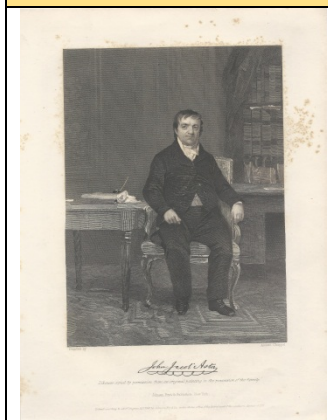


## Chapter 68j -- We The People In 1820: Tycoons



**Dates:**  
1820

**Sections:**

- John Jacob Astor: The American Dream

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Time: 1763-1848

### John Jacob Astor: American Tycoon



The vast majority of men who travel east to west by 1820 are content to stake out their farm and make enough of a living to raise their family.

But a few are driven by the allure of building vast new businesses that span the continent and offer the allure of almost limitless wealth.

These men will become America's first industrial age tycoons. One of them is John Jacob Astor.

John Jacob Astor is generally regarded as the fifth richest man in American history, with assets valued at \$116 Billion in current dollars. He is also the very symbol of the "rags to riches" dream that has remained in the country's culture from its inception.

John Jacob Astor (1763-1848)

Astor is born in Waldorf, Germany in 1763 and goes to work at age 14 in his father's butcher shop. Like his brothers before him, he soon flees from home, first to London, where he learns English, and then to New York city in 1784.

On the trans-Atlantic crossing he meets a German passenger whose stories about fur-trading opportunities in America fascinate him.

In 1785 he marries one Sarah Todd, daughter of a prominent Dutch family, who brings with her a sizable \$300 dowry and a keen eye for quality fur products. Together they open a shop in the city which she manages in 1786, when he goes off to Canada in search of a steady supply of beaver, otter, ermine and other pelts.

At the time, the North America fur trade resides in outposts scattered around the great salt water lake known as Hudson Bay, north of Ontario and also bordering on Quebec. These outposts are controlled by the Hudson Bay Company, chartered in 1670 by Britain's Charles II. They trade blankets, tools and other goods to local Indian tribes for pelts, which are exported abroad and converted into felt hats, coats and blankets.

Astor ventures off into this wilderness on his own, exhibiting great physical courage, along with the business acumen needed to survive and then prosper among the native trappers and cutthroat traders. His instincts for "the right deal" are remarkable. He knows which furs will appeal to the public and how to assess supplies against prices.

As his reputation grows, he connects with leaders of another leading firm in Montreal, The North West Company, who help him become the dominant importer of pelts from eastern Canada.

He then leaps to the insight that maximum profit lies not in converting the pelts into clothing, but rather in trading them for other goods available in Europe and China. He studies international shipping, and in 1800 sends a cargo ship loaded with seal and beaver skins and other pelts to Canton in exchange for scarce supplies of silks, satins, porcelain, nutmegs and souchong teas.

The China trade makes Astor incredibly wealthy, and he spends \$27,000 to buy the Rufus King mansion at 233 Broadway in NYC to house his family of six.

He founds his American Fur Company in 1808 and sets his sights next to cornering the fur trade in western Canada and the Rocky Mountains. He sends an expedition to open the Columbia River port town of Astoria, Oregon, with the intent being to ship pelts from there west to China and back east to NYC. The War of 1812 temporarily dashes his plan, but he perseveres and later dominates the western trade.

At no point does Astor relent when it comes to extending his wealth by leveraging his capital.

When Madison desperately needs funds to fight the war, he makes another killing by purchasing high yield bonds. This support, along with his political contacts in the NYC Masonic Lodge, earn him one of the five director's slots on the Second U.S. Bank when it is formed in 1816.

He is also one step ahead of others in understanding market demand.

He sells his American Fur Company in 1834, when he senses a shift from beaver to silk hats.

The profits go into a continuing quest to buy up all available real estate on and around the island of Manhattan. He purchases Greenwich Village. He pays \$25,000 to the sugar importer, James Roosevelt (great grandfather of FDR), for 120 city blocks north from 10<sup>th</sup> street to 125<sup>th</sup> and east from 5<sup>th</sup> Avenue to the East River. After the Bank Panic of 1837, he adds more plots north of the city, at bargain prices.

His strategy is to lease his properties rather than build, and by the time of his death in 1848, Astor is known as the "Landlord of New York City" and the richest man in America.

He goes down in history as the first entirely self-made tycoon in the nation's history.