companies, where more than two-thirds of the largest companies in America were incorporated.⁸² Amongst these companies was the International Navigation Company, headed by Clement A. Griscom.

By 1900 the US had fallen dramatically behind in the development of steamship technology. Ninety percent of the nation's international trade and passenger traffic was carried by foreign ships.⁸³ Griscom's ambition was to form an American-flagged Atlantic steamship company that could successfully compete with European lines. He planned to merge his International Navigation Company (INC) with fellow American Bernard N. Baker's rival Atlantic Transport Company (ATC). The INC was itself a holding company comprised of a British registered subsidiary called INC Ltd., the American Line, and the Belgian flagged Red Star Line.⁸⁴ To expand the INC and preempt the takeover of the ATC by British financier John Ellerman's Leyland Line, Griscom sought financial assistance from the Philadelphia firm Drexel & Co., a subsidiary of Morgan's J.P. Morgan & Co.⁸⁵ On 28 November 1900 J.P. Morgan, Peter A.B. Widener (a board member of the INC), Clement A. Griscom and Bernard N. Baker met to discuss the merger between the INC and the ATC. By December an agreement had been reached to merge the two companies and form a holding company with a capitalization of \$75 million (\$51.8 billion).⁸⁶ However, Morgan usurped Griscom as the primary driving force in the merger and planned to use his financial clout to pacify competition on the North Atlantic itself.

By 1903 the American merger had become a multinational enterprise with a \$170 million (\$101 billion) capitalization and now called itself the International Mercantile Marine (IMM). *Munsey's Magazine* described it as "a stroke of American financial statesmanship ... wholly unexpected. The sheer audacity of it has not impressed the Old World more profoundly than this new and marvellous revelation of American wealth. No group of European capitalists would have dreamed of purchasing so mighty a merchant tonnage and combining it under one administration."⁸⁷ The IMM now controlled the British subsidiaries of the American INC and the ATC, plus the British shipping companies Frederick Leyland & Co. Ltd., White Star Line and its management company of Ismay, Imrie & Co., and the Dominion Line and its management company of Richard, Mills & Co.⁸⁸ The IMM controlled 45 shipping routes from the Atlantic to the West Indies, South Africa, New Zealand, and Australia.⁸⁹ The rather convoluted nature of the IMM's corporate structure was best revealed in a 1913 Congressional investigation of steamship businesses when it described the White Star Line's *Titanic* as "a British ship owned by a British company, the shares of which were owned by an American trust, and she was managed by a British committee, so that her position

⁸¹ John Micklethwait and Adrian Wooldridge, *The Company: A Short History of a Revolutionary Idea* (New York: Modern Library/Random House, Inc., 2005), 62; Brands *American Colossus*, 23-24; Gordon, *An Empire of Wealth*, 235-236.

⁸² Micklethwait and Wooldridge, *The Company*, 68.

⁸³ Vale, *The American Peril*, 42-43; Strouse, *Morgan, American Financier*, 558.

⁸⁴ Thomas R. Navin and Marian V. Sears, "A Study in Merger: Formation of the International Mercantile Marine Company," in *The Business History Review* 28 (1954), 293-295; Gittelman, *J.P. Morgan and the Transportation Kings*, 21.

⁸⁵ Navin and Sears, "A Study in Merger", 296-298.

⁸⁶ Steamship Lines Combination: syndicate records, 1900 Dec. 10. In J.P. Morgan & Co. Syndicate books, Vol. 3, 1-6; Record ID: 197576, ARC 110; The Morgan Library and Museum, New York.

⁸⁷ Winthrop L. Marvin, "The Fight for Atlantic Commerce," in *Munsey's Magazine*, XXVIII (1908): 809.

⁸⁸ Navin and Sears, "A Study in Merger," 311.

⁸⁹ Strouse, *Morgan, American Financier*, 476.

was complicated to the last degree.⁹⁰ The most potentially profitable entity of the entire enterprise was the White Star Line, for which each original shareholder got £14,265 or \$69,450 per share.⁹¹ This was calculated to include the total assets of the company and ten times the company's profits in 1900.⁹² Underwriting this massive financial undertaking was a syndicate whose subscribers included some of America's industrial giants such as John D. Rockefeller, Henry Clay Frick, and Charles Schwab.⁹³ Controlling the IMM itself was a voting trust made up of J.P. Morgan himself, his business partner Charles Steele, Peter Widener from the INC, Lord William Pirrie of the shipbuilding firm Harland & Wolff and White Star Line director J. Bruce Ismay.⁹⁴ This demonstration of American economic power to buy up so many companies and restructure them in an industry that was dominated by foreigners had international repercussions, politically and for the business of Atlantic passenger shipping.

Germany's HAPAG and NDL were very nearly swallowed by the massive Anglo-American combination. Morgan tried to buy shares in the two companies,⁹⁵ but after the public outcry in Germany and the personal intervention of Kaiser Wilhelm II a full-scale takeover was prevented. In 1901 the two sides signed a ten-year agreement that prevented the buying of shares, but included a complex profit sharing scheme that was based on each side hypothetically owning £1 million of shares in the other and paying dividends based on those theoretical shares. Each side was to also support the other against competition. Together the IMM and the two German lines amounted to 40 percent of Atlantic shipping.⁹⁶ The German lines also required from Morgan the takeover of their continental rival the Holland-America Line. The Dutch line agreed to its takeover on the understanding that it would remain a completely separate entity, but unbeknownst to its directors half the shares out of the fifty-one percent stake Morgan took in the company went to the two German lines.⁹⁷ Another unwritten part of the agreement, brought up by the HAPAG's director Albert Ballin, was the proposed takeover of Cunard.⁹⁸ Morgan had gone after White Star Line because it was his personal favourite,⁹⁹ while he rather disliked Cunard.¹⁰⁰ However, Ballin recognized that Cunard had to be subdued or it would pose a considerable threat to the stability of the alliance.

⁹⁰ *Special Diplomatic and Consular Reports Prepared for the use of Committee on the Merchant Marine and Fisheries in Answer to Instructions from the Department of State and Dealing with Methods and Practices of Steamship Lines Engaged in the Foreign Carrying Trade of the United States*, ed. S.S. Huebner (Washington, 1913), 141.

⁹¹ Steamship Lines Combination: syndicate records, 1900 Dec. 10. In: J.P. Morgan & Co. Syndicate books Vol. 3, 1-6; Record ID: 197576, ARC 110; The Morgan Library and Museum, New York.

⁹² M.J. Fields, "The International Mercantile Marine – An Ill-Conceived Trust," in *The Journal of Business of the University of Chicago* 5 (1932): 271.

⁹³ Steamship Lines Combination: syndicate records, 1900 Dec. 10. In: J.P. Morgan & Co. Syndicate books Vol. 3, 1-6; Record ID: 197576, ARC 110; The Morgan Library and Museum, New York.

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*

⁹⁶ Moody, *The Truth about the Trusts*, 100-101 and 107.

⁹⁷ Steamship Lines Combination: syndicate records, 1900 Dec. 10. In: J.P. Morgan & Co. Syndicate books, Vol.3, 1-6; Record ID: 197576, ARC 110; The Morgan Library and Museum, New York.

⁹⁸ Navin and Sears (1954), 319.

⁹⁹ Strouse, *Morgan, American Financier*, 459.

¹⁰⁰ Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (New York: Touchstone/Simon & Schuster, 1990), 102.

Cunard's close relationship with the British government dated to the middle of the nineteenth century, when it carried nearly fifty percent of British mail to the US.¹⁰¹ Towards the end of the nineteenth century, Cunard had faded in comparison to its competitors, such as White Star, and to top it all its ships had had lost the Blue Riband¹⁰² for Britain in 1898 to a series of advanced German ocean liners: the *Kaiser Wilhelm der Grosse*, *Deutschland*, *Kronprinz Wilhelm*, and *Kaiser Wilhelm II*.¹⁰³ The threat posed by the IMM seemed to squeeze Cunard from the west and the agreement with the Germans, plus their fleet of express steamers, put the pressure on from the east. Cunard rebuffed Morgan's offer for a controlling stake and rejected an offer from the British mogul Sir Christopher Furness to turn Cunard into the Cunard Imperial Steam Navigation Company, a competing combine made up of the Beaver and Elder Dempster Lines.¹⁰⁴ It wanted to remain a completely separate entity and convinced the British government to intercede in a business matter and prevent Cunard, which was still getting an annual Admiralty subvention of £28,000 (\$35 million), from being taken over. The 1903 government agreement with Cunard granted it a low-interest loan from the government of £2.6 million (\$3.3 billion) on the condition that it would build two steamers capable of speeds of at least 25 knots and easily convertible to armed cruisers in a time of war. In addition it would get £68,000 (\$87.2 million) per year for mail carriage and an additional £150,000 (\$192 million) bonus once the two ships were completed.¹⁰⁵ Great Britain came out of 1903 still the supreme naval power of the world. The deal with Cunard was to be a clear demonstration to both the United States and to Germany of Britain's commitment to naval and merchant marine superiority.

Many of Europe's shipping companies, including Germany's, had the extra benefit of being the preferred or protected service to colonial outposts for Europe's sprawling global empires. The North Atlantic was the true free market of the world's shipping lanes.¹⁰⁶ While the American conglomerate could draw on the strength of the House of Morgan as a financial conduit and Cunard on the British government, in Germany only NDL received a government subsidy. On the Atlantic the German lines could depend only on their own business acumen, and HAPAG rose to the top.

HAPAG's agents were as far-flung as Seattle, Sydney, Ecuador and India, giving HAPAG a powerful intelligence service that helped make its shipping business exceptionally efficient. Its brilliant general director, Albert Ballin, with his strategy of relentless expansion, ensured that the company lived up to its motto, *Mein Feld ist die Welt* (My field is the world).¹⁰⁷ In 1903 both German lines expanded into the British market with NDL's takeover of the Scottish Oriental Line

¹⁰¹ Chih-lung Lin, "The British Dynamic Mail Contract on the North Atlantic: 1860-1900," in *Business History* 54 (2012): 786.

¹⁰² Record for fastest crossing of the Atlantic, with the westbound crossing holding prominence.

¹⁰³ Freda Harcourt, "British oceanic mail contracts in the age of steam, 1838-1914," in *The Journal of Transport History* 9 (1988): 10; Arnold Kludas, *Record Breakers of the North Atlantic, Blue Riband Liners 1838-1952* (London: Chatham Publishing, 2000), 146-150.

¹⁰⁴ Vale, *The American Peril*, 152 and 155-157.

¹⁰⁵ Copy of an Agreement between the Admiralty, the Board of Trade, and the Postmaster General and the Cunard Steamship Company, Limited, File Unit: In the Matter of the Petition of the Cunard Steamship Company, Limited, as Owner of the Steamship LUSITANIA for Limitation of its Liability, 1918 - 1919; U.S. District Court for the Southern District of New York; Records of District Courts of the United States, Record Group 21; National Archives at New York City.

¹⁰⁶ Michael B. Miller, *Europe and the Maritime World: A Twentieth Century History* (New York, NY: Cambridge University Press, 2012), 14, 73.

¹⁰⁷ Lamar Cecil, *Albert Ballin: Business and Politics in Imperial Germany 1888-1918* (Princeton: Princeton University Press, 1967), 21-22.

and Holt Line, and HAPAG's capture of the Atlas Line.¹⁰⁸ This expansionist strategy was kept up by HAPAG, with Ballin turning the MacIver Steamship Company and the Gulf Transport Company into HAPAG subsidiaries, expanding into US based shipping with a stake in the Atlantic Fruit Company, and investments in Brazilian and Argentine shipping companies.¹⁰⁹ When Ballin was hired by HAPAG in 1886 it was the twenty-second-largest shipping line in the world.¹¹⁰ By 1914 Ballin had transformed the company into the largest shipping company in the world. Its seventy routes spread across the globe, and its tonnage had doubled since 1900, constituting a quarter of the total German merchant marine.¹¹¹ The successful transformation of HAPAG into a multinational enterprise was reflected in its yearly earnings, which tripled between 1903 and 1913.¹¹² By becoming a global presence HAPAG now had the resources on which to draw in the new era of giant liners. The IMM had the incredible financial resources of J.P. Morgan, Cunard had the investment from the British government, and HAPAG could channel profits from its global freight routes into the Atlantic race.

After the appearance of Cunard's *Lusitania* and *Mauretania*, White Star's *Olympic* and *Titanic*, and HAPAG's *Imperator*, a contemporary authority on ocean liners wrote:

Were it not for the amalgamation of interests, and scores of such amalgamations that have occurred in the history of the steamship industry, and the financial strength thereby secured, the immense modern fleets of floating palaces would have been impossible of formation. No living capitalist is able to pay for the construction of the large vessels which are now employed, and it is only through the amalgamation of financial resources that the great floating palaces of the present day have become possible and that one controlling ownership may have the management of such gigantic amalgamations as those grouped round...the International Company, generally called the Morgan Combine,... the Hamburg-Amerika line and the North German Lloyd.¹¹³

Corporate merger and expansion gave the IMM and HAPAG the foundations to build their own superliners. Cunard, with its government loan and subsidy, launched the fast and sophisticated *Lusitania* and *Mauretania* in 1907. The success of the IMM after several years of disappointing profits after its formation depended on its ability to capture a larger share of the transatlantic elite travelers than Cunard or the Germans. After Ismay replaced Griscom as president of the IMM,¹¹⁴ he had the opportunity to channel more company resources to White Star, especially since White Star was by far the most profitable subsidiary of the company.¹¹⁵ Unlike Cunard the IMM had the financial resources to build such giant vessels alone, and Morgan himself personally authorized Pirrie and Ismay's plan to build a trio of giant liners. Morgan had organized a £150,000 loan for

¹⁰⁸ Frank L. McVey, "Report of the Select Committee of the House of Commons on Steamship Subsidies," in *Journal of Political Economy*, 11, (1903), 473.

¹⁰⁹ Broeze, "Shipping Policy and Social Darwinism," 424, 430.

¹¹⁰ Cecil, *Albert Ballin*, 21.

¹¹¹ Broeze, "Shipping Policy and Social Darwinism," 419; Hopkins and A. Russell Bond, *Scientific American Reference Book Edition of 1914*, 194-196.

¹¹² Theodore Prince, "The International Mercantile Marine Situation," in *Moody's Magazine* 18 (1915): 417.

¹¹³ Fletcher, *Travelling Palaces*, 84.

¹¹⁴ Robin Gardiner, *The History of White Star Line* (Hersham, UK: Ian Allan Publishing, 2001), 25 and 127-128; Strouse, *Morgan, American Financier*, 477-478

¹¹⁵ William Henry Flayhart III, *The American Line 1871-1902* (New York: W.W. Norton & Company, 2000), 352; Prince, "The International Mercantile Marine Situation," 416.

Harland & Wolff to update its facilities, and he approved the sale of £1.5 million of White Star Line bonds to raise the capital to build the three ships.¹¹⁶ In June 1911 that the *Olympic*'s maiden voyage saw a record number of first-class passengers and brought record earnings. *The United States Investor* wrote, "forget the disappointments of the past nine years with reference to the International Mercantile Marine Company, and give careful consideration to the securities in reference to their position of the present time."¹¹⁷ The period of corporate upheaval faced by shipping companies in the first years of the twentieth century now seemed ready to settle down into an era where the IMM and its fellow steamship lines could finally take advantage of their investments in their new superliners to carry the transatlantic elite to and from Europe in absolute luxury. However, this stability would prove short-lived when two serious shocks shattered the world of the early twentieth-century superliner.

The first great shock was suffered by the IMM alone when the *Titanic* sank, taking over 1,500 people down with it, including notable members of the transatlantic elite such as Caroline Schermerhorn Astor's son John Jacob Astor IV. This did irreparable damage to the reputation of the IMM, and its stock value plummeted until it defaulted on interest payments in 1914.¹¹⁸ The second great shock was the outbreak of the First World War. It disrupted the development of each line's three-ship weekly service to New York, which the trio of ships from White Star, Cunard and HAPAG were designed to establish.¹¹⁹ The continued travel by American transatlantic elites to and from Europe would have brought these companies enormous profits, which had been hinted at by the success of the *Lusitania*, *Mauretania*, *Olympic* and *Imperator*. Cunard nearly established three-ship service with the launch of the *Aquitania* in the spring of 1914, and HAPAG was on course with the launch of the *Vaterland* and the building of the *Bismarck*. Yet just as White Star's potential trio died with the *Titanic*, neither did Cunard's or HAPAG's attempts succeed. The *Lusitania* was sunk by a German submarine in May 1915 during the war, and HAPAG lost all its assets in the fallout of Germany's loss of the war,¹²⁰ including the unfinished *Bismarck*. The war radically altered the original *raison d'être* of the early twentieth-century superliner, which had been transporting the American transatlantic elite seeking social validation for their position in American society by imitating and integrating with European high society.

After the war, 80 percent of travelers were still Americans, but "the American traveler was no longer the millionaire class of the Edwardian era, but glamorous Hollywood film stars and business tycoons."¹²¹ The traditional European social hierarchy began the postwar era in tatters on the continent and severely humbled in Britain. The United States began the postwar era with newfound confidence in itself and its own culture *vis-à-vis* Europe. It was a cultural shift that allowed first-class American travelers to no longer feel obliged to travel to Europe for social validation, as their new confidence at just being wealthy and American let them travel merely for leisure. The era also witnessed another American phenomenon, the success of the middle-class American tourists who by 1920 outnumbered first class passengers two to one.¹²² Until the giant ocean liner

¹¹⁶ Boyce (1995), 186; Gittleman (2012), 278; *Committee on Commerce to Investigate the Causes to the Wreck of the White Star Liner "Titanic,"* (1912), 950-951.

¹¹⁷ P. De Medici, "The Steamship Trust Doing Better," in *The United States Investor* XXII (1911): 1056.

¹¹⁸ Prince, "The International Mercantile Marine Situation," 415.

¹¹⁹ Maxtone-Graham, *The Only Way to Cross*, 45

¹²⁰ Michael B. Miller, "The Business Trip: Maritime Networks in the Twentieth Century," in *The Business History Review* 77 (2003), 12.

¹²¹ Anne Wealleans, *Designing Liners: A History of Interior Design Afloat* (New York: Routledge, 2006), 122.

¹²² Based on statistics in *Hearings Before Committee on Immigration United States Senate, A Bill to Provide for the Protection of the Citizens of the United States by the Temporary Suspension of Immigration, and for Other*

became obsolete in the middle of the twentieth century, its interior design was more influenced by American modernism than European historicism. This reflected the change in sources of profit from elite travel to mass tourism.¹²³

The *Titanic* was built in an age when the economic balance of power had shifted from the Atlantic's eastern to its western shores. The rise of the American economy birthed the first international luxury travel market. The transatlantic market was defined by wealthy American consumers importing their style and social framework from Europe, and was strengthened through kinship linking the two worlds by marriage. This transatlantic elite entered its zenith in the early twentieth century and defined itself with French style, British class and American money. These Americans had successfully combined high society with high capitalist consumption. This required a reevaluation of the scale on which steamship companies conducted their business, for they recognized the profit potential of this new transatlantic elite. To properly compete in such a market they had to reproduce the lifestyle that this clientele had grown accustomed to, and so channeled their skills into creating ships of unprecedented size and opulence. These ships were massive undertakings that required huge sums of capital. The White Star Line was linked to the financial powerhouse of J.P. Morgan & Co., Cunard to the might of the still reigning superpower of Great Britain, and leaving the German lines to embark an aggressive campaign of corporate expansion to stay competitive. In doing so the shipping lines had imitated business practices of American corporations. They also pioneered techniques used by modern multinational corporations even today. They developed horizontal alliances, as between the German lines and the IMM, and vertical alliances such as IMM's contract to exclusively build its ships with Harland & Wolff, or NDL investing in coal mines.¹²⁴ This was a clear demonstration of the mutually reinforcing socio-economic relationship brought on by a world in the grip of globalization in an era that was "the closest thing the world had ever seen to a free market for goods, capital, and labor. It would be a hundred years before the world returned to that level of globalization."¹²⁵

Only by evolving to reflect changing world market conditions could the shipping companies conceive and build the great transatlantic ocean liners. The traditional power political explanations and notions of simplistic one-upmanship do not do justice to the sensitivity of the shipping industry to global economic conditions.¹²⁶ Nor are the economic or social components fully comprehensible unless they are considered together. Ships that were floating extensions of New York, Paris, and London made passenger shipping a tangible expression of the era's economic conditions and corresponding cultural standards. While expressions of pride of their nations of origin, these superliners were also the culmination of the overt and subtle changes brought about by the expansion of the American economy. Most first-class passengers were wealthy Americans who drove the demand for larger and more luxurious ships, and luring this lucrative clientele required steamship companies to adopt American business structures to secure the financial resources to build their superliners. Therefore, the *Titanic* and its contemporaneous great liners were the

Purposes, H.R. 14461, 66th Congress, 3rd Session (Washington, D.C.: Government Printing Office, 1921), 394; Lorraine Coons and Alexander Varias, *Tourist Third Cabin, Steamship Travel in the Interwar Years* (New York: Palgrave MacMillan, 2003), 26-30.

¹²³ Wealleans, *Designing Liners*, 117-122.

¹²⁴ Carl Strikwerda, "The Troubled Origins of European Economic Integration: International Iron and Steel and Labor Migration in the Era of World War I," in *The American Historical Review* 98 (1993), 1119; Steamship Lines Combination: syndicate records, 1900 Dec. 10. In: J.P. Morgan & Co. Syndicate books Vol. 3, 1-6; Record ID: 197576, ARC 110; The Morgan Library and Museum, New York.

¹²⁵ Frieden, *Global Capitalism*, 16.

¹²⁶ Stopford, *Maritime Economics*, 95-96 and 138-139.

ultimate products and icons of the era that gave rise to them, and thus offer the perfect segue to gaining a more nuanced understanding of the complexity of that period.